Harrogate and District
NHS Foundation Trust

HARROGATE AND DISTRICT NHS FOUNDATION TRUST

ANNUAL REPORT AND ACCOUNTS

1 April 2019 to 31 March 2020

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

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Quality Report

Please note that this year's Annual Report does not contain the usual Quality Report. In response to the usual coronavirus pandemic, NHS Improvement has advised NHS Foundation Trusts that they do not need to provide a Quality Report for 2019/20.

1. CHAIRMAN'S WELCOME

It is a pleasure and a privilege to introduce the Annual Report and Accounts for the financial year 1 April 2019 to 31 March 2020. On behalf of the Board of Directors and Council of Governors I am pleased to report that we agreed our revised financial target as agreed through discussion across the ICS and many of our key performance objectives. The Annual Report gives us an opportunity to reflect on the last financial year and to look ahead to our priorities for 2019-20. It is an important element of our accountability to our members and others we serve.

As we came to the end of this financial year HDFT, along with all NHS organisations, had to respond to the Coronavirus pandemic. Colleagues through the Trust have been magnificent in the way they maintained their care and professionalism in the face of great anxiety for their families. Harrogate District Hospital has undergone considerable reconfiguration to provide the best care for patients with Covid-19 and to ensure that we could continue to support all patients with the highest standards of infection control. Every single member of staff of the Trust and our wholly owned subsidiary company, Harrogate Integrated Facilities, has personally contributed to the amazing teamwork needed to enable us to maintain our values through a time of such intense pressure.

The support of members of the public has been wonderful and humbling. From the very start of the pandemic we have received a wide range of offers of help which have been very practical. Individuals, organisations and businesses have been very generous with donations of time, ideas and money. Together with the weekly Clap for Carers, this has demonstrated how very much the NHS is valued and it has been (and continues to be) very heart-warming for all of us.

I would like to thank and commend all those who have been at the forefront of leading all the work required to make very difficult and complicated decisions in a short space of time. They quickly formed an incident command structure which efficiently worked through tremendous complexity.

The Annual Report for 2020/2021 will say much more about the impact of the pandemic on our services and plans for the future. As I write this we are in the process of working through the plans for restoring services which were paused during the earlier stages.

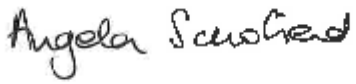
I would like to thank the Board of Directors for their leadership of the Trust. We are all most grateful to the Council of Governors for their oversight of the work of the Board and their fantastic support for the work of the Trust. They provide a vital link with our Foundation Trust Members who are very generous with their comments, suggestions and feedback. During 2019/2020 Lesley Webster and Chris Thompson, non-executive directors, came to the end of their term of office. They are great supporters of the Trust and were exemplary board members. Jeremy Cross, Andy Papworth and Wallace Sampson have joined the board as non-executive directors.

Steve Russell joined the Trust as Chief Executive on 1 April 2019 and has had a great impact with his accessibility and open leadership.

I cannot commend enough the individuals and teams who work, volunteer and raise funds for the Trust – they are amazing.

It isn't possible to make arrangements for the Annual Members meeting yet. I hope that it won't be long before we can look forward to meeting the Trust's members and report directly on achievements and plans. In the meantime …….

Stay Safe.



Mrs Angela Schofield
Chairman
Harrogate and District NHS Foundation Trust
24 June 2020

2. CHIEF EXECUTIVE'S INTRODUCTION

It is my pleasure to introduce our Annual Report for 2019/20, my first as Chief Executive here at Harrogate and District NHS Foundation Trust (HDFT). I want to start with a very big thank you to the 4,134 colleagues who make up #teamHDFT, the 583 active volunteers who support us in many different ways and our partners in both health and social care for everyone's exceptional efforts during what became a very significant year in the history of our country, and indeed across the world.

Together, our aim is put the health and wellbeing of the communities we serve across North Yorkshire and the North East, and that of the people who provide care to those communities, first.

This is a significant shift from how some parts of the NHS have traditionally worked, and I would not pretend that we're yet there. But it is important to set this as our ambition and our guiding principle, something which we started thinking about during the year.

This is a strategy reflected in how our Integrated Care System – the West Yorkshire & Harrogate Health & Care Partnership – works. We are proud to be actively engaged in this partnership which reflects our clinical relationships, our educational links and how patients access care between Harrogate and other trusts within the partnership.

We agreed a different form of contract with our commissioners, which reflected the financial challenges the place of Harrogate and District faces and sought to ensure we were treating patients in a way which represented best value for money, moving away from the traditional 'payment by results' model. In our 0-19 services, we were delighted to be awarded the new contract for services in Durham following a competitive tender, and a one year extension was made to our North Yorkshire service whilst work took place on a long term partnership with a new model of care. This has gone alongside much closer partnership working with our colleagues, which we remain firmly committed to. We sought to accommodate the growth in demand without a corresponding increase in funding which was an incredibly ambitious, but necessary, goal.

During the year, we supported children and families across seven local authorities; our community teams looked after people in their own communities with 758,943 contacts in the 0-19 Services, and 154,934 contacts in Adult Services (up 7.3%). We treated 51,611 patients in the Emergency Department (0.2% lower than previous year), 23,987 people were admitted as an emergency (up 5.8%) and 281,382 people were seen in outpatients. 37,578 people had a day case or inpatient procedure (up 5.5%). Of course there was so much more that our teams did but to describe it all would take up the entire report!

People who received care continued to rate it positively overall; 96.6% of patients would recommend our Inpatient services; 95.1% of patients would recommend our Outpatient services; 92.3% of patients would recommend our Emergency Department services; 98.9% of patients would recommend our Maternity services; and 95.1% of patients would recommend our Community services.

Despite delivering our efficiency plans in full, we were not able to meet our original financial target of 4.4m surplus. We did achieve a surplus, and because of strong partnership working across the ICS still received the full amount of provider sustainability funding, some of which otherwise would have been lost. This illustrates both the fragility of finances in the patch and also the strong partnership working across the ICS.

During the year, together with our commissioners, we undertook a joint piece of work to consider the health and financial outcomes we achieve together. This showed that despite the resources available being used well to achieve good health outcomes, the allocation of funding does not fully reflect the needs of our population by circa £8-10m. Whilst we cannot control this, it does explain part of the reason that the Harrogate place has a financial deficit. The work helped clarify the areas where we need to improve and transform our models of care, and where we need to work in partnership – in particular with Leeds Teaching Hospitals. We intend to take this forward in 2020/21.

Our existing partnerships with the five other acute trusts in West Yorkshire & Harrogate which takes place through the West Yorkshire Association of Acute Trusts (WYAAT) continued to deliver benefits. As well as learning from each other, the WYAAT group of providers has supported a number of key clinical and non-clinical developments. These include agreement of WY Pathology strategy and associated networking arrangements, development of our Imaging collaborative to improve the quality and productivity of our imaging services, shared procurement arrangements to drive productivity and improve resilience, continued investment in the development of our electronic patient record and securing capital investment to undertake a WY-wide Scan for Safety programme to improve patient safety in all six acute hospitals.

We also joined the pathology joint venture which was in place between Bradford & Airedale, and now includes Harrogate. This will help us provide even better, more efficient pathology services.

Towards the end of the financial year our main commissioner, Harrogate & Rural District CCG was given the go-ahead to merge with two other CCGs from 1 April 2021, and as a consequence of this a decision was taken that the Trust would move to the Humber, Coast & Vale ICS. This may pose some additional challenges for us given we are a provider of services to part of the population of Leeds, and many of our clinical networks and relationships are, and will remain in West Yorkshire. Both Partnerships (West Yorkshire & Harrogate and Humber, Coast and Vale) are committed to ensure that the strategic work arising from the Carnall Farrar review is supported in both partnerships reflecting the broad population we serve across North and West Yorkshire. We are looking forward to playing our part in both systems to benefit that population.

Active Against Cancer is a service that we were very proud to launch, thanks to funding from our friends at Yorkshire Cancer Research, and is an illustration of why a focus on health and wellbeing is so important. The feedback from participants has been profound and over the year 456 people accessed the service. As the service was launched Tom, who is a Consultant in Intensive Care at Harrogate District Hospital, said: “If exercise was a pill, everyone would be prescribed it”. Reflecting on this, I was surprised to learn that physical inactivity causes around the same number of deaths as smoking – something that has changed both my own personal habits and has caused many of us to think about the broader wellbeing agenda.

In the summer we, along with the rest of Harrogate and District ‘welcomed the world’ as the UCI Road World Championships cycling event took place. This saw our community teams in Harrogate & District go above and beyond to overcome road closures and other restrictions to continue to keep people safe in their own homes in both fair and foul weather. They were, and are, true heroes and heroines.

As we did so, we celebrated the diversity of colleagues who make up HDFT. With nearly 60 different nationalities making up our 4,134 staff we felt it was important to show and celebrate how diverse our local NHS is. Without the presence of our colleagues from around the globe, from so many different backgrounds, we’d be poorer in terms of the diversity of thought, the different opinions and experiences this brings.

We launched our first three staff networks, for colleagues from a BAME, LGBTQ+ background and those living with a disability. We were proud to join Harrogate Pride, alongside many others across the public and private sector. We are committed to ensuring we address the differential experiences that our colleagues have at work and ensure that everyone is treated equally regardless of background.

We know that the experience of our colleagues is heavily influenced by their experience of leadership. At HDFT anyone who supervises people is a leader. In response to the 2018 staff survey we launched the pilot of our First Line Leaders Programme, designed to support those in leadership positions to discharge their responsibilities to staff in a values based, compassionate way, while upholding standards and dealing effectively with conflict or standards that are not acceptable. Over 125 people have completed the three day programme with very strong positive evaluation.

We also commissioned work from Deloitte to help us better understand the lived experience of colleagues because we have an ambition to be the very best place to work that we can be. We received their report at the end of the financial year. The report found many positives, and helped us identify the areas where we need to improve the experience of colleagues. This will be a significant focus for us in 2020/21. Our staff survey in 2019 showed continued strong performance overall compared to the 'average'.

There is so much more I could add, but I hope that this gives a flavour of where we have focused our efforts during 2019/20.

I'd like to finish where I started; by again placing on record my thanks to all my colleagues and our friends who have helped make 2019/20 what it was. It would be remiss of me not to particularly thank my Executive Directors, Clinical Directors and Board colleagues for their hard work and support – and I should also probably thank them for their patience as I have learnt about HDFT – somewhere which feels firmly like home, and somewhere I am privileged to work.

As we look ahead to 2020/21, there are many uncertainties about how we will describe that year in our next Annual Report. But one thing is for sure – I know already that I'll again be in a position to pay tribute to the incredible work of colleagues supporting children and families, those who help people live in their own homes and keeping them as healthy and independent as possible, and those who support people who need hospital treatment at times of anxiety and worry.

The NHS is without question a national treasure, and with the 29,072 combined years of service of colleagues at #teamHDFT, we're firmly committed to keeping it that way.

Mr Steve Russell
Chief Executive
Harrogate and District NHS Foundation Trust
24 June 2020

3. PERFORMANCE REPORT

3.1 Overview of Performance

3.1.1 Introduction

The Performance Report provides information about Harrogate and District NHS Foundation Trust (the Trust), the Trust's objectives, strategies and the principle risks that the organisation faces. This overview section will help readers to understand the Trust, its purpose, key risks to achievement of objectives and details about how the organisation performed during 2019-20.

3.1.2 Brief History of Harrogate and District NHS Foundation Trust and its Statutory Background

Harrogate and District NHS Foundation Trust (the Trust) was founded under the Health and Social Care (Community Health and Standards) Act 2003 and authorised as an NHS Foundation Trust from 1 January 2005.

The Trust is the principal provider of hospital services to the population of Harrogate and surrounding district, and also provides services to north and west Leeds - representing a catchment population for the acute hospital of approximately 720,000. In addition, the Trust provides some community services across North Yorkshire (with a population of 400,000) and provides Children's Services between birth and up to 19 years of age in North Yorkshire, County Durham, Darlington, Middlesbrough, Stockton-on-Tees, Sunderland and Gateshead, covering a total population of around 1.75m.

Harrogate District Hospital has an Emergency Department, extensive outpatient facilities, an Intensive Therapy Unit and a High Dependency Unit, a Coronary Care Unit, plus five main theatres and a Day Surgery Unit with three further theatres. The Sir Robert Ogden Macmillan Centre (SROMC) provides assessment and treatment, for the diagnosis and treatment of patients with cancer. Dedicated purpose built facilities are also provided on site for Cardiology, Endoscopy, Pathology, Pharmacy, Radiology and Therapy Services, as well as a Child Development Centre, Stroke Unit and Women's Unit. The Trust provides Maternity Services with an Antenatal Unit, central Delivery Suite, Special Care Baby Unit (SCBU) and Post Natal ward, together with an Early Pregnancy Assessment Unit. The Lascelles Neurological Rehabilitation Unit provides care for inpatients with a range of neurological conditions and brain injuries.

Ripon Community Hospital has an inpatient ward and Minor Injuries Unit, and offers a range of outpatient services to the communities of Ripon and the surrounding area.

The Trust also acts as the first contact for access to more specialist services through alliance-based working with neighbouring hospitals. These extended services are provided by visiting consultants, or alternatively by the patient travelling to hospitals in York or Leeds. The range of hospital services that are provided in partnership with York Teaching Hospital NHS Foundation Trust (YTHFT) include Breast and Cervical Screening, Dermatology, Ear Nose and Throat (ENT), Neurophysiology, Non-Surgical Oncology, Ophthalmology, Oral and Maxillofacial Surgery, Orthodontics, Renal Medicine, Rheumatology, Urology, Vascular and Renal Services. The renal unit is provided at a facility on the Harrogate District Hospital site but managed by YTHFT.

In addition, the Trust has a number of established clinical links with the Leeds Teaching Hospitals NHS Trust (LTHT). These include Coronary Heart Disease, Neurology, Plastic Surgery, Specialist Paediatrics and access to specialist Cancer Services. Links have also been strengthened with commissioners in Leeds, providing further services in Orthopaedics and General Surgery and an outpatient clinic for ENT services at Chapeltown Health Centre.

Additional outpatient outreach clinics are held at Wetherby Primary Care Centre and Yeadon Health Centre for the specialities of Dermatology, Gastroenterology, General Surgery, Gynaecology, Maternity, Neurology, Paediatrics, Respiratory, Rheumatology, Urology, and Vascular clinics. Endoscopy and Gastroenterology services are provided at Wharfedale General Hospital. An outreach clinic facility also operates at Alwoodley Medical Centre and includes clinics for the specialties of Audiology, ENT, General Surgery, Gynaecology, Orthopaedics, Rheumatology and Urology. There is also a dedicated Radiology service providing plain film x-ray and ultrasound services to support the clinics listed above, as well as providing GP Direct Access for the surrounding practices.

Patient choice is an important part of the NHS Constitution and patients from surrounding areas frequently choose Harrogate for their care. The Trust will continue working in partnership with Clinical Commissioning Groups to expand secondary care services and meet this demand.

The Trust also provides a range of community services in Harrogate and the local area as well as across North Yorkshire and Leeds. Our dedicated and experienced staff, who are based in the communities they serve, offer expertise across a variety of disciplines and work closely with GPs, hospital-based staff and other healthcare professionals to provide high quality care. Services include:

- Community Podiatry Services;
- District and Community Nursing;
- Health Visitors;
- GP Out of Hours Services;
- Infection Prevention and Control/Tuberculosis Liaison Services;
- Minor Injury Units;
- Older People and Vulnerable Adults Services;
- Safeguarding Children Services;
- Salaried Dental Services and
- Specialist Community Services.

The Trust provides Children's Services in County Durham, Darlington, Middlesbrough and Stockton-On-Tees, making it the largest provider by geographical area of such services in the country. During the year the Healthy Child Programme also started in Gateshead and Sunderland. These are universal services where the needs and voice of children, young people and families are at the core of the service designed to identify and address their needs at the earliest opportunity, and to recognise and build on the strengths that are within individuals. This enables them to be part of the solution to overcome challenges and identify and develop resources within communities so that children, young people and families have access to support when and where they need it.

3.1.3 Purpose and activities of the Trust

The Trust's Vision is to achieve 'Excellence Every Time' for patients and service users, with the organisation's Mission statement to be an exceptional provider of healthcare for the benefit of our communities, our staff and our partners.

In order to achieve our Vision and Mission the Trust has set out three key strategic objectives:

- To deliver high quality care
- To work with our partners to deliver integrated care
- To ensure clinical and financial sustainability.

The Trust recognises that to deliver our Vision we will continue to work with partner organisations across the footprint through alliances and networks to achieve these key strategic objectives. The Trust's primary partners include:

- West Yorkshire and Harrogate Health and Care Partnership (HCP);
- West Yorkshire Association of Acute Trusts (WYAAT);
- Humber Coast and Vale NHS Partnership (from 1 April 2020);
- Clinical Alliances with York Teaching Hospitals NHS Foundation Trust (YTHT) and Leeds Teaching Hospitals NHS Trust (LTHT);
- Organisations in the Harrogate 'place', including Harrogate and Rural District CCG (HaRD CCG);
- Commissioners of Children's Services across North Yorkshire, County Durham, Darlington, Middlesbrough, Stockton-On-Tees, Sunderland and Gateshead;
- Local Provider collaboration with other providers including Tess Esk and Wear Valley NHS Foundation Trust (TEWV) North Yorkshire County Council (NYCC), and the local GP Federation; and,
- Harrogate Healthcare Facilities Management Limited (the Trust's wholly owned subsidiary company providing estates and facilities services).

Whilst working in co-operation with other Trusts and organisations as part of the West Yorkshire and Harrogate health 'system', the Humber Coast and Vale health 'system', and a member of the WYAAT Committee-in-Common. The Trust retains full control and governance and has not delegated any decision-making powers to any other organisation.

3.1.4 Strategic Risks

The Trust records strategic risks to the organisation in the Board Assurance Framework (BAF) and operational risks to the organisation on the Corporate Risk Register, both of which are reviewed by the Board in detail.

During 2019-20 the strategic risks identified on the BAF included risk of:

- Lack of medical, nursing and clinical staff;
- High levels of frailty in the local population;
- Failure to learn from feedback and incidents;
- Maintaining service sustainability;
- Failure to deliver the Operational Plan;
- Breaching the terms of the Trust's NHS Improvement Licence to operate;
- External funding constraints;

- Standards of care and the organisation's reputation for quality fall because quality does not have a sufficient priority in the Trust;
- Delivery of Integrated models of care due to the complexity of the landscape;
- Misalignment of strategic plans;
- Senior leadership capacity; and
- Lack of fit for purpose critical infrastructure.

The risks on the Corporate Risk Register at the end of 2019-20 relate to the:

- Risk to the quality of service delivery in Medicine due to gaps in rotas; reduction in trainee numbers; agency cap rate; quality control of locums; (no-deal EU Exit - added 08/03/2019); (impact of Covid-19 – added 13/03/2020).
- Risk to the quality of service delivery and patient care due to failure to fill registered nurse, ODP and health visitor vacancies due to the national labour market shortage, local shortages in some areas e.g. Stockton, and (impact of Covid-19 – added 13/03/2020).
- Risk of financial deficit and impact on the quality of service delivery due to failure to deliver the Trust annual plan by having excess expenditure or a shortfall in income.
- Risk to provision of service and not achieving national standards in cardiology due to potential for lab equipment breaking down.
- Risk to quality of care by not meeting NICE guidance in relation to the completion of autism assessment within 3 months of referral.
- Risk to patient safety, performance, financial performance and reputation due to increasing waiting times across a number of specialties (including as a result of the impact of Covid 19 – added 13/03/2020).
- Risk of failure to meet the ED 4 hour standard and poor patient experience (including as a result of the impact of Covid 19 – added 13/03/2020).
- Risk to service provision due to the current service in MAU/CAT Clinic being covered by single consultant, and no provision to cover the service in his absence.
- Risk associated with mental health services for ED patients.
- Risk associated with delayed imaging in ED department due to risk of x-ray equipment failure.
- Risk associated with Covid-19 pandemic; risk of workforce pressures as a result of infection or requirements to isolate, rapid changes to normal working practices, patient safety as a result of having to make clinical decisions about use of limited treatment options, and fatigue within command and control structure.

The BAF is reviewed by the Board of Directors, Audit Committee and the Trust's Corporate Risk Review Group to ensure appropriate triangulation of issues across the organisation. The Board's Committees carry out 'deep dives' into individual areas of responsibility to ensure that the strategic risks are mitigated as far as possible, and that gaps in assurance and control are identified. In addition the Board undertakes a 'deep dive' on strategic risks at its development days to ensure appropriate oversight and understanding of the internal and external environment, and its impact on the Trust.

3.1.5 Going Concern Disclosure

After making enquiries, the Board has a reasonable expectation that Harrogate and District NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

3.2 Performance Analysis

The Board of Directors of the Trust has agreed a suite of key performance indicators which are monitored on a monthly basis through the 'Integrated Board Report'. This report brings together measures related to quality, operational performance and finance. It includes measures of operational performance which the Trust is required to report to NHS Improvement, NHS England and Harrogate and Rural District CCG.

3.2.1 Regulatory Ratings

Regulatory Ratings

The Trust's regulatory performance against NHS Improvement's (NHSI) Single Oversight Framework were green in all quarters for one of the seven standards, green in three of the four quarters for three standards, green in two of the four quarters for one standard and red in all four quarters for one of the standards. The Trust is taking part in the national pilot of Elective Clinical Review of Standards (ECRS) and as a result, not reporting performance for one of the standards. The Trust achieved a Use of Resources rating of two (range one to four with one being best).

No formal regulatory action has been taken or is planned. The Trust continues to have robust measures in place to monitor performance and quickly address areas of concern. The table in Section 4.5 indicates the Trust's regulatory ratings for 2019-20.

3.2.2 Performance Summary of 2019-20

The Trust achieved five of the seven operational standards included in the Operational Performance Metrics section of NHSI's Single Oversight Framework for the full year 2019-20. In addition, the dementia screening - step 1 standard was achieved for each quarter of the year.

Overall Trust performance against the A&E (Emergency Department) 4-hour waiting time standard was below 95% throughout the year. Delivery of this standard remained challenging, with the full year performance at 90.9%. The development and implementation of plans to enable the Trust to move back to a positive performance position continued throughout the year, including improved staffing deployment and requirements.

The Trust is taking part in the national pilot of Elective Clinical Review of Standards (ECRS) and as a result, not reporting performance against the 18 week RTT standard.

The 31-day cancer standards were achieved in all four quarters of the year and all of the cancer standards were achieved in Q4 with the exception of the 62-day screening target.

There were 18 ambulance handover delays of over 60 minutes reported in 2019-20 and 340 handover delays of over 30 minutes. Emergency Department attendances were 0.2% lower than for the same period last year.

Activity levels at the Trust have increased during 2019-20. Elective (waiting list) admissions were 5.5% higher in 2019-20 when compared with 2018-19 and non-elective admissions increased by 5.8%. Outpatient attendances were 2.9% lower with a total of 281, 382 outpatient attendances in 2019/20 compared with 289,809 in 2018-19, this was

a result of the significantly reduced outpatient clinic activity in the last two weeks of March 2020 as a result of the coronavirus pandemic.

Provisional data suggests that the stroke performance standard (the percentage of stroke patients who spend over 90% of their stay on the stroke unit) was below the 80% standard in 2019-20 with 75% of patients meeting the standard. Delivery of the Transient Ischaemic Attack (TIA) standard was at 71% against the 60% national standard.

The Trust reported 29 cases of hospital acquired *Clostridium difficile* in 2019-20, compared with nineteen in 2018-19. Root Cause Analysis (RCA) has been completed on 17 cases and indicated that 16 of these were not due to lapses in care, and therefore would be discounted from the Trust's trajectory for 2018-19; Root Cause Analysis has not yet been completed for twelve cases. No cases of hospital acquired MRSA (Methicillin-resistant *Staphylococcus aureus*) were reported in 2019-20.

The following table demonstrates the Trust's performance against the key indicators for each quarter in 2019-20:

3.2.3 Performance Table 2019-20

Performance Indicator Description	Q1	Q2	Q3	Q4	YTD
RTT - incomplete - % in 18 weeks	N/A	N/A	N/A	N/A	N/A
Diagnostic waiting times - maximum wait of 6 weeks	99.4%	98.9%	99.2%	97.4%	98.7%
Trust total - Total time in A&E - % within 4 hours	94.2%	92.8%	88.5%	87.2%	90.9%
All Cancers: 14 Days Target	87.7%	93.2%	94.5%	96.1%	92.9%
All Cancers: 14 Days Target All Breast Referrals	15.2%	57.4%	74.2%	94.8%	63.3%
All Cancers: 31 Day Target - 1st Treatment	99.0%	99.3%	98.9%	99.0%	99.0%
All Cancers: 31 Day Target - Subsequent Treatment - Surgery	96.3%	97.9%	100.0%	97.8%	99.0%
All Cancers: 31 Day Target - Subsequent Treatment - Drug treatment	100.0%	100.0%	100.0%	100.0%	100.0%
All Cancers: 62 Day Target	85.6%	84.5%	91.2%	91.8%	88.2%
All Cancers: 62 Day Target Screening	84.2%	90.5%	45.9%	45.0%	64.4%
All Cancers: 62 Day Target Cons Upgrade	100.0%	92.3%	93.0%	92.1%	92.9%
Incidence of hospital acquired C-Difficile (Cumulative)	9	14	19	29	29

3.2.4.1 Significant Developments during 2019-20

In line with the Trust's Operational Plan for 2019-20 the significant capital developments over the last 12 months include:

- Provision of the second phase of the Ambulatory care unit
- Implementation of a single IT system for the recording, viewing and sharing of clinical and non-clinical patient information - IT WebV system
- Woodlands Ward Children's Play Room

The Trust had the following further capital projects for completion during 2019-20 however due to the Covid-19 pandemic this work was placed on hold and will be completed when possible:

- Replacement of the Catheterisation laboratory
- Upgrade of X-ray room in the Emergency Department
- Provision of secondary CT Scanner

Trust News and Awards

➢ Recognition for surgical practice

A programme for patients having hip and knee replacements has won a top national award.

The unique collaborative QIST (Quality Improvement for Surgical Teams) aims to reduce infection rates from MSSA (Methicillin Sensitive Staphylococcus Aureus) for patients undergoing joint replacement surgery, and was named 'Infection Prevention and Control Initiative of the Year' at the 2019 HSJ Patient Safety Awards.

The Trust is one of 30 organisations involved in QIST, which is scaling up interventions such as screening and the use of body wash and nasal gel treatments for patients carrying the bug, to reduce infections and improve lives. By working together, more than 16,000 patients across the country have received an effective patient safety intervention.

➢ Support young and disadvantaged first-time mums

Two of the Trust's parenting programmes in Gateshead and Sunderland have won a national industry award for the work they do to support young and disadvantaged first-time mums.

Both of the Trust's Gateshead and Sunderland family nurse partnerships (FNPs) have been awarded a MacQueen Award in the Community Practitioners and Health Visitors Association (CPHVA) Education and Development Trust's MacQueen Anniversary Awards.

The family nurse partnerships, the only ones of their kind in the north of England, are a voluntary parenting programme offering extra guidance to first-time young parents, including those from disadvantaged backgrounds, who are under 20 in Sunderland and under 24 in Gateshead. The services offer support and guidance to expectant mums from 16-weeks before birth through to two years of age.

➢ New artworks in children's services

Woodlands Children's Ward at Harrogate District Hospital and the Children's Outpatients Department at Ripon Community Hospital have been decorated with colourful woodland-themed artwork, creating a nicer and friendlier environment for young patients who are visiting or staying in hospital. This new bright and vibrant artwork has helped to improve the experience of visiting hospital for young patients and their families.

- **Our new health and social care alliance**

Local health and social care partners are working together to improve how community health and social care is provided for adults in the Harrogate District.

Harrogate and Rural Alliance (HARA) brings together the NHS commissioners (who buy health services) and service providers, together with North Yorkshire County Council (which has responsibility for public health and adult social care).

From 30 September 2019, community health and social care services have been linked to local Primary Care practices, with community nurses, therapists and social care practitioners, working together to respond to people's needs.

- **Special Care Baby Unit first to obtain Gold!**

Harrogate District Hospital's Special Care Baby Unit (SCBU) was the first in the UK to be awarded Baby Friendly Gold accreditation. Gold is the highest award possible, with all four standards achieved: Leadership, Culture, Monitoring and Progression were achieved.

The Baby Friendly Initiative is set up by UNICEF and the World Health Organisation which is a global programme that provides a practical and effective way for health services to improve the care provided for mothers and babies. It is based on a comprehensive set of standards designed to provide parents with the best possible care to build close and loving relationships with their baby, and to feed their baby in ways which will support optimum health and development.

To meet the standard, SCBU was judged against a set of criteria including supporting parents to have a close and loving relationship with their baby; enabling babies to receive breastmilk and to breastfeed when possible; and to value parents as partners in care.

Quality

The Trust is fully committed to high quality care. The regulators have deferred the date of submission of the Quality Report due to Covid-19. This is now required to be completed later in the calendar year. Details on progress made on quality priorities during 2019-20 will be outlined in the Quality Report together with the agreed quality priorities for the coming year. The priorities for quality improvement are agreed with staff and stakeholders and will have clear and measurable targets, with performance against these monitored regularly through the Trust's Quality Committee.

There are governance and reporting frameworks in place to ensure that the Trust continues to deliver its operational plans and targets, which include other quality initiatives and indicators.

3.2.4.2 Operating and Financial Review of the Trust

The income and expenditure position for the Trust for 2019-20 is described below. The consolidated position for the group was a surplus of £405k

	2018-19 actual £000s	2019-20 actual £000s
Income	242,140	269,953
Expenditure	(242,248)	(274,766)
Net Surplus	-108	-4,813
Provider Sustainability Fund (PSF)	7,853	5,218
Reported surplus for financial year	7,745	405

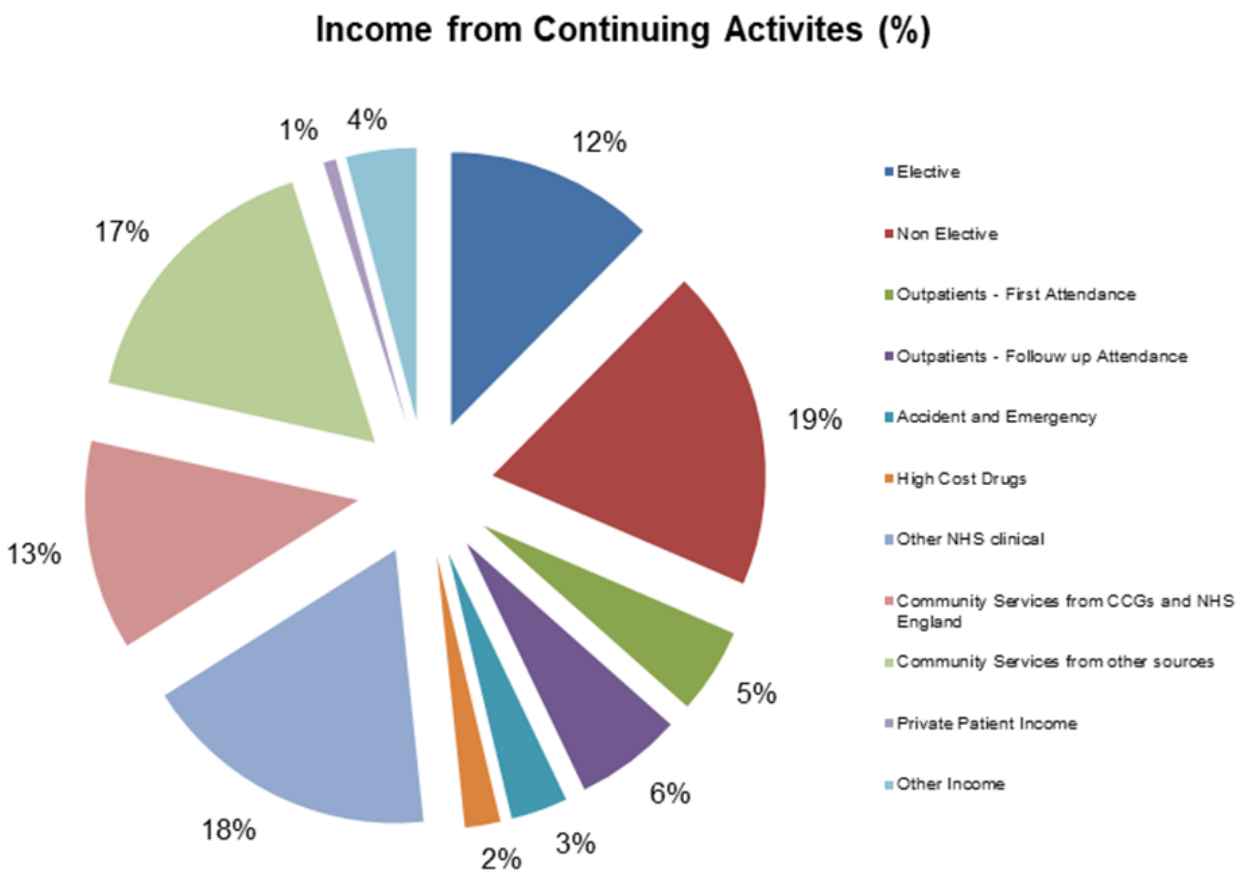
It should be noted that in 2018/19 the subsidiary reported a 13 month period to account for performance since 1 March 18.

PSF was given to Trusts from NHSI for achievement of control totals, the reduction in value a result of bonus funding being received in 2018/19 and not in 2019/20.

In 2019/20, the Trust was set a control total by NHS Improvement to deliver a surplus of £4.4m. Following positive discussions across the ICS and with the Regulators, a revised financial target was agreed, which was to deliver a surplus of £0.4m. This revised target recognised financial pressures within the Harrogate place, and ensured that as an ICS as a whole the financial control total was achieved in aggregate. By agreeing and delivering the revised financial target, all organisations in the ICS, including HDFT, received the full allocation of PSF available.

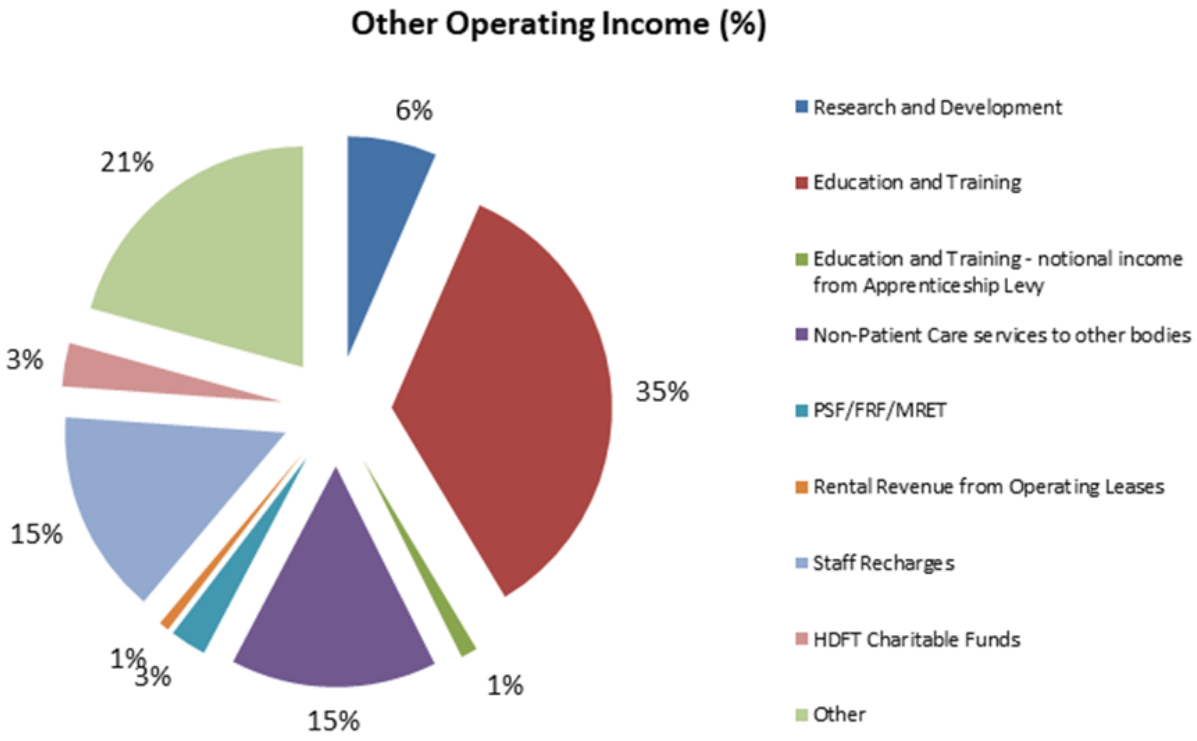
Income Generated from Continuing Activities

Total income from continuing activities for the year 2019/20 was £245,453k. This represented 90.9% of total income for the year. An analysis of this income is shown below:



Other Operating Income

Other operating income totalled £24,518k during 2019/20. This represented 9.1% of total income for the year and an analysis of this income is shown below:



Cash

The Trust has a cash balance of £2,941k at the close of the financial year.

NHS Improvement Use of Resource Metric

The Trust received a Use of Resource Rating of 2 at the end of 2019-20. Financial Risk is assessed on a scale of 1 (low risk) to 4 (high risk).

Financial Outlook 2020/21

In response to the CoVid outbreak, the financial arrangements across the NHS have been changed. As a result, the Trust has a plan for 2020/21 that delivers a breakeven position and with all appropriate costs of CoVid reimbursed centrally. The timing of cashflow into the Trust has been improved as part of this arrangement, meaning that payments can be made in a timely way.

As part of the CoVid recovery planning, further work is being undertaken across the system and ICS to ensure that plans are in place to deliver the recovery in activity and that the costs incurred are appropriately recognised and reimbursed.

Capital Investment Activity

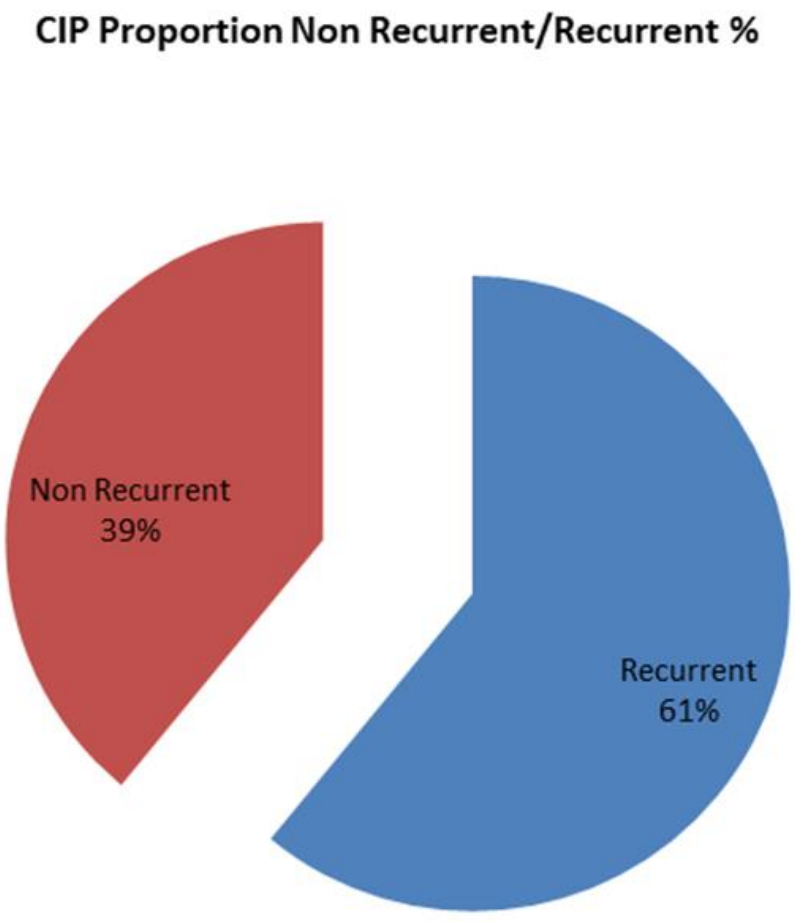
As part of the 2020/21 planning process, a number of schemes were developed within the Trust, resulting in a Capital Programme of £10.4m. Clearly as the response has developed in relation to Covid 19, the priorities in relation to Capital have also changed. Currently the agreed plan stands at £14.5m with key changes including critical care infrastructure, oxygen infrastructure and equipment.

Land Interests

During the financial year ending 31 March 2020, the Trust's land and buildings were re-valued by the Valuation Office Agency (Royal Institute of Chartered Surveyors qualified) which is an Executive Agency of HM Revenue and Customs (HMRC). This valuation, in line with the Trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a valuation of the Trust's land and buildings of £83,245k, which has been incorporated into the accounts. This is an increase in value from 2019/20.

Details of Activities Designed to Improve Value for Money

Efficiency schemes continue to be risk assessed and subject to a Quality Impact Assessment before implementation. In 2019/20 the Trust achieved savings of £8.6m against a target of £8.4m, the chart below outlining the split between recurrent and non-recurrent schemes –



Further Details of the Trust's Strategic Plans

A range of actions is planned over the next few years to deliver the Trust's strategy. These are contained within the Trust's Operational Plan for 2019-2020 which can be found on the Trust website (www.hdft.nhs.uk).

Approval by the Board of Directors of the Performance Report

This Performance Report has been approved by the Board of Directors of Harrogate and District NHS Foundation Trust.

3.2.5 Environmental Matters

The Trust is committed to meeting the provisions within its carbon management program which is an ambitious target of reducing carbon emissions by 30% from a 2010/11 baseline by 2020.

In 2019/20 the Trust has seen the benefit of the investment made in previous years to the engineering infrastructure. The result of this has been a further reduction in the consumption of imported electricity as the optimisation of the combined heat and power plant has increased the onsite generation. This increase in onsite electrical generation has been achieved with only a minor increase in gas consumption.

Procurement

This year has been a transitional one for procurement in the NHS, as the national reorganisation of the NHS Supply Chain Logistics & Contracting service has been phased in towards a fully operational live date of 1 April 2019. One of the consequences of this is the contract for the NHS logistics/transport service was awarded to Unipart, who took over providing the service from DHL in February 2019.It is likely that the new contractor will be required to meet similar sustainability commitments around carbon waste, ethics and responsibility to that previously pledged. Similarly the national contracting function has been split into various “category towers” each of whom will be required to comply with Government sustainability requirements/commitments.

Rationalisation and the reduction of choice via the Nationally Contracted Products Programme has continued, including the change to a recycled copy paper manufactured using best environmental practices which do not allow any harmful bleaching in the process and does not contain Optical Brightening agents to whiten the paper, as these are not biodegradable and do not break down in the environment.

Locally, capital build developments in areas such as Endoscopy and the ED, have facilitated the improvement of storage facilities and order processes which should help in reducing waste, whilst there have been upgrades to hand-held ordering devices enabling Wi–Fi download, thus enhancing efficiency. A work plan has been developed across the WYAAT Trusts, focused on rationalising medical and surgical consumable products, whilst planning has started locally for the implementation of the Scan for Safety programme across WYAAT, which should improve efficiency and reduce waste whilst also improving patient safety.

Food Waste

The Trust has maintained its established contractor for the recycling of its food waste from the District Hospital site.

With all food waste recycling handled in this manner, the Trust has an environmentally friendly way of diverting this waste from landfill. A brief summary of kW Hours of electricity produced & total tonnes of CO2 displaced for the financial year ending 31st March 2020 can be found in the table below:

1 April 2019 to 31 March 2020		
QUARTER	**KW HOURS PRODUCED**	**TOTAL TONNES CO2 SAVED**
One	6547.50	11.16
Two	7654.50	13.04
Three	10152.00	17.30
Four	9614.16	16.38
Total	**33,968.16**	**57.88**

Clinical and General Waste

WASTE		**2016/17**	**2017/18**	**2018/19**	**2019/20**
RECYCLING	tonnes	151.3	86	151.6	122.9
	tCO_2e	3.2	1.8	3.2	2.6
HIGH TEMP RECOVERY	tonnes	391.28	371.21	380.39	368.99
	tCO_2e	8.2	7.8	8.0	7.8
HIGH TEMP DISPOSAL	tonnes	340.29	313.98	246.64	281.42
	tCO_2e	7	6.6	5.2	5.9
LANDFILL	tonnes	18.55	67.92	5.29	85.84
	tCO_2e	4.5	16.5	1.3	20.9
Total Waste	**tonnes**	**901.4**	**836.12**	**783.93**	**859.162**
% Recycled or Re-used	%	**60.19%**	**54.68%**	**67.86%**	**57.25%**
Total Waste tCO_2e		**22.9**	**32.7**	**17.6**	**37.1**

Please note that due to the issues encountered in 2018 the clinical waste contract is currently a temporary contract established by NHSI&E with MITIE.

We have increased recycling over the last 12 months with the introduction of a new general waste contractor, glass recycling, battery recycling and WEEE waste. Landfill tonnage increased because offensive waste has gone through Yorwaste due to increased segregation and to move away from a temporary contract with MITIE.

Energy

RESOURCE		2017-2018	2018-2019	2019-2020
GAS	Use (kWh)	27,072,959	27,086,243	**27,264,123**
	tCO_2e	4982	4984	**5016**
OIL	Use (kWh)	144876	163950	**87440**
	tCO_2e	39.3	44.56	**23.8**
COAL	Use (kWh)	0	0	**0**
	tCO_2e	0	0	**0**
ELECTRICITY	Use (kWh)	3,699,906.5	3,277,675	**3,228,684**
	tCO_2e	380.7	337.3	**337.4**
TOTAL ENERGY	**tCO_2e**	5402	5366	**5377**
TOTAL COST	**£**	£ 1,014696	£979,887	**£ 1,094,968.18**

Works has continued within the restraints of the backlog budget to ensure the implementation of improved equipment across the site. Where equipment is replaced more energy efficient modern equivalents have been installed.

3.2.6 Overseas Operations

The Trust does not have any overseas operations.

3.2.7 Social, community, anti-bribery and human rights issues

The Trust has a significant profile in the local areas it serves and sees its community role as important both as a health care provider and potential local employer.

The Trust has a popular education liaison programme supported by strong relationships with local schools. The programme includes careers events, current NHS careers information, advice and guidance and real life input into the school curriculum.

Complementing the education liaison programme the Trust has a highly successful work experience programme. During 2019-20 the Trust supported 114 work experience placements for students from local schools and colleges. The students, many of whom are hoping to pursue careers in medicine, support staff with a range of activities both in clinical and non–clinical areas. In addition, the Trust has a thriving Youth Forum, composed of young people who had met monthly until this arrangement was put on hold during the Covid-19 pandemic.

During the year the Trust has continued with the development of programmes for a range of apprenticeship schemes.

We have a number of policies in place which cover social, community and human rights matters. A process is in place to ensure that none of our policies have an adverse or discriminatory effect on patients or staff. We continue to provide positive support to people with a disability who wish to secure employment with the Trust through the guaranteed interview scheme and comply with the two ticks requirements. There are policies in place which support staff who may become disabled during their employment.

The Trust's anti bribery and counter fraud arrangements are in compliance with the NHS Counter Fraud Authority's Counter Fraud Standards for Providers. These arrangements are underpinned by the appointment of accredited Local Counter Fraud Specialists and the introduction of a Trust-wide Anti-Fraud, Bribery and Corruption Policy.

The Trust's Audit Committee reviews and approves an annual counter fraud plan identifying the actions to be undertaken to create an anti-fraud culture, deter prevent, detect and, where not prevented, investigate suspicions of fraud. The counter fraud team also produces an annual report and regular progress reports for the review and consideration of the Finance Director and Audit Committee.

The Counter Fraud Team also facilitates an annual self-assessment of compliance against the Counter Fraud Standards for Providers, which is reviewed and approved by the Director of Finance prior to submission to NHS Counter Fraud Authority. The 2019-20 assessment was completed and submitted in May 2020 with an overall assessment of green, confirming the Trust was compliant against the majority of standards.

3.2.8 Events since the end of the financial year

There have been no significant events since the end of the financial year on 31 March 2020.

Steve Russell
Chief Executive
Date: 24 June 2020

4 ACCOUNTABILITY REPORT

4.1 Director's Report

4.1.1 Directors 2019-20

The Directors of the Trust during the year 2019-20 were:

Non-executive Directors

Mrs Angela Schofield	Chairman (Non-Executive Director)
Mrs Sarah Armstrong	Non-Executive Director
Mr Jeremy Cross	Non-executive Director from January 2020
Mr Andrew Papworth	Non-executive Director from March 2020
Ms Laura Robson	Non-Executive Director, Senior Independent Director from January 2020
Mr Wallace Sampson OBE	Non-executive Director from March 2020
Mr Richard Stiff	Non-Executive Director
Mrs Maureen Taylor	Non-Executive Director and Vice Chair from March 2020
Mr Chris Thompson	Non-Executive Director, Vice Chairman until 29 February 2020
Mrs Lesley Webster	Non-executive Director, Senior Independent Director until 31 December 2019

Executive Directors

Mr Steve Russell	Chief Executive
Mr Jonathan Coulter	Director of Finance and Deputy Chief Executive
Mrs Jill Foster	Chief Nurse
Mr Robert Harrison	Chief Operating Officer
Dr David Scullion	Medical Director
Ms Angela Wilkinson	Director of Workforce and Organisational Development

4.1.2 Company Directorships held by Directors or Governors

There are no company directorships or other significant interests held by Directors or Governors that are considered to conflict with their responsibilities. Mr Coulter and Mr Thompson have been appointed by the Trust as Non-Executive Board members of the wholly-owned subsidiary, Harrogate Healthcare Facilities Management Limited (t/a Harrogate Integrated Facilities (HIF)). This is declared at the start of all meetings which they attend (in both the Trust and HIF) and is recorded in the appropriate registers; when issues concerning HIF are discussed a decision is made as to whether they may participate in any such discussion, and on what basis.

Registers of Interests for all members of the Board of Directors and the Council of Governors are held within the Trust and continually updated. The Board of Directors' register is received at every public Board of Directors' meeting. The Council of Governors' register is received at every Council of Governor meeting on a quarterly basis. Both registers are available on the Trust website and available on request from the Company Secretary's Office.

4.1.3 Accounting Policies

The Trust prepares its financial statements under direction from NHSI, in exercising the statutory functions conferred on Monitor, in accordance with the Department of Health

Group Accounting Manual 2019-20 which is agreed with HM Treasury. The accounting policies follow International Financial Reporting Standards (IFRS) to the extent they are meaningful and appropriate to NHS Foundation Trusts.

4.1.4 Charitable and Political Donations

During 2019/20 no charitable or political donations were made by the Trust.

4.1.5 Better Payment Code of Practice

The Better Payment Code of Practice requires the Trust to aim to pay all valid non-NHS invoices within 30 days of receipt, or the due date, whichever is the later.

Year to 31 March 2019	Numbers	Year to 31 March 2020
42,897	No of invoices Paid to Date	46,860
2,713	No of invoices Paid in 30 Days	5,621
6%	% of invoices Paid in 30 Days	12.0%

Year to 31 March 2019	Values	Year to 31 March 2020
50,335	£K Value of invoices Paid to Date	74,740
9,162	£K Value of invoices Paid in 30 Days	14,474
18%	% of invoices Paid in 30 Days	19.37%

The Board of Directors recognises that compliance with this code is compromised by the levels of clinical activity provided above contract where payments from the commissioners, working to national payment timescales, do not coincide with the timing of extra costs. As such, the organisation's cash management strategy is acknowledged to have a detrimental impact on this performance measure.

4.1.6 NHS Improvement Well Led Framework

The Trust has arrangements in place to ensure that services are well led. Further details about these arrangements are included within this Annual Report at Section 4.7 (Annual Governance Statement).

4.1.7 Statement as to Disclosure to Auditors and Accounts Prepared under Direction from NHSI

So far as the Directors are aware, there is no relevant audit information of which the External Auditors are unaware, and the Directors have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit

information and to establish that the Auditors are aware of that information. The Trust's accounts have been prepared under direction from NHSI, in exercising the statutory functions conferred on Monitor, in accordance with the Department of Health Group Accounting Manual.

4.1.8 Income Disclosures required by Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012)

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than the Trust's income from the provision of goods and services for any other purposes. The Trust confirms that it has met this requirement during 2019/20.

4.1.9 Patient care activities

Improvements in patient / carer information

The Trust website delivers clear information and reflects the Trust's Vision and values. There is a clear focus given to the key information that people want the most – how to find us, contact details, car parking, and visiting hours, service pages and an area about our consultants which features a short biography and photograph of all the consultants working at the Trust.

The Trust has been working to provide a more consistent approach to the Accessible Information Standard (AIS) which aims to improve the lives of people who need information to be communicated in a specific way. The AIS is based on the requirement to implement:

1. Identification of needs;
2. Recording needs as part of patient / service user records and PAS systems;
3. Flagging of needs using e-flags or alerts to indicate that an individual has a recorded information and/or communication need and to prompt staff to take appropriate action;
4. Sharing of needs as part of existing data-sharing processes and as routine part of referral, discharge and handover; and,
5. Meeting of needs.

We have made further progress in relation to people with learning difficulties, and are progressing systems and processes to enable us to support all patients with information and communication needs. This will be included within the Quality Report.

The Trust has continued to develop its social media presence through several channels of dialogue with patients, members of the public, and other stakeholders. The Trust's main corporate Facebook and Twitter accounts have shown strong growth in follower numbers/likes over the year, as well as overall levels of engagement. These channels have been particularly useful for sharing information at times when urgent communication is required, such as when the Trust has faced winter pressures.

Over the year, significant support and guidance has been provided to teams across the Trust who wish to have their own service page. There are approximately 30 Trust social media accounts in place, with more due to come online. This process has been supported

by the development of a Trust-wide Social Media Policy and a clear process for the approval of accounts based around need and objectives.

Patient information leaflets continue to be developed with the assistance of volunteer readers who evaluate the content and presentation. This enhances the readability of the leaflets which in turn helps ensure patients are better informed regarding appointments, procedures, treatment and self-care. Internal processes to ensure high standards are maintained with regular review of leaflets have been reviewed and updated during the year.

Complaints Handling

The Trust's aim is to 'get it right first time, every time'. The Trust recognises that managing patient feedback well can both improve services and enhance the public perception of the Trust.

The Trust promotes pro-active, on the spot resolution of problems at a local level, thus reducing the need for patients/carers to raise issues in a more formal way. It is recognised that lessons must be captured from this type of feedback locally to promote sharing of learning and good practice. Quality of Care Teams, which are department based teams of frontline staff, are encouraged to facilitate the resolution of issues in their own areas and promote learning.

In order to publicise the service, leaflets and posters are available in all departments across the Trust and in community locations. Patient Experience Volunteers (PEV), based at the front of Harrogate hospital in the Main Reception during normal working hours, work to publicise the Making Experiences Count Policy and the process by which the public can share feedback regarding the Trust services.

The Patient Experience Team (PET) is made up of Patient Experience Officers who receive and make an assessment of all new feedback within three working days. To assist this assessment the issue is graded to identify the severity of the concern being raised and the level of investigation that is necessary as well as the internal and external reporting requirements.

For those cases graded as a complaint, an Investigating Officer is appointed by the Directorate with the most involvement and a formal written acknowledgement is sent from the Chief Executive. An individual resolution plan will be developed with the complainant, via the Investigating Officer, which identifies the nature of the issue and how this will be dealt with.

Local resolution may, for example, be achieved by means of a written investigation, a meeting with staff or a telephone call. The resolution plan is agreed between the complainant and Trust from the outset and must be proportionate to the issue raised.

Where a complaint is graded as amber or red (the most serious levels of concern) or where there are serious risk management implications, the Patient Experience Officer will refer to the Head of Risk Management to ensure appropriate action is taken in relation to any ongoing patient care or incident investigation. For serious complaints, a root cause analysis of the case will be carried out by the Investigating Officer.

Failure by the Trust to satisfy the complainant entitles the complainant to request a further investigation by the Health Service Ombudsman. This request must be made within 12 months of the initial concern, unless there are extenuating circumstances.

If the person is not a patient, but is raising issues on behalf of a patient, the PET checks that the patient knows about this and has given consent. In exceptional cases, where the complaint is graded yellow, amber or red, the Trust will determine what investigation can proceed without consent and what, if anything is disclosed.

There is no time limit for giving feedback to the Trust for those issues which fall outside the Complaints Regulations. All feedback will be received and acted upon wherever possible to ensure learning and improvement for the organisation. Where the issue is coded as a complaint, the regulations set a time limit of 12 months from the event or awareness of the event, for making the complaint. The Trust, however, adopts a flexible attitude to complaints about incidents occurring outside this timescale.

Action plans are considered by the Directorates for each complaint which is raised. Action plans are required for all issues that have been upheld following investigation and quality assurance by the Directorate. Complaint trends and action plans, including those developed in response to Health Service Ombudsman reviews are reported to the Learning from Patient Experience Group (LPEG) and the Quality Committee on a quarterly basis and in turn to the Board of Directors.

4.1.10 Stakeholder Relations

Partnerships and Alliances/Relationship Management

The Trust has a strong history of alliance-based working through well-established clinical alliances with a number of neighbouring Providers, in particular through the WYAAT partnership.

Over the last 12 months the Trust has engaged with WYAAT to explore opportunities for greater collaboration across key specialties, these have included the implementation of a new pathway for Stroke services with LTHT and YTHFT, and joining the Pathology Joint Venture alongside Bradford and Airedale trusts.

During 2019/20 the Trust along with Harrogate and Rural District CCG and West Yorkshire and Harrogate ICS engaged an independent review into the sustainability of Harrogate PLACE. This review identified areas for improvement, in particular in relation to how services to local people are provided locally and the development of stronger clinical alliances with Leeds NHS Teaching Hospitals NHS Trust for secondary care services.

Provider Collaborative

During the year the Trust became a founding member of the Provider Collaborative which includes representatives from Tees, Esk and Wear Valley Foundation Trust, NYCC and the Harrogate GP Federation Yorkshire Health Network and is focused on developing a new collaborative model for care outside of hospital.

West Yorkshire and Harrogate Health and Care Partnership (HCP)

The Trust is part of the West Yorkshire and Harrogate Health and Care Partnership (HCP) which is built up from the work of the six health and care economies in West Yorkshire and Harrogate. As part of the HCP the vision for West Yorkshire and Harrogate is for everyone to have the best possible outcomes for their health and wellbeing.

Closer partnership working is at the very core of the HCP and the Trust continues to be actively engaged with our partners across the region.

West Yorkshire Association of Acute Trusts (WYAAT)

Complementing and working closely with the HCP is the West Yorkshire Association of Acute Trusts, which is an innovative collaboration bringing together the NHS Trusts who deliver acute hospital services across West Yorkshire and Harrogate. The Trust is an active member of this network.

The WYAAT has a joint work programme focussed around four clear work streams:

- Specialist services – a review of the way some of the specialist services are delivered and whether these could be provided in a better way.
- Clinical standardisation and networks – looking to standardise the way organisations work across Trusts to reduce variation and duplication.
- Clinical support – reviewing pathology, radiology and pharmacy systems and processes to identify benefits of working together and in the same ways.
- Corporate services – looking at back office functions to share learning and identify any benefits of bringing together ways of working, teams and services.

Approval by the Directors of the Accountability Report

This Accountability Report has been approved by the Board of Directors of Harrogate and District NHS Foundation Trust.

Steve Russell
Chief Executive
Date: 24 June 2019

4.2 Remuneration Report

4.2.1 Annual Statement on Remuneration

The Trust recognises that the remuneration policy is important to ensure that the organisation can attract and retain skilled and experienced leaders. At the same time it is important to recognise the broader economic environment and the need to ensure we deliver value for money.

The Board of Directors has established a Remuneration Committee with responsibilities which include consideration of matters in relation to the remuneration and associated terms of service for Executive Directors including the Chief Executive. The report outlines the approach adopted by the Remuneration Committee when setting the remuneration of the executive directors who have authority or responsibility for directing or controlling the major activities of the organisation. The following posts have been designated as fitting the criteria by the committee and are collectively referred to as the executives within this report:

- Chief Executive
- Deputy Chief Executive/Director of Finance
- Medical Director
- Chief Nurse
- Chief Operating Officer
- Director of Workforce and Organisational Development

The Committee is Chaired by the Chairman of the Trust and all of the Non-executive Directors are members of the Committee. The Chief Executive and Director of Workforce and Organisational Development support the working of the Committee by providing discussions about the Board composition, succession planning, remuneration and performance of Executive Directors. The Chief Executive and Director of Workforce and Organisational Development are not present when discussions take place in relation to their own performance, remuneration or terms of service are discussed.

4.2.1.1 The Remuneration Committee

The Remuneration Committee for Executive Directors meets as and when required. In 2019/2020 the Committee met on two occasions:

Remuneration Committee Meetings 2019/20

Board Member's Name	31 July 2019	26 February 2020
Mrs A Schofield	√	√
Mr C Thompson	√	0
Mrs L Webster	√	N/A
Mrs M Taylor	√	√
Ms L Robson	√	√
Mr R Stiff	√	√
Ms S Armstrong	√	√
Mr J Cross	N/A	√

* Mr C Thompson left the Trust on 29 February 2020
** Mrs L Webster left the Trust on 31 December 2019
*** Mr J Cross joined the Trust on 1 January 2020

The Committee undertakes periodic reviews of the salary levels of the Executive Directors including the Chief Executive whilst taking into account the overall performance of the Trust as well as individual performance of directors and published benchmark information.

The Remuneration Committee is a Committee of the Board of Directors and the key outcomes from this Committee are shared with the full Board of Directors.

The Trust's Remuneration Committee has agreed Terms of Reference which includes specific aims and objectives and were reviewed and updated during 2019/20.

The role of the Remuneration Committee is to make such recommendations to the Board of Directors on remuneration, allowances and terms of service as to ensure that Directors are fairly rewarded for their individual contribution to the Trust, having proper regard to the Trust's circumstances and performance and to the provisions of any national agreements or regulatory requirements where appropriate.

The Committee monitors and evaluates the performance and development of the Chief Executive and all Executive Directors and advises on and oversees appropriate contractual arrangements for the Chief Executive and all Executive Directors. This includes the proper calculation and scrutiny of termination payments, as appropriate in the light of available guidance, all aspects of salary (including any performance-related element) and the provisions for other benefits, including pensions.

4.2.2 Remuneration Policy

The Trust's remuneration policy applies equally to Non-Executive Director and Executive Director posts and is based upon open, transparent and proportionate pay decisions. All pay decisions are based on market intelligence and are designed to be capable of responding flexibly to recruitment imperatives to secure high calibre people.

When setting levels of remuneration, the Remuneration Committee takes into account the remuneration policies and practices applicable to other employees, along with any guidance received from the sector regulator and the Department of Health. The Committees also receive professional independent reports based on objective evidence of pay benchmarking across a range of industry comparators. The conclusion reached in professional independent reports is that 'weightings accredited to the various posts in relation to market comparisons had resulted in remuneration that is in line with current pay practice.'

The Trust has well established performance management arrangements. Each year the Chief Executive undertakes an appraisal for each of the Executive Directors and the Chief Executive is appraised by the Chairman.

The Trust does not have a system of performance-related pay and therefore in any discussion on remuneration an individual's performance is considered alongside the performance of the Executive Directors and the organisation as a whole.

The Executive Directors are employed on permanent contracts with up to six-month's notice period. In any event where a contract is terminated without the Executive Director receiving full notice, compensation would be limited to the payment of the salary for the contractual notice period. There would be no provision for any additional benefit over and above standard pension arrangements in the event of early retirement. Non-Executive Directors are requested to provide six months' notice should they wish to resign before the end of their tenure. They are not entitled to any compensation for early termination. The Trust has no additional service contract obligations.

In accordance with NHS Improvement guidance the Trust will seek an opinion concerning remuneration of any director who is paid more than £150,000. The Trust consulted NHS Improvement on two occasions during 2019-20.

Information on the salary and pensions contributions of all Executive and Non-Executive Directors are provided in the tables on the following pages. The information in these tables has been subject to audit by the external auditors, KPMG LLP.

4.2.3 Annual Report on Remuneration

4.2.3.1 Senior Manager Remuneration

Name and Title	2019/20							
	Salary	Taxable benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	Total Salary and taxable benefits in year	Pension related benefits	Total	Ratio of Total Salary to Median for All Staff (1)
	(bands of £5,000) £'000s	Rounded to the nearest £100	(bands of £5,000) £'000s	(bands of £5,000) £'000s	(bands of £5,000) £'000s	(bands of £2,500) £'000s	(bands of £5,000) £'000s	
Mr. S Russell - Chief Executive (3)	180-185	-	-	-	180-185	52.5-55	230-235	6.11
Mr. J Coulter - Deputy Chief Executive / Finance Director	145-150	-	-	-	145-150	20-22.5	170-175	4.84
Dr D Scullion - Medical Director (5)	255-260	-	-	-	255-260	-	255-260	8.47
Mrs. J Foster - Chief Nurse	125-130	-	-	-	125-130	7.5-10	130-135	4.21
Mr. R Harrison - Chief Operating Officer	130-135	-	-	-	130-135	27.5-30	155-160	4.38
Ms A Wilkinson - Director of Workforce and Organisational Development (8)	100-105	-	-	-	100-105	155-157.5	255-260	3.4
Mrs. A Schofield - Chairman	45-50	-	-	-	45-50	-	45-50	-
Mr P Severs - Subsidiary Chairman (9)	5-10	-	-	-	5-10	-	5-10	-
Mr R Stiff - Non-Executive Director (10)	10-15	-	-	-	10-15	-	10-15	-
Mrs L Hind - Subsidiary Non-Executive Director (11)	5-10	-	-	-	5-10	-	5-10	-
Mr. R Taylor - Subsidiary Non-Executive Director (12)	0-5	-	-	-	0-5	-	0-5	-
Ms S Armstrong - Non-Executive Director (13)	10-15	-	-	-	10-15	-	10-15	-
Mrs. M Taylor - Non-Executive Director	15-20	-	-	-	15-20	-	15-20	-
Mrs. L Webster - Senior Independent Director of the Board of Directors (15)	10-15	-	-	-	10-15	-	10-15	-
Ms. L Robson - Non-Executive Director	15-20	-	-	-	15-20	-	15-20	-
Mr. J Cross - Non-Executive Director (17)	0-5	-	-	-	0-5	-	0-5	-
Mr. W Sampson - Non-Executive Director (18)	0-5	-	-	-	0-5	-	0-5	-
Mr. A Papworth - Non-Executive Director (19)	0-5	-	-	-	0-5	-	0-5	-
Mr. C Thompson - Non-Executive Director / Subsidiary Chair (20)	20-25	-	-	-	20-25	-	20-25	-

Name and Title	2018/19							
	Salary	Taxable benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	Total Salary and taxable benefits in year	Pension related benefits	Total	Ratio of Total Salary to Median for All Staff (1)
	(bands of £5,000) £'000s	Rounded to the nearest £100	(bands of £5,000) £'000s	(bands of £5,000) £'000s	(bands of £5,000) £'000s	(bands of £2,500) £'000s	(bands of £5,000) £'000s	
Dr R Tolcher - Chief Executive (4)	225-230	-	-	-	225-230	-	225-230	7.67
Mr. J Coulter - Deputy Chief Executive / Finance Director	140-145	-	-	-	140-145	7.5-10	150-155	4.86
Dr D Scullion - Medical Director (5)	240-245	-	-	-	240-245	0	240-245	8.12
Mrs. J Foster - Chief Nurse	120-125	-	-	-	120-125	37.5-40	155-160	4.05
Mr. R Harrison - Chief Operating Officer	125-130	-	-	-	125-130	15-20	145-150	4.32
Mr. P Marshall - Director of Workforce and Organisational Development (6)	50-55	-	-	-	50-55	5-7.5	55-60	1.74
Ms A Wilkinson - Director of Workforce and Organisational Development (7)	35-40	-	-	-	35-40	12.5-15	50-55	1.32
Mrs J Harrison - Interim Director of Workforce and Organisational Development (8)	10-15	-	-	-	10-15	2.5-5	15-20	0.41
Mrs. A Schofield - Chairman	45-50	-	-	-	45-50	-	45-50	-
Mr P Severs - Subsidiary Chairman (9)	0-5	-	-	-	0-5	-	0-5	-
Mr R Stiff - Non-Executive Director (10)	10-15	-	-	-	10-15	-	10-15	-
Mrs L Hind - Subsidiary Non-Executive Director (11)	0-5	-	-	-	0-5	-	0-5	-
Ms S Armstrong - Non-Executive Director (13)	5-10	-	-	-	5-10	-	5-10	-
Mrs. M Taylor - Non-Executive Director	15-20	-	-	-	15-20	-	15-20	-
Mr. I Ward - Senior Independent Director of the Board of Directors (14)	5-10	-	-	-	5-10	-	5-10	-
Mrs. L Webster - Senior Independent Director of the Board of Directors (15)	15-20	-	-	-	15-20	-	15-20	-
Mr. N McLean - Non-Executive Director (16)	0-5	-	-	-	0-5	-	0-5	-
Ms. L Robson - Non-Executive Director and Senior Independent Director (21)	15-20	-	-	-	15-20	-	15-20	-
Mr. C Thompson - Non-Executive Director/ Audit Committee Chairman (20)	20-25	-	-	-	20-25	-	20-25	-

(1) The median salary for all staff in 2019/20 was £30,112. The median salary for all staff in 2018/19 was £29,608. The median calculation is the annualised full time remuneration of all staff in the Trust as at 31 March 2020 (excluding agency staff), excluding the highest paid Director. The ratio is based on the total salary and benefits in year.
(2) For individuals employed by the Trust who are reaching or exceeding their pension Lifetime Allowance, the Trust previously offered a Pensions Restructuring Payment. This payment is typically equal to the employer's contribution to the NHS Pension Scheme, paid net of employer's National Insurance contribution.

(3) Mr S Russell commenced as Chief Executive on 1 April 2019

(4) Dr R Tolcher ceased as Chief Executive on 31 March 2019

(5) The Medical Director remuneration includes payment to Dr Scullion for both this role and his clinical post as Consultant Radiologist. The Medical Director proportion of his salary equates to 25% of the salary outlined above.

(6) Mr P Marshall ceased as Director of Workforce and Organisational Development on 7 September 2018

(7) Ms A Wilkinson commenced as Director of Workforce and Organisational Development on 5 November 2018

(8) Mrs J Harrison commenced as Interim Director of Workforce and Organisational Development on 8 September 2018 until 4 November 2018 when left the Trust

(9) Mr Severs commenced as Chairman of the Trust's Subsidiary on 1 April 2018 until December 2019 when left the Trust

(10) Mr Stiff commenced as Non-Executive Director on 14 May 2018

(11) Mrs Hind commenced as Non-Executive Director for the Trust's Subsidiary on 1 January 2019

(12) Mr R Taylor commenced as Non-Executive Director for the Trust's Subsidiary on 1 April 2019

(13) Ms S Armstrong commenced as Non-Executive Director on 1 October 2018

(14) Mr I Ward ceased as Senior Independent Director of the Board on 30 September 2018

(15) Mrs L Webster commenced as Senior Independent Director of the Board on 1 October 2018, role ended 31 December 2019

(16) Mr. N McLean ceased as Non-Executive Director on 30 April 2018

(17) Mr J Cross commenced as Non-Executive Director on 1 January 2020

(18) Mr W Sampson commenced as Non-Executive Director on March 2020

(19) Mr A Papworth commenced as Non-Executive Director in March 2020

(20) Mr C Thompson commenced as Interim Chair of the Trust's Subsidiary in January 2020 and his Non-executive Director role ended on 29 February 2020

(21) Ms L Robson commenced as Senior Independent Director from January 2020

The Trust does not pay any performance related bonuses or payments.

Pension Benefits

	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2020 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2020 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2020 £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Real Change in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension to nearest £100
Mr Stephen Russell - Chief Executive	2.5-5	-2.5-0	50-55	110-115	821	746	57	£Nil
Mr. Jonathan Coulter - Deputy Chief Executive / Finance Director	0-2.5	-2.5-0	50-55	115-120	989	917	50	£Nil
Dr David Scullion - Medical Director	£Nil	£Nil	£Nil	£Nil	£Ni l	£Ni l	£Ni l	£Nil
Mrs. Jill Foster - Chief Nurse	0-2.5	2.5-5	50-55	160-165	1,202	1,121	54	£Nil
Mr. Robert Harrison - Chief Operating Officer	0-2.5	-2.5-0	30-35	60-65	446	405	31	£Nil
Ms Angela Wilkinson - Director of Workforce and Organisational Development	7.5-10	0-2.5	25-30	0-5	431	282	142	£Nil

4.2.3.2 Expenses

Governors' Expenses

In accordance with the Trust's Constitution Governors are eligible to claim expenses for such things as travel at rates determined by the Trust. Out of the total Council of Governor membership the total number of Governors that claimed expenses was two Governors at a total amount of £394.40.

Directors' Expenses

Out of the 14 Board members (eight Non-executive Directors including the Chairman and six Executive Directors including the Chief Executive) there was a total of 10 Directors that claimed expenses in 2019/20 at a total amount of £8,435.94. Details of remuneration and benefits in kind are included within the Remuneration table.

4.2.3.3 Pension-related Benefits

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Real Change in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension to nearest £100
Dr Rosamond Tolcher - Chief Executive	£Nil	£Nil	£Nil	£Nil	£Nil	£Nil	£Nil	£Nil
Mr. Jonathan Coulter - Deputy Chief Executive	0-2.5	-5-2.5	45-50	115-120	776	917	117	£Nil
Dr David Scullion - Medical Director	£Nil	£Nil	£Nil	£Nil	£Nil	£Nil	£Nil	£Nil
Mrs. Jill Foster - Chief Nurse	0-2.5	5-7.5	50-55	150-155	934	1,121	158	£Nil
Mr. Robert Harrison - Chief Operating Officer	0-2.5	-2.5-0	25-30	60-65	319	405	76	£Nil
Mr. Phillip Marshall - Director of Workforce and Organisational Development	0-2.5	-2.5-0	45-50	120-125	763	891	105	£Nil
Ms Angela Wilkinson - Director of Workforce and Organisational Development	0-2.5	0-2.5	0-5	0-2.5	75	117	40	£Nil
Mrs Joanne Harrison - Interim Director of Workforce and Organisational Develop	0-2.5	0-2.5	5-10	15-20	81	119	35	£Nil

All Non-Executive Directors have a contract for service and are not eligible to receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive Directors.

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

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

4.2.3. Fair Pay Multiple

The median salary for all staff in 2019-20 was £30,112. The ratio between this and the mid-point of the banded remuneration of the highest paid director was 8.37.

4.2.4 Approval

As Chief Executive, I confirm that the information in this Remuneration Report is accurate to the best of my knowledge.

Steve Russell
Chief Executive
Date: 24 June 2020

4.3 Staff Report

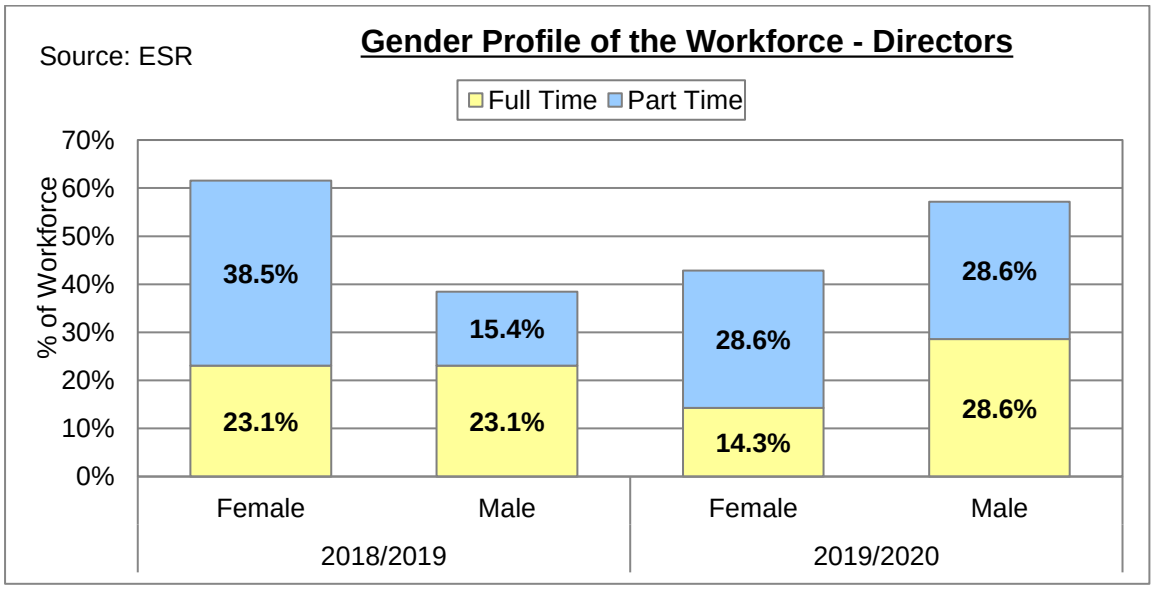
All of the data profiles of the Trust's staff in the charts below have been collated from the Trust's Electronic Staff Record (ESR) system and provides a comparison between 2018-19 and 2019-20. All figures are taken for the end of the financial year and include all staff employed by the Trust, with the exception of bank only contracts.

Analysis of staff numbers as at 31 March 2020

Staff Group	2018/2019		2019/2020	
	Headcount	**WTE**	**Headcount**	**WTE**
Administrative and Clerical	784	673.54	700	596.76
of which Senior Management	*71*	*69.36*	*78*	*76.16*
Allied Health Professionals	335	273.48	341	277.92
Estates and Ancillary	34	23.60	28	19.96
Medical and Dental	413	339.06	435	355.17
Nursing and Midwifery Registered	1,693	1,419.54	1,700	1,429.70
Scientific and Technical	167	145.46	169	143.60
Support Workers	841	682.20	863	693.08
TOTAL	**4,267**	**3,556.89**	**4,314**	**3,592.34**

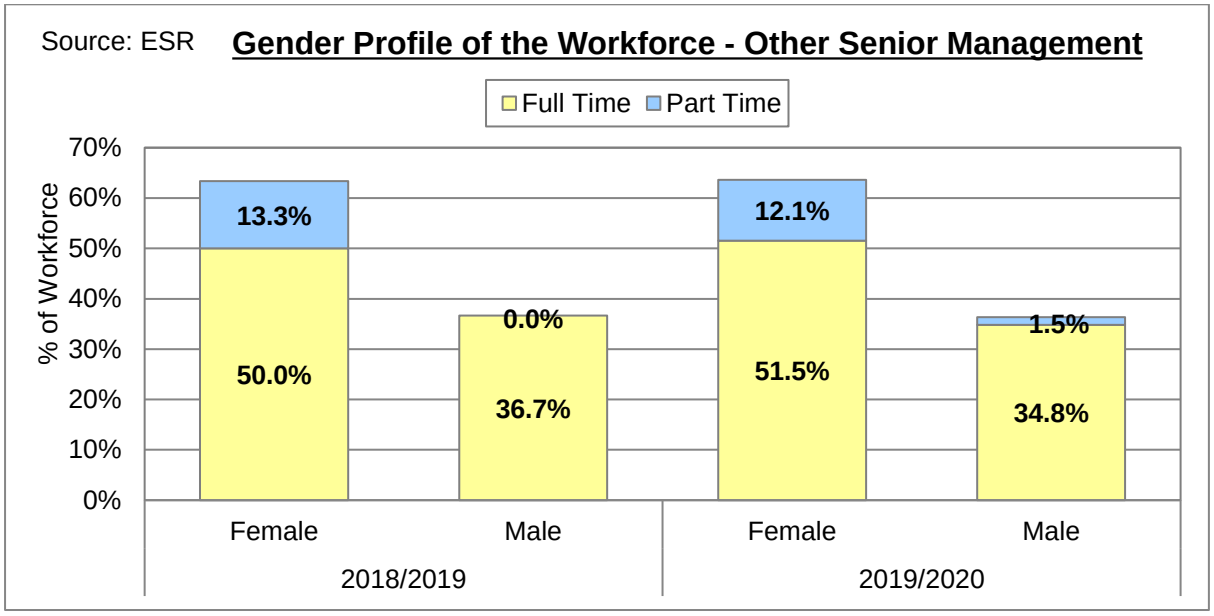
*Headcount is based on the employee's primary assignment to avoid duplication of headcount.
**Senior Management relates to Administrative and Clerical staff, Band 8a and above.

4.3.2 Analysis of the Male and Female Directors, Other Senior Managers and Employees as at 31 March 2020



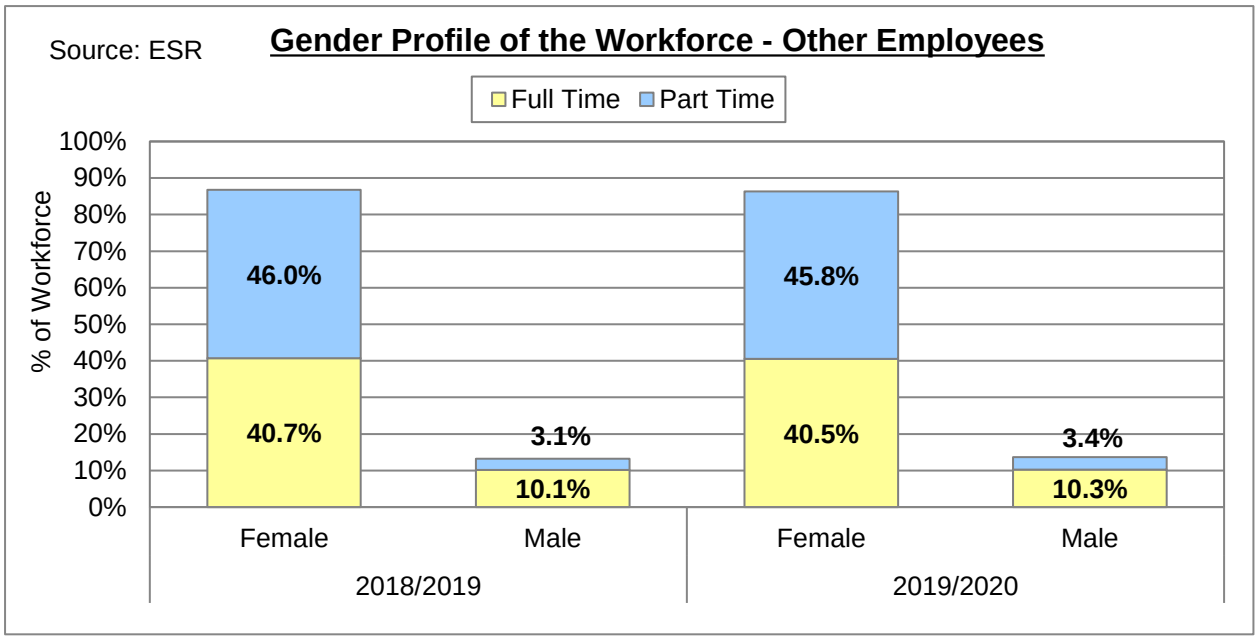
The table below gives a breakdown of the number of Directors, including Non-Executive Directors, by gender, as at 31 March 2020.

Gender	Category	2018/2019	2019/2020
DIRECTORS		**Headcount**	**Headcount**
Female	Full Time	3	2
	Part Time	5	4
Male	Full Time	3	4
	Part Time	2	4
TOTAL		**13**	**14**



The table below gives a breakdown of the number of other senior management, by gender, as at 31 March 2020.

Gender	Category	2018/2019	2019/2020
OTHER SNR MANAGEMENT		**Headcount**	**Headcount**
Female	Full Time	30	34
	Part Time	8	8
Male	Full Time	22	23
	Part Time	0	1
TOTAL		**60**	**66**



The table below gives a breakdown of the number of other employees, by gender, as at 31 March 2020.

Gender	Category	2018/2019	2019/2020
Other Employees		**Headcount**	**Headcount**
Female	Full Time	1,709	1,716
	Part Time	1,930	1,941
Male	Full Time	425	434
	Part Time	130	143
TOTAL		**4,194**	**4,234**

4.3.3 Sickness absence data

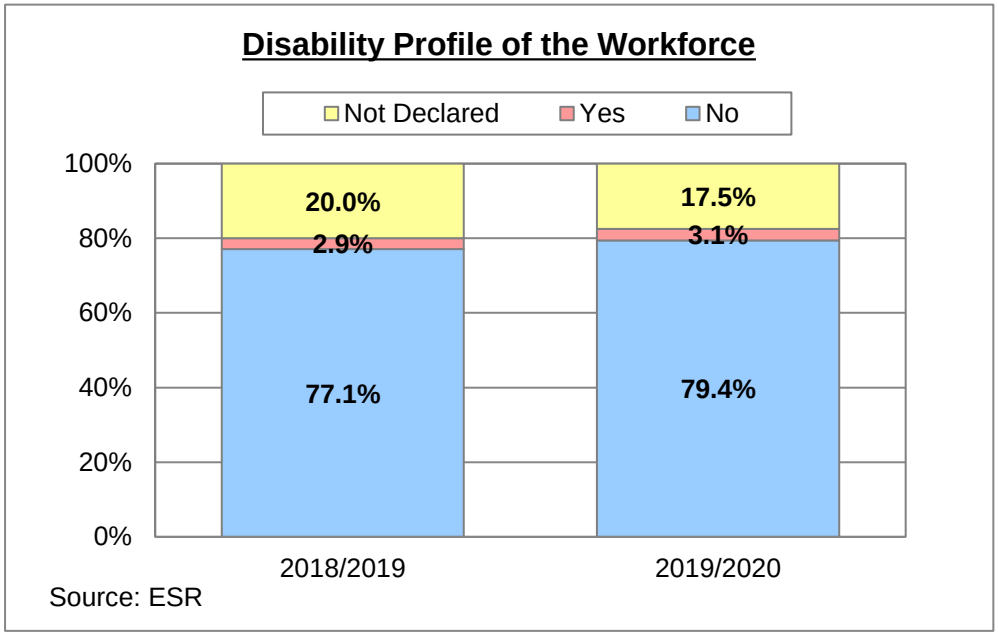
The table below shows the Trust's sickness absence data for each quarter during the 2019-20 financial year.

Directorate	19/20 Q1 % Absence Rate (FTE)	19/20 Q2 % Absence Rate (FTE)	19/20 Q3 % Absence Rate (FTE)	19/20 Q4 % Absence Rate (FTE)	Cumulative % Abs Rate
Children's and County Wide Community Care	5.00%	5.06%	5.23%	5.13%	**5.11%**
Corporate Services	2.37%	2.66%	3.32%	2.86%	**2.81%**
Long Term and Unscheduled Care	4.65%	4.21%	4.55%	4.16%	**4.39%**
Planned and Surgical Care	4.35%	3.61%	4.54%	5.05%	**4.39%**
TOTAL	**4.46%**	**4.19%**	**4.65%**	**4.57%**	**4.47%**

Key

19/20 Q1 – April 2019 to June 2019
19/20 Q2 – July 2019 to September 2019
19/20 Q3– October 2019 to December 2019
19/20 Q4 – January 2020 to March 2020

4.3.4 Analysis of the Disability Profile of the Workforce as at 31 March 2020



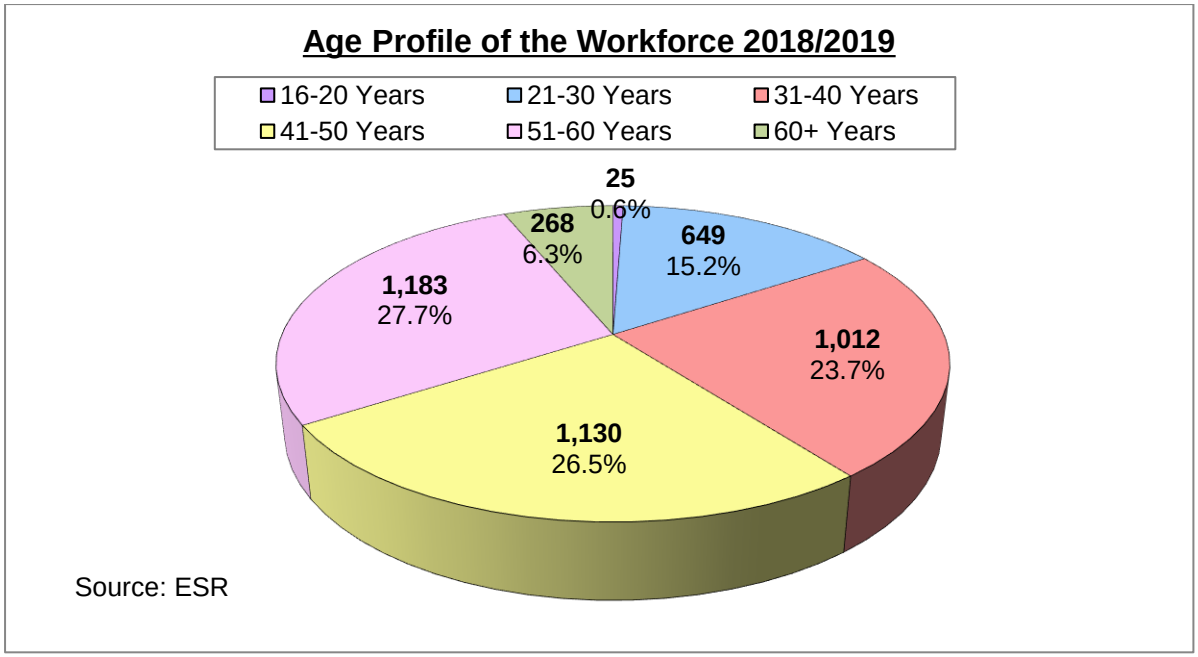
The table below gives a breakdown of the number of employees registered as having a disability as at 31 March 2020.

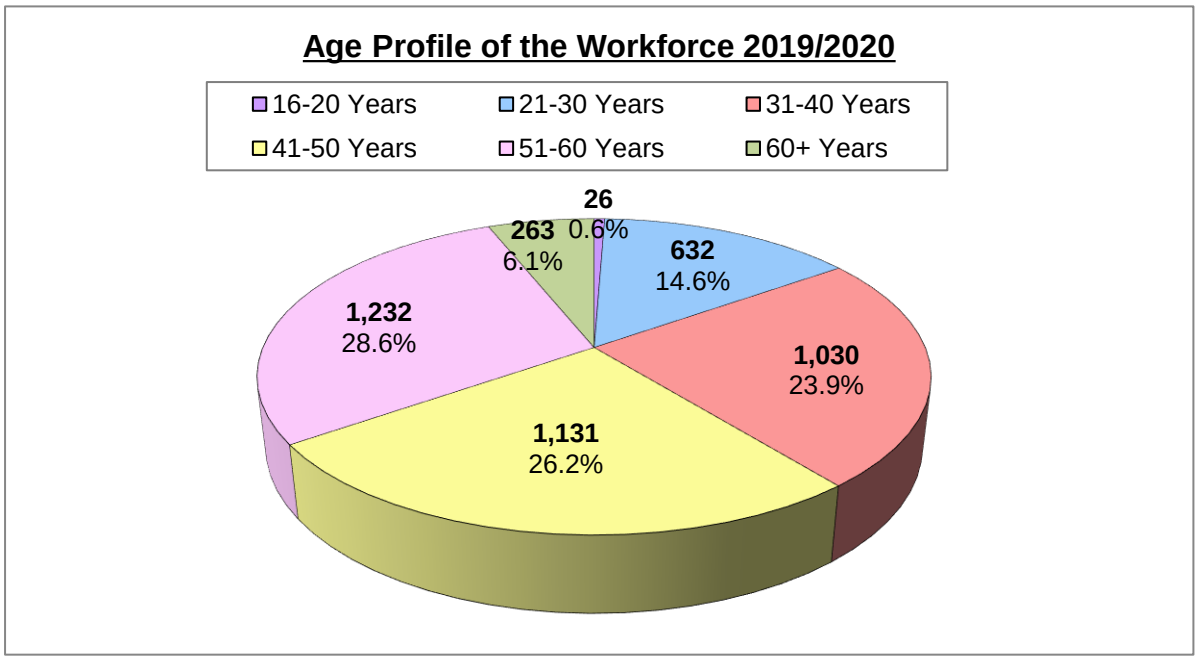
Disabled	2018/2019	2019/2020
	Headcount	Headcount
No	3,290	3,425
Yes	125	135
Not Declared	852	754
TOTAL	**4,267**	**4,314**

4.3.5 Analysis of the Age Profile of the Workforce as at 31 March 2020

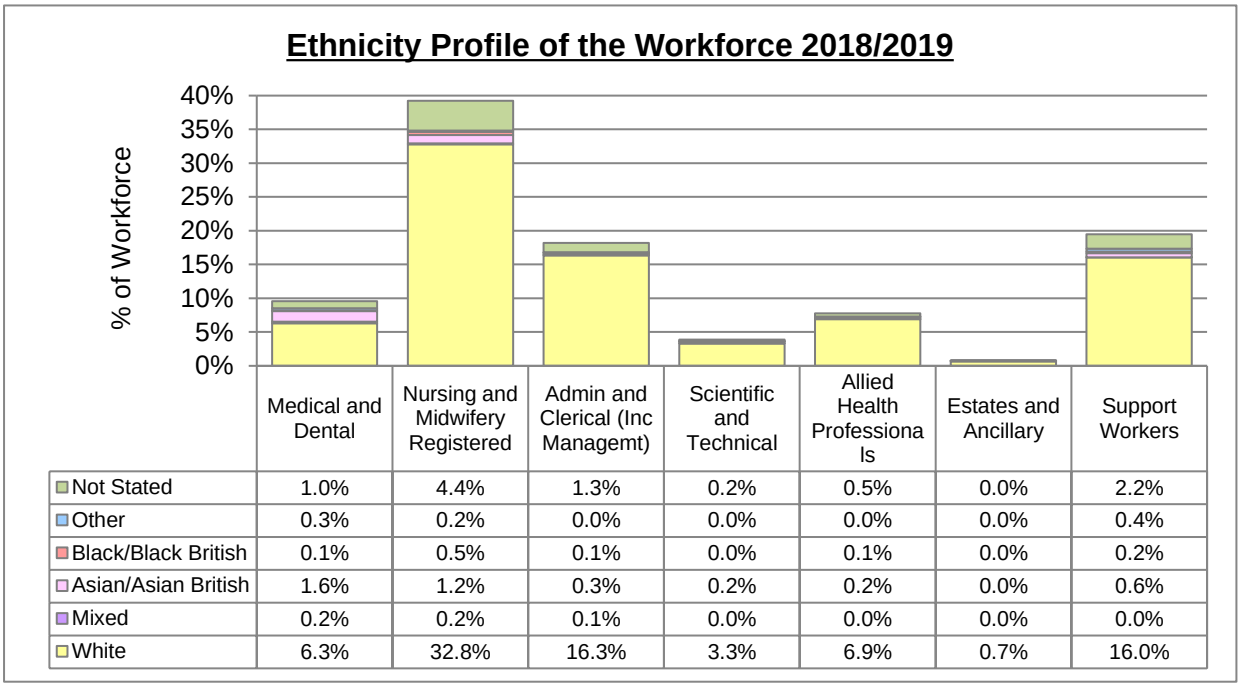
The table below gives a breakdown of the number of employees, by age, as at 31 March 2020.

	2018/2019		2019/2020	
Age Band	Headcount	% of Workforce	Headcount	% of Workforce
16-20 Years	25	0.6%	26	0.6%
21-30 Years	649	15.8%	632	14.6%
31-40 Years	1,012	24.6%	1,030	23.9%
41-50 Years	1,130	27.5%	1,131	26.2%
51-60 Years	1,183	28.8%	1,232	28.6%
60+ Years	268	6.5%	263	6.1%
TOTAL	**4,267**		**4,314**	

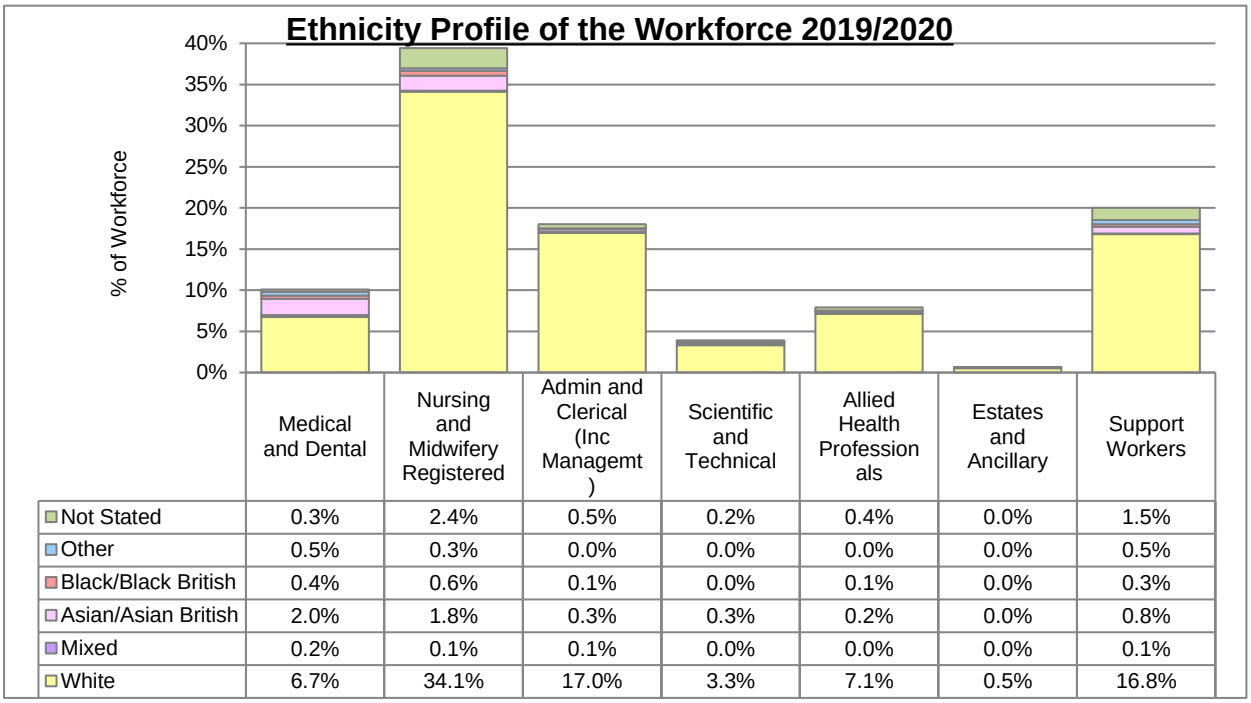

Age Profile of the Workforce 2018/2019
16-20 Years
21-30 Years
31-40 Years
41-50 Years
51-60 Years
60+ Years
25
0.6%
649
15.2%
1,012
23.7%
1,130
26.5%
1,183
27.7%
268
6.3%
Source: ESR


Age Profile of the Workforce 2019/2020
16-20 Years
21-30 Years
31-40 Years
41-50 Years
51-60 Years
60+ Years
26
0.6%
632
14.6%
1,030
23.9%
1,131
26.2%
1,232
28.6%
263
6.1%

4.3.6 Analysis of the Ethnicity Profile of the Workforce as at 31 March 2020



	Medical and Dental	Nursing and Midwifery Registered	Admin and Clerical (Inc Managemt)	Scientific and Technical	Allied Health Professionals	Estates and Ancillary	Support Workers
Not Stated	1.0%	4.4%	1.3%	0.2%	0.5%	0.0%	2.2%
Other	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.4%
Black/Black British	0.1%	0.5%	0.1%	0.0%	0.1%	0.0%	0.2%
Asian/Asian British	1.6%	1.2%	0.3%	0.2%	0.2%	0.0%	0.6%
Mixed	0.2%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%
White	6.3%	32.8%	16.3%	3.3%	6.9%	0.7%	16.0%



	Medical and Dental	Nursing and Midwifery Registered	Admin and Clerical (Inc Managemt)	Scientific and Technical	Allied Health Professionals	Estates and Ancillary	Support Workers
Not Stated	0.3%	2.4%	0.5%	0.2%	0.4%	0.0%	1.5%
Other	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.5%
Black/Black British	0.4%	0.6%	0.1%	0.0%	0.1%	0.0%	0.3%
Asian/Asian British	2.0%	1.8%	0.3%	0.3%	0.2%	0.0%	0.8%
Mixed	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
White	6.7%	34.1%	17.0%	3.3%	7.1%	0.5%	16.8%

HEADCOUNT 2018/2019	Medical and Dental	Nursing and Midwifery Registered	Admin and Clerical (incl Manage-ment)	Scientific and Technical	Allied Health Profess-ionals	Estates and Ancillary	Support Workers	Total
White	272	1,414	705	144	298	29	692	**3,554**
Mixed	10	7	4	1	1	1	2	**26**
Asian/Asian British	67	52	11	10	10	1	26	**177**
Black/Black British	4	21	4	2	5	2	10	**48**
Other	15	9	2	1	1	0	18	**46**
Not Stated	45	190	58	9	20	1	93	**416**
TOTAL	**413**	**1,693**	**784**	**167**	**335**	**34**	**841**	**4,267**

HEADCOUNT 2019/2020	Medical and Dental	Nursing and Midwifery Registered	Admin and Clerical (Inc Manage ment)	Scientific and Technical	Allied Health Professi-onals	Estates and Ancillary	Support Workers	Total
White	291	1472	732	144	308	23	725	**3,695**
Mixed	10	6	6	1	2	1	4	**30**
Asian/Asian British	86	79	13	11	10	1	35	**235**
Black/Black British	16	24	4	2	3	2	14	**65**
Other	20	14	1	1	1	0	21	**58**
Not Stated	12	105	22	10	17	1	64	**231**
TOTAL	**435**	**1,700**	**778**	**169**	**341**	**28**	**863**	**4,314**

Equality and Diversity and Human Rights

The Trust continues to meet its requirements with regard to the Equality Duty and the Equality Act 2010 by publishing its annual Workforce Race Equality Standard (WRES) and Workforce Disability Equality Standard (WDES) reports and the Equality Delivery System (EDS2) assessment. These reports are available to download via the equality and diversity pages of the Trust website (https://www.hdft.nhs.uk/about/equality-and-diversity/). Governance arrangements are strengthened, the stakeholder and workforce equality groups are now in place attended by officers of the Trust, service users, stakeholders, and interested volunteers from the workforce. Actions identified from the Workforce Race Equality Standard are being taken forward and implemented by the Workforce Equality Group.

4.3.7 Gender Pay Gap Data

Due to legislation enacted in 2017, the Trust has a duty to report on its gender pay gap.

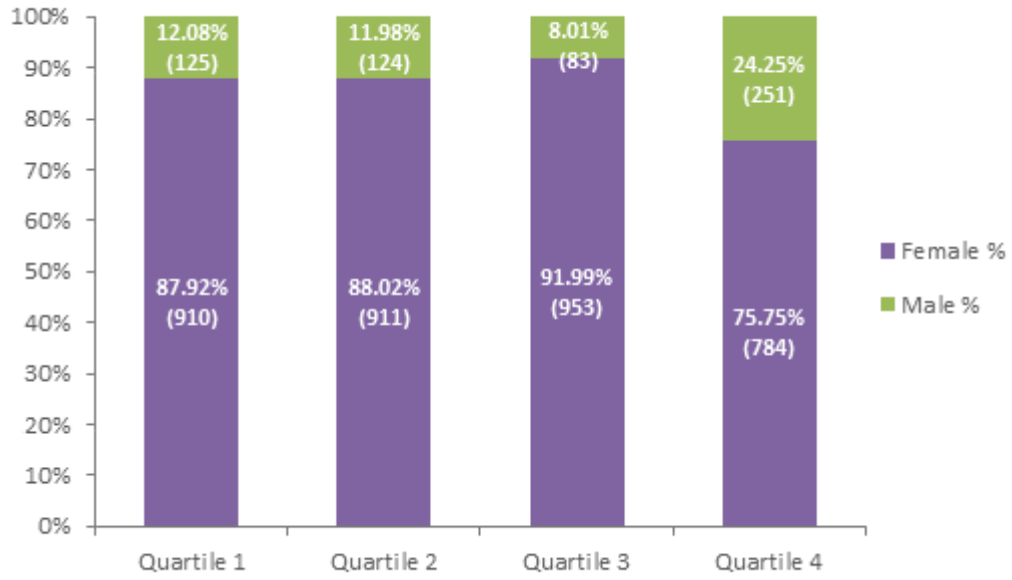
The gender pay gap is different to equal pay. Equal pay means that men and women in the same employment who are performing equal work must receive equal pay, as set out in the Equality Act 2010. It is unlawful to pay people unequally because they are a man or a woman.

The Trust continues to have a gender pay gap, however, this continues to reduce. The main reasons for the gap is that a high proportion of the males employed by the Trust are very senior managers and medical and dental staff. These individuals earn higher wages and bonuses than many other staff, resulting in males being, on average, paid more than females. Below are our key metrics for the gender pay gap.

The mean and median gender pay gap in hourly pay between males and females:

Gender	Mean Hourly Rate	Median Hourly Rate
Male (£)	23.54	17.35
Female (£)	16.62	15.14
Difference (£)	6.92	2.21
Pay Gap %	29.40	12.72

Proportion of males and females in each pay quartile (1 is low, 4 is high):



The mean and median bonus gender pay gap:

Gender	Mean Bonus	Median Bonus
Male (£)	10,555.55	6,032.04
Female (£)	9,111.66	5,780.70
Difference (£)	1,443.90	251.34
Pay Gap %	13.68	4.17

Proportion of males and females receiving a bonus payment:

Taking both Clinical Excellence Awards and Long Service Awards into account, as a proportion, 5.3% of females (187) received a bonus compared to 11.5% of males (67). This is again influenced by the ratio of males in receipt of bonus to the overall number of males.

Reducing the Gender Pay Gap

The Trust is passionate about promoting workforce equality and reducing the gender pay gap. It is recognised that the actions taken in the last 12 months have had a positive effect. The Gender Pay Gap Report will be shared with our staff networks, Workforce and Organisational Development Steering Group and Trust Board, to make informed decisions on any actions that are required to improve the gender pay gap.

Further impact assessment and analysis is required to support the development of an action plan, and as part of this, it is recommended that the Trust continues with the following actions:

- Continue in its efforts to encourage more female applicants, both internal and external, to senior medical positions. There has been an improvement since 2018 in the number of female consultants who now are the majority.
- Continue work in relation to encouraging more applications for CEA from women and providing support for individuals who have submitted unsuccessful applications in the past. The 2019 CEA submission shows the larger number of females being awarded a CEA but these are still at a lower level than the number of males being awarded a CEA.

The Trust's full Gender Pay Gap Report can be found on the Government website at: https://gender-pay-gap.service.gov.uk
and on the Trust's website at: https://www.hdft.nhs.uk/about/trust/statutory-info/

Starters and Leavers during 2019-20

	Headcount	FTE
Starters	407	360.87
Leavers	443	352.79

Exclusions applied:

- Retire and Returns
- Locum Medical and Dental staff
- Bank Staff
- Doctors in training
- Fixed Term Contracts
- TUPE Transfers in/out

4.3.8 Staff policies and actions during the year

Human Resource (HR) Policies and Staff Information

The Trust has a suite of policies and procedures in relation to the workforce in order to support staff in their roles. Some of the key policies are detailed as follows:

Modern Slavery is addressed under the umbrella of safeguarding at the Trust. All safeguarding training has been updated to include Modern Slavery and it is included in the Adult Safeguarding Policy. All staff are required to undertake safeguarding training to ensure they understand how to raise a concern.

Disability Confident Charter

Trust policy in respect of disabled applicants who clearly indicate that they wish to be considered for a post under the 'Positive about Disability Scheme' is that they will be shortlisted and invited for interview where they meet the requirements for the post.

All staff have access to the local workforce development programme and the training courses provided through the programme. Staff are able to discuss their training needs with their line manager during their appraisal or at other times, as arranged locally.

The Trust continues to strive for continuous improvement and continues to give priority to engaging with staff, setting high standards, learning from staff experience, and strengthening partnership working. Ensuring active staff involvement in the management and direction of services at all levels is achieved through valuing staff, listening and responding to their views and monitoring quality workforce indicators. Equally, the Trust acknowledges that staff should have confidence that their input is valued and that the Trust is responsive to their views in the decisions it takes, building on that positive relationship.

The Trust has a number of mechanisms through which it communicates information to its employees. These include a weekly all user e-mail, monthly Team Brief, departmental meetings, *ad hoc* briefings, Twitter and Facebook accounts and personal letters. The method(s) used will be the most appropriate for the particular information to be conveyed but one or more methods will be used for all matters of importance. The Trust runs an Intranet providing information regarding the latest changes and developments as well as routine information. The Trust understands that not all clinical and support staff use electronic communication methods and managers are asked to make all staff aware of information communicated by electronic means. In the last year Listening events have also taken place with the Chief Executive encouraging Staff to come and feedback their views.

The weekly all user e-mail, the intranet and Team Brief are all used as a means of conveying official information, as appropriate, which is of benefit to staff in a social, personal and developmental way. Examples include reporting on staff achievements, benefits and services available, activities and events taking place, health related information and offers. There are separate pages on the Trust website for staff health, benefits and wellbeing offering an extensive range of discounts and contacts enabling staff to access at all times as well as sources for support, development and training on the intranet.

The Trust works to engage with staff and obtain their feedback on matters being communicated. This occurs through the 'Team Brief' process and through the regular meetings of the Partnership Forum and Local Negotiating Committee where Trade Unions

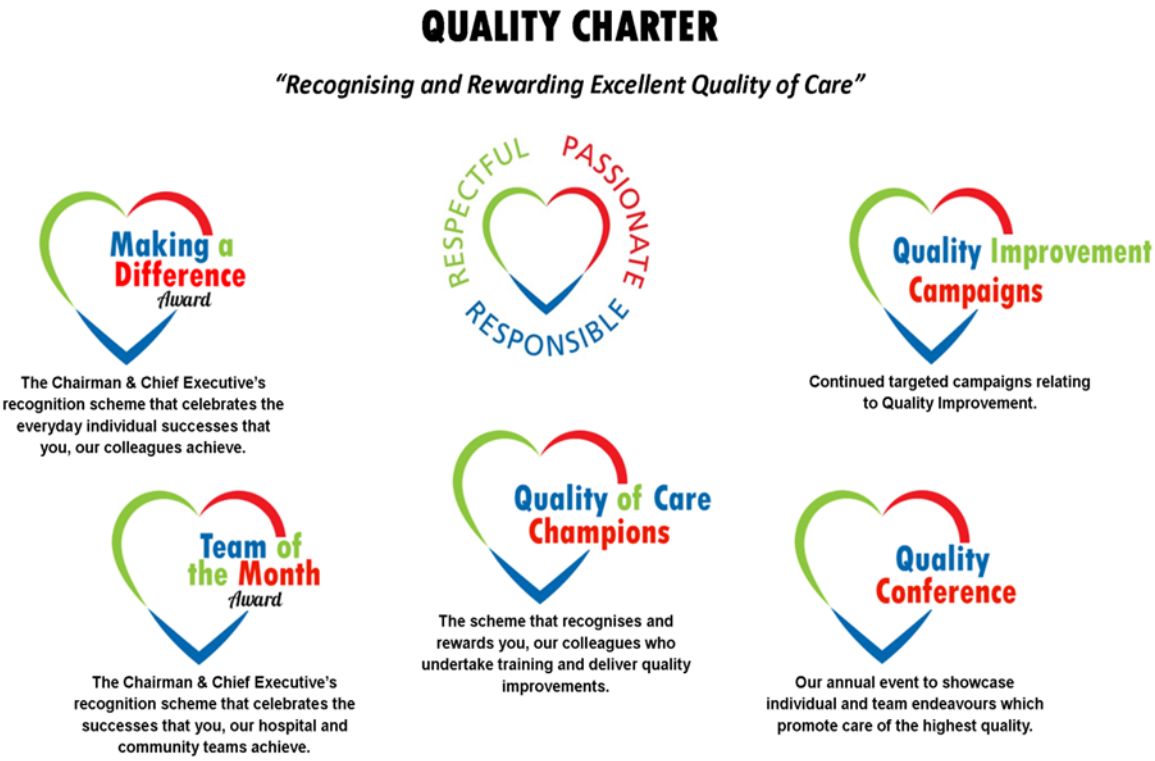
and professional association representatives meet with senior managers to discuss issues affecting staff and local conditions of service. There are two sub-groups of the Partnership Forum; the Policy Advisory Group and the Pay, Terms and Conditions Group. The Policy Advisory Group agrees and updates HR policies in line with current employment law and ensures they have broad agreement within the organisation. The Pay, Terms and Conditions Group negotiates on local issues affecting staff pay, terms and conditions. The Local Negotiating Committee is the forum for medical and dental staff.

All Trust policies are available on the intranet for staff information, including the extensive range of HR policies, many of which are about services available directly in support of staff. Examples include: Special Leave Policy, Lifetime Allowance – Pensions Restructuring Payment Policy, Employment Break Policy, Flexible Working Policy, Managing Attendance and Promoting Health and Wellbeing Policy, Speaking Up Policy (also known as the Whistleblowing policy) and Shared Parental Leave Policy.

Quality Charter

The Trust recognises that valuing and celebrating the achievements of the workforce is essential to enable the future growth and development of the organisation and the individuals who are part of it.

Since our Quality Charter was introduced in 2016, we have witnessed a significant step-change in the organisation's appetite to engage with quality improvement as a discipline. The Charter brings together six schemes that focus upon encouraging, empowering, recognising and rewarding quality improvement.

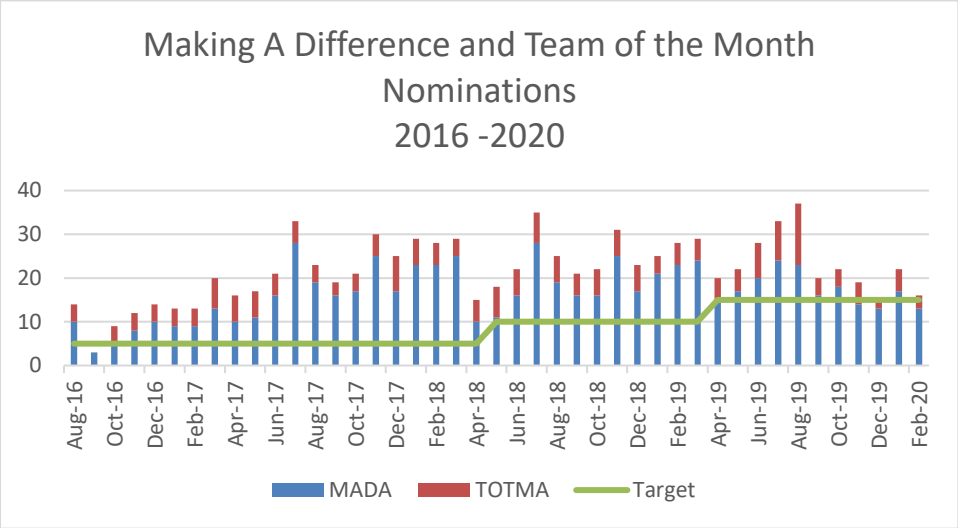


In the context of this update, the most relevant components are the Team of the Month and Making a Difference Nominations. Both have been running for several years now and allow

anyone – including the public – to nominate individuals or teams in recognition of their efforts.

With members of our Board presenting certificates, badges and letters of commendation we aim to celebrate going above and beyond, living the Trust values, making the difference and using our resources with care.

Making A Difference and Team of the Month Award nominations over the past 3 years have consistently reached their targets, with August 2019 showing the most nominations ever, with a total of 37. Approximately half of those go on to receive an award, with many others receiving letters of commendation.



Please note that vetting and presenting of nominations were temporarily suspended during the Covid-19 pandemic, hence data not being available for March 2020.

Health and Safety, and Occupational Health

The Occupational Health (OH) Department provides a quality driven service to enable a safe and healthy workforce in the Trust; one that it is fit for purpose and which is protected against workplace hazards.

The work of the OH Department includes:

- Pre-work health assessment and communicable disease screening to support timely recruitment of new employees and ascertain fitness to work in a healthcare environment.
- Provision of work-related immunisations for employees to protect from infection risk.
- Supporting managers and employees to maintain satisfactory attendance and work performance and to facilitate return to work of staff on long-term sickness absence.

  The referral rate in 2019/2020 for occupational health advice by Managers saw an increase of 10% when compared with 2018/2019. On average 58 appointments were offered per month in the past year to support the Trust's Managing Attendance and Promoting Health and Wellbeing Policy.

- Promoting health, safety and wellbeing, and

- Provision of staff counselling services (see service report below).

The 2020 coronavirus (Covid-19) pandemic saw a considerable increase in occupational health activity. The OH department provides a Covid-19 helpline for staff and managers offering advice on medical status aligned to national Public Health England (PHE) guidance, staff testing and support of mental wellbeing. This service saw a significant uptake initially. There continues to be demand for the service with fluctuation in uptake influenced by emerging public health advice and new research findings.

Manager referrals for occupational health advice are expected to rise as an increasing number of those working from home or “shielding” (PHE advice) return to work. The OH department have provided priority appointments for employees during the Covid-19 pandemic. Managers requiring advice about medical vulnerability receive a “same day” occupational health report indicating the level of medical risk and advice about mitigation measures.

Occupational Health expertise has enabled work with key stakeholders in the Trust to develop a Covid-19 individual risk assessment tool. This tool is used by managers to protect the health safety and wellbeing of those employees who may be medically vulnerable to Covid-19 infection or have individual risk factors for example minority ethnicity, pregnancy or age.

The restrictions on social interaction during Covid-19 and the use of homeworking and Microsoft Teams for meetings have highlighted the challenges faced in acquiring IT infrastructure to enable successful interaction. The OH department will consider the wider opportunities offered by remote consultation for employees and the business case for investment in IT in collaboration with Human Resources.

Workforce

The OH department is continually reviewing its structure to ensure the department can be responsive to the needs of employees and managers. An alliance between Airedale Hospital and the Trust provided shared leadership for both OH departments during 2019/2020 with Airedale Hospital’s Head of Employee Health and Wellbeing and a Band 7 Occupational Health Nurse Advisor providing support. This shared resource will end in June 2020. The Trust appointed a Band 7 Occupational Health Lead Nurse in April 2020 and expects to appoint to the Band 8 OH Head of Occupational Health vacancy shortly.

Health and wellbeing activity

The Occupational Health team will continue to work with Human Resources to develop opportunities to improve access to Occupational Health advice with a focus on advancing prevention-centred approaches to health and well-being.
The service currently includes early intervention services such as physiotherapy, counselling and clinical psychology.

Harrogate and District NHS Foundation Trust launched their fully funded Employee Assistance Programme (EAP) this year. This comprehensive online service provides support to employees and their spouse or partner across Harrogate and District NHS Foundation Trust (HDFT) and Harrogate Integrated Facilities (HIF). It offers a range of assistance and access to resources to help colleagues and their spouse/partner cope with work and personal issues, but also provides advice on areas such as how to achieve a better work life balance, financial planning and career development.

The EAP offers access to trained counsellors 24 hours a day as well as “in-person access” if necessary. This resource can used to discuss sensitive issues in complete confidence: employers are not notified when a colleague uses the service.

The 2019 pilot Musculo-Skeletal (MSK) rapid access service provided by Physio med concluded successfully demonstrating a return on investment ratio (ROI) of 12:1 during 1 April 2019 to 31 March 2020 (based upon 98 employees discharged from the service).

Physio Med provide quality, clinically robust and tailored treatment programmes:

- Preventing people going off work – Assessments (Desk Screen Equipment), job analysis, MSK screening
- Keeping people fit and well – Well-being classes, Exercises, Articles/videos, advice/guidance
- Getting people back to work – Initial assessment, triage, hands-on/remote treatment and rehabilitation

This service is delivered by their 2,500 Chartered Physiotherapists via 780+ physiotherapy practices across the UK and provides equal access for all Trust staff regardless of location to physiotherapy interventions.

The total number of referrals received 01.04.19-31.03.20 was 125.

Employees were referred from 5 Directorates. The top referring Directorates were:

1. LTUC (Long Term & Unscheduled Care) 52%
2. CCWC (Children & County Wide Community Care) 21%
3. PSC (Planned & Surgical Care) 16%

Employees were referred from the 8 staff groups. The top referring staff groups were:

1. Nursing & Midwifery Registered 41%
2. Allied Health Professionals 25 %
3. Admin & Clerical 12 %
4. Medical & Dental 9%

Domestic conditions were responsible for 53% of referrals. Work aggravated conditions were responsible for 41% of referrals. Recorded accidents on duty were responsible for 6% of referrals.

The average reported increase in productivity and function was an actual figure of 31% (from 57% to 88%) equating to 1.55 days per week per person working a 5 day week pattern, an overall increase of 54.4%.

Quality improvement

The department is committed to meeting the National Accreditation Standards for Occupational Health Services. Work in partnership with NHS Plus will continue and as part of this commitment, we aim to monitor and evaluate our customer service. We will do this by:

- Assessing Occupational Health service provision against the needs of the workforce, for example monitoring the rate of management and self-referral, physiotherapy and psychological services uptake and customer feedback on the effectiveness of the service provision.

- Occupational Health services will be delivered in alignment with the Trust Health and Wellbeing strategy with work continuing to develop a service level agreement with the Trust as a key action.
- Strengthening communication links with Human Resources by involvement in process mapping health and wellbeing service provision and uptake.
- Promoting and evaluating health promotion activities linked to the National Institute of Clinical Excellence Public Health Guidance (Workplace) and national guidance, for example national initiatives such as Change for Life, Healthier Food Mark and smoking cessation.
- Plans to upgrade the occupational health staff record system, Cohort to Version 10 although temporarily delayed by Covid-19 have resumed. The upgraded system will allow greater functionality and flexibility for example enabling managers to submit electronic referrals, generate appointment letters and reports while providing management information to underpin process improvement and targeted wellbeing interventions.

Partnership work

Representatives of the OH Department are included in the membership of various working groups i.e. Health and Safety and Workforce and Organisational Development. Our partnership with key stakeholders including the Infection Prevention and Control team enables the development of initiatives to enhance delivery of seasonal influenza vaccination to front line staff. Preparations are in hand this year 2020 to maintain the significant improvement in uptake of the flu vaccine made in 2019 within the Trust of flu vaccination amongst staff.

The OH Department holds contracts for the provision of Occupational Health services to NHS and non-NHS organisations in the local community, supporting the working population and their employers and generating income for the Trust. We aim to work to mutual benefit with other regional NHS occupational health services to ensure Trust staff working in the Yorkshire and North East regions are able to access occupational health services locally or remotely when required.

The Department intends to maintain membership of the NHS Health at Work Network, a national network of NHS occupational health providers, enabling benchmarking against other providers and involvement in both national and regional initiatives for development of the specialism and collaborative working.

Staff Counselling Report

Staffing

Our service is comprised of two counsellors: one @ 24hrs with duties including: student supervision, management, staff counselling, Schwartz rounds, mental health first aid training and staff consultative support; and another @ 15hrs seeing eight clients per week. The service is part-time and runs Tuesday -Thursday. We also have two students in advanced training who can see up to four people per week.

Counselling referrals

The number of self-referrals requesting staff counselling in Harrogate during this period was 104 members of staff. During the same time period in 2018/19 we had 81 referrals. All counselling in the Harrogate area is conducted through our in-house service.

Counselling referrals external to the Trust

Referrals requesting access to counselling in the York and Scarborough area were 10 members of staff, an increase in two on the same time period last financial year, while referrals wanting to access counselling in the Durham, Darlington and Tees area increased to 7 people. In terms of fair access, this year we negotiated that staff in the Sunderland and Gateshead area can access counselling via South Tyneside occupational health services and we referred 11 members of staff to them. HDFT incurs a cost for all counselling referrals seen via other Trust's staff counselling services.

Counselling information

We have noticed a recently occurring trend of people asking to come on their day off, stating that managers will only allow them to attend the first session during work time and this has severely impacted waiting times for counselling. This trend is concerning with regard to equitable access for staff because it means that some staff can only access this free service if they are either:

- part-time
- their manager is fully supportive of their emotional wellbeing by allowing staff to access during work time
- their days off are in line with our opening times.

Further work is being undertaken to enable full access to counselling information for all staff.

Staff Wellbeing Initiatives

In line with the Trust's Health and Wellbeing Strategy for addressing workplace mental health, the counselling service has continued to be proactive in supporting Schwartz Rounds, providing an opportunity for both clinical and non-clinical workers to share experiences of healthcare work and explore the emotional impact within a safe and supportive environment. This year Rounds were rolled out into adult community services and were very well received and we have recruited two facilitators to roll out Schwartz Rounds into 0-19 years community services in this financial year.

During COVID-19 Point of Care Foundation, have been innovative in training all Schwartz facilitators to migrate to virtual Schwartz Rounds (Team talk). These are closed invite only for up to 30 members of a team. We are hopeful that we will be able to gain the required resources to enable us to initiate these as a measure of staff wellbeing and emotional support during these unprecedented times.

Countering Fraud and Corruption

The Trust has robust arrangements to counter fraud and corruption. These arrangements include the appointment of accredited Local Counter Fraud Specialists and an Anti-Fraud, Bribery and Corruption Policy which is promoted to all staff and available via the Trust's Intranet.

4.3.9 Trade Union Facility Time Disclosure

The Trade Union (Facility Time Publications Requirements) Regulations 2017 implement the requirement introduced by the Trade Union Act 2017 for specified public-sector employers, including NHS Trust's to report annually a range of data in relation to their usage and spend on trade union facility time.

Facility time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers. Whether in providing support to individual members of Trust staff at a departmental level, or by playing a valuable role in contributing to Trust-wide agendas for example (Partnership Forum, Local negotiating Committee, Health and Safety Committee) the Trust recognises that the participation of trade union representatives supports the partnership process and contributes to delivering improved services to patients and users.
At a time when the whole public sector needs to ensure it delivers value for money, the Trust will continue to monitor and evaluate the amount of money spent on facility time, in the interests of transparency and accountability.

The Trust's data for the first reporting period 1 April 2018 to 31 March 2019 is listed below.

Table 1: Relevant union officials
Total number of Trust employees who were relevant union officials during the relevant period:

Number of employees who were relevant union officials during the reporting period 1st April 2018 to 31st March 2019	**Full-time equivalent employee number**
35	32.63

Table 2: Percentage of time spent on facility time
Employees who were relevant union officials employed during the relevant period spent the following percentage of time of their working hours:

Percentage of Time	**Number of Employees**
0%	14
1-50%	19
51-99%	2
100%	0

Table 3: Percentage of pay bill spent on facility time
The percentage of the Trust's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period:

First Column	**Figures**
Provide the total cost of facility time	£38,770
Provide the total pay bill	£156,504,948
Provide the percentage of the total pay bill spend on facility time, calculated as:	0.02%

(total cost of facility time divided by total pay bill) x 100	

Table 4: Paid trade union activities
As a percentage of total paid facility time hours, the number of staff hours spent by employees who were relevant union officials during the relevant period on paid trade union activities:

First Column	Figures
Total spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spend on paid trade union activities by relevant union officials during the relevant period divided by total paid facility time hours) x 100	9.82%

The figures have been calculated using the standard methodologies used in the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Trade Union Continuing Professional Development (CPD)

The Trust is committed to creating and maintaining a positive employee relations climate. Partnership working of management and staff representatives underpins and facilitates the development of sound and effective employee relations throughout the NHS. The Trust recognises that the participation of trade union representatives in the partnership process can contribute to delivering improved services to patients and service users.

In order to further develop our approach to partnership working, we held two CPD sessions with our Trade Union colleagues. These have focused on items of key importance to the Trust. The first session focused on: Human Factors training, Safeguarding and General Data Protection Regulations (GDPR). The second session focused on Fair and Just Culture work, an up-date from our Freedom to Speak up Champion, and our 2018 Staff Survey results. The session resulted in some commitments from Trade Union colleagues to develop these agendas with the Trust.

4.3.10 National Staff Survey Results

Introduction

In September 2019 the seventeenth NHS National Staff Survey was undertaken, which was designed to collect the views of staff about their work and the healthcare organisation they work for. The overall aim of the survey was to gather information that would help improve the working lives of NHS staff and so provide better care for patients.

The survey was distributed in October 2019 with a closure date of 29th November 2019. Harrogate and District NHS Foundation Trust surveyed all staff in 2019; survey invites were distributed to staff by email and by post. Staff also had the option to complete the survey questionnaire over the telephone.

Outlined below is a summary of our results. These results have been benchmarked nationally against other Combined Acute and Community Trusts and have been weighted by the Department of Health (DoH), for fair comparisons between organisations.

Respondents

We surveyed a full census of our staff between 7th October 2019 and 29th November 2019. In total, 4,073 surveys were distributed to members of HDFT staff and 1,654 were completed, which represents a 41% response rate.

The average response rate of our benchmarking group was 46%. HDFT's response rate shows an increase on our 2018 response rate which was 39%, and equally our headcount has increased meaning we had more participants included in the total percentage. The 1654 participants in 2019 is an increase on the 1576 respondents in 2018 – this gives a 4.94% increase of actual participants.

Themes	HDFT 2017	Average 2017	HDFT 2018	Average 2018	HDFT 2019	Average 2019
Equality, diversity & inclusion	9.4	9.2	9.4	9.2	9.3	9.2
Health & wellbeing	6.1	6.0	6.0	5.9	6.0	6.0
Immediate managers	6.9	6.8	7.0	6.8	7.0	6.9
Morale	N/A	N/A	6.3	6.2	6.3	6.2
Quality of appraisals	5.6	5.3	5.7	5.4	5.6	5.5
Quality of care	7.4	7.5	7.4	7.4	7.4	7.5
Bullying & harassment	8.5	8.1	8.3	8.1	8.2	8.2
Safe environment – Violence	9.6	9.5	9.6	9.5	9.6	9.5
Safety culture	6.7	6.7	6.9	6.7	6.8	6.8
Staff engagement	7.1	7.0	7.2	7.0	7.1	7.1
Team working	n/a	n/a	n/a	n/a	6.9	6.7

Year on Year comparison with Harrogate and District NHS Foundation Trust 2018 can be summarised as below:

Maintained Themes

- Health and Wellbeing
- Immediate Managers
- Morale
- Quality of Care
- Safe environment – Violence

Declined Themes

- Equality, Diversity and Inclusion
- Safe Environment – Bullying and Harassment
- Quality of Appraisals
- Safety Culture
- Staff Engagement

Team working was a new theme in 2019.

Of the specific questions asked, the five most improved and declined scores since 2018 are detailed in the tables below:

Top five most improved scores compared with the Trust's 2018 results	HDFT 2018	HDFT 2019
There are enough staff at this organisation for me to do my job properly	29%	34%
I am satisfied with the extent to which my organisation values my work	50%	53%
My immediate manager is supportive in a personal crisis	76%	79%
Have you had any training, learning or development in the last 12 months? (Please do not include mandatory training)	69%	72%
I am not considering leaving my current job	47%	49%

Five most declined scores compared with the Trust's 2018 results	HDFT 2018	HDFT 2019
Does your organisation act fairly with regard to career progression / promotion, regardless of ethnic background, gender, religion, sexual orientation, disability or age?	60%	58%
I am confident that my organisation would address my concern	64%	61%
In the last 12 months I have never personally experienced harassment, bullying or abuse at work from other colleagues	83%	80%
I am satisfied with the opportunities I have to use my skills	76%	73%
Q22a Is patient / service user experience feedback collected within your directorate / department? (e.g. Friends and Family Test, patient surveys etc.	78%	74%

Summary Details of Any Local Surveys and Results

The Trust takes part in the quarterly NHS Staff Friends and Family Test, which asks staff *"How likely are you to recommend the Trust to friends and family as a place to work?"* During 2019-20 the Trust surveyed all staff in each quarter. As with the NHS Staff Survey, the Trust utilises both online and paper surveys to ensure accessibility for all staff.

How likely are you to recommend the Trust to friends and family as a place to work?	Likely
Quarter 1 (June 2019)	69.4%
Quarter 2 (September 2019)	65%
Quarter 3	Survey not required – National Staff Survey
Quarter 4 (March 2020)	68.5%

Future Priorities and Targets

The Trust is working with key stakeholders, such as the alumni of our First Line Leader programme to develop a Trust wide action plan focusing on the key areas for improvement. Each Directorate will use its own results to develop local action plans. By communicating this information clearly, staff can be assured that the Trust has understood their feedback and subsequent action will be taken.

The results of the 2020 National Staff Survey and quarterly NHS Staff Friends and Family Test will be utilised to monitor progress in overall staff engagement and against the key areas above.

- **Safe Environment – Bullying & Harassment; Safe Environment – Violence; Equality, Diversity & Inclusion**

Continue the ongoing work in relation to a fair and just culture and zero tolerance to bullying, harassment, abuse discrimination or violence to encourage reporting and action on incidents. There needs to be a clear focus on Equality, Diversity and Inclusion and the further development of our staff networks.

- **Health & Wellbeing**

An increased focus on mental health and wellbeing, to support colleagues working through COVID19, together with building on initiatives already available to staff, in particular those relating to MSK and physical health as well as identifying any gaps in our current provision to help target these areas.

- **A Fair, Just and Safe**

Continuing the ongoing work to promote a fair, safe and just culture is taking place, including the creation of staff networks, a review of human resources policies and procedures and a review of how investigations are carried out following an incident.

- **Immediate Managers; Your managers and Your Personal Development**

  A focus on First Line Leader Development, and in supporting Line Managers with leadership behaviours around supporting teams through COVID19. A focus on improving the quality of the appraisal experience is also to be carried out.

Future Priorities and Targets

The Trust is working with key stakeholders to develop a Trust wide action plan focusing on the key areas for improvement. Each Directorate will use its own results to develop local action plans. By communicating this information clearly, staff can be assured that the Trust has understood their feedback and subsequent action will be taken.

The results of the 2019 National Staff Survey and quarterly NHS Staff Friends and Family Test will be utilised to monitor progress in overall staff engagement and against the key areas above.

4.3.11 Expenditure on consultancy

Consultancy costs for 2019-20 were £440,000; this compares with £433,000 in 2018-19.

4.3.12 Off-payroll engagements

The decision to appoint Board members or senior officials with significant financial responsibility through an off-payroll arrangement would be made, if required, at a very

senior level and only for exceptional operational reasons. The Trust can confirm that there were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility during 2019-20.

4.3.13 Exit Packages

There was one compulsory redundancy during 2019-20. The total resource cost was £24,000.

During 2018-19 there was one compulsory redundancy payment, the total resource cost of this was £4,000. There were also two Mutually Agreed Resignations (MARS) with contractual costs of £31,000.

Approval by the Directors of the Accountability Report

This Accountability Report has been approved by the Board of Directors of Harrogate and District NHS Foundation Trust.

Steve Russell
Chief Executive
24 June 2019

4.4 NHS Foundation Trust Code of Governance

4.4.1 Audit Committee

4.4.1.1. Introduction

The Audit Committee met formally on six occasions during 2019/20. Audit Committee members attendance is set out in the table below. In addition, all Audit Committee members attended an informal meeting in late April 2019 to undertake a detailed review of the draft accounts (relating to the 2018/19 financial year). Members of the Committee also attended relevant Audit Committee training events during the course of the year.

Audit Committee Members' Attendance:

	8 May	21 May	11Sept	5 Dec	4 Feb	5 Mar
Mr Chris Thompson	√	√	√	√	√	
Mrs Maureen Taylor	√	√	√	√	√	√
Mrs Lesley Webster	√	√	√	√		
Mr Richard Stiff	√	√	0	0	√	√
Mr Wallace Sampson						√
Mr J Cross					√	√

The Audit Committee had a membership of four Non-Executive Directors and during the 2018-19 financial year this comprised of:

- Mr Chris Thompson, Chairman to 29 February 2020
- Mr Richard Stiff, Chairman from March 2020
- Mrs Maureen Taylor
- Mrs Lesley Webster to 31 December 2019
- Mr Jeremy Cross from January 2020
- Mr Wallace Sampson from March 2020

The Committee is supported, at all of its meetings by:

- The Deputy Chief Executive / Finance Director
- The Deputy Director of Finance
- The Head of Financial Accounts
- Deputy Director of Governance
- Interim Company Secretary
- Internal Audit (Head of Internal Audit and Internal Audit Manager)
- External Audit (External Audit Director)

Other representatives (e.g. Chief Nurse, Local Counter Fraud Specialist and Local Security Management Specialist) attend the Audit Committee as and when required.

The attendance details of all attendees at Audit Committee Meetings during 2019/20 are set out in the attached appendix.

The Committee received secretarial and administrative support from Miss Kirstie Anderson who is employed by the Trust's internal audit providers but has no managerial responsibility for the HDFT Internal Audit Plan.

Audit Committee members meet in private prior to the start of each Committee meeting. Separate, private sessions are held with Internal Audit and External Audit prior to Audit Committee meetings as required, and no less than once a year.

There is a documented Audit Committee timetable which schedules the key tasks to be undertaken by the Committee over the course of a year and which is reviewed at each meeting.

Detailed minutes are taken of all Audit Committee meetings and are reported to the Board of Directors.

Action lists are prepared after each meeting and details of cleared actions and those carried forward are presented at the following meeting.

4.4.12. Duties of the Audit Committee

Following a review of the Audit Committee's terms of reference in December 2019, the key duties of the Audit Committee could be categorised as follows:

• Governance, Risk Management & Internal Control	Review of the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives, primarily through the assurances provided by internal and external audit and other assurance functions.
• Financial Management & Reporting	Review of the Foundation Trust's Financial Statements and Annual Report, including the Annual Governance Statement, before submission to the Board of Directors. Review of the Charitable Trust's Financial Statements and Annual Report before submission to the Board of Directors acting in its role as Corporate Trustee. Ensuring that systems for financial reporting are subject to review to ensure completeness and accuracy of information and compliance with relevant legislation and requirements. Review of the Trust's Treasury Management Policy, Standing Financial Instructions and systems in place to ensure robust financial management.
• Internal Audit & Counter-Fraud Service	Ensuring an effective internal audit and counter-fraud service that meets mandatory standards and provides appropriate, independent assurance to management and the Audit Committee.

	Review of the conclusion and key findings and recommendations from all Internal Audit reports and review of regular reports from the Local Counter Fraud Specialist. Monitoring of the implementation of Internal Audit and Counter Fraud recommendations.
• Local Security Management Services (LSMS)	Ensuring an effective LSMS service that meets mandatory standards and provides appropriate assurance to management and the Audit Committee. Review the annual report and plan for the following year.
• External Audit	Ensuring that the organisation benefits from an effective external audit service. Review of the work and findings of external audit and monitoring the implementation of any action plans arising.
• Clinical & Other Assurance Functions	Review of the work of the Quality Committee within the organisation, whose work provides relevant assurance over clinical practice and processes. Review of the findings of other significant assurance functions, both internal and external to the organisation, and consideration of the implications for the governance of the organisation.

4.4.1.3 Work Performed

The Committee has organised its work under five headings “Financial Management”, “Governance”, “Clinical Assurance”, “Internal Audit and Counter Fraud” and “External Audit”.

4.4.1.4 Financial Management

Items discussed in particular during 2019/20 were in relation to the Trust’s interaction with its wholly owned subsidiary company Harrogate Healthcare Facilities Management Limited (HHFM).

The Committee oversees and monitors the production of the Trust’s financial statements. During the 2019/20 financial year, this included:

- an informal but detailed review of the draft accounts prior to submission to Monitor and External Audit on 23 April 2019,
- a formal Committee meeting to discuss the draft accounts and External Audit’s findings on 8 May 2019,
- a formal Committee meeting on 21 May 2019 to review the final accounts and Annual Report for 2018/19 (including the Quality Account) prior to submission to the Board of Directors and Monitor.

[Note: similar meetings have occurred during April and May 2020 relating to the 2019/20 financial statements, Annual Report and Quality Account].

In March 2020 the Committee formally reviewed and approved the Trust’s accounting policies (to be used in relation to the 2019/20 financial statements), considering consistency over time and compliance with the Foundation Trust Financial Reporting Manual. At the same meeting,

the Audit Committee also considered the plan and timetable for the production of the Trust's 2019/20 financial statements and annual report.

The Committee also oversees and monitors the production of the Charitable Trust's financial statements. The final Charitable Funds Accounts and Annual Report for 2018/19 were reviewed by the Committee on 21 May 2019 prior to submission to the Corporate Trustee.

The Audit Committee also reviewed and approved:

- Single Tender Actions,
- the Trust's Losses & Special Payments register in May 2019,
- the Annual Procurement Savings Report in September 2019,
- revisions to the Trust's Treasury Management Policy in September 2019, and
- the recommendation to the Trust Board of the use of the going concern principle as the basis for the preparation of the 2018/19 accounts in May 2019.

The review of Post Project Evaluations (arising from capital schemes) is a standing item on the Audit Committee's agenda during the year.

4.4.1.5 Governance, Risk Management and Internal Control

The Audit Committee receives the minutes of the Corporate Risk Review Group. These minutes provide detail of the changes to the Corporate Risk Register and new risks considered. In addition the Audit Committee receives the minutes of the Quality Committee, which is a formal sub-committee of the Board of Directors.

The Board Assurance Framework, Corporate Risk Register and mechanisms for reporting strategic risks to the Board are reviewed on a periodic basis alongside the review of the Corporate Risk Review Group minutes.

Additionally the Staff Registers of Interests and Gifts and Hospitality were reported to the Audit Committee in 21 May 2019.

The Annual Governance Statement and the Head of Internal Audit Opinion were reviewed by the Audit Committee prior to submission to the Board. The Chief Executive (or another designated Executive Director) attends the Audit Committee annually in May to discuss assurance around the Annual Governance Statement.

In relation to the governance of the Audit Committee itself, the Committee undertook the following tasks during 2019/20:

- Assessment of Audit Committee Effectiveness in December 2019, the findings of which were presented to the Board of Directors.
- Review and approval of Audit Committee Terms of Reference in December 2019 which were presented to the Board of Directors for approval.
- Ongoing review and revision of the Audit Committee's timetable.

4.4.1.6. Clinical Assurance

The revised Quality and Governance structure means that the Audit Committee receives assurance on the effectiveness of clinical processes through the meeting minutes and Annual Report of the Quality Committee.

4.4.1.7. Internal Audit and Counter Fraud Service

Internal Audit and Counter Fraud Services are provided by Audit Yorkshire. Mr Thompson who was Chair of the Audit Committee until the end of February 2020 was also a member of the Audit Yorkshire Board which oversees Audit Yorkshire at a strategic level. The Board met on four occasions during 2019-20.

An Internal Audit Charter formally defines the purpose, authority and responsibility of internal audit activity. This document was updated, reviewed and approved by the Audit Committee in September 2019.

The Audit Committee approved the planning methodology to be used by Internal Audit to create the Internal Audit Plan for 2019-20, and gave formal approval of the Internal Audit Operational Plan in March 2019.

The conclusions (including the assurance level and the corporate importance and corporate risk ratings) as well as all findings and recommendations of finalised Internal Audit reports are shared with the Audit Committee. The Committee can, and does, challenge Internal Audit on assurances provided, and requests additional information, clarification or follow-up work if considered necessary. All Internal Audit reports are discussed individually with the Audit Committee.

A system whereby all internal audit recommendations are followed-up on a quarterly basis is in place. Progress towards the implementation of agreed recommendations is reported (including full details of all outstanding recommendations) to the Director Team and the Audit Committee on a quarterly basis. This has been an area of focus by the Committee during the year and Trust management have worked hard to ensure that the process for responding to internal audit recommendations has been improved.

The Counter Fraud Plan was reviewed and approved by the Audit Committee and the Local Counter-Fraud Specialist (LCFS) presented bi-annual reports detailing progress towards achievement of the plan, as well as summaries of investigations undertaken.

The effectiveness of Internal Audit was reviewed by HDFT staff and the Audit Committee in December 2019, resulting in a satisfactory evaluation. The action plan arising from the review is monitored via the Internal Audit Periodic Report to the Audit Committee.

4.4.1.8. External Audit

External Audit services are provided by KPMG.

During the 2019/20 financial year the Audit Committee reviewed External Audit's Annual Governance Report and Management Letter in relation to the 2018/19 financial statements. Work was undertaken during 2019/20 to provide guidance on the accounting treatment to be adopted in respect of certain financial arrangements in place at the 31 March 2020.

External Audit regularly updates the Committee on progress against their agreed plan, on any issues arising from their work and on any issues or publications of general interest to Audit Committee members.

The Audit Committee reviewed and approved the External Audit Plan in relation to the 2019/20 financial statements and the related audit fee in February 2020.

The effectiveness of External Audit was reviewed by HDFT staff and the Audit Committee in May 2019, and again in September 2019, resulting in a satisfactory evaluation which was reported to the Council Governors.

4.4.1.9. Specific Significant Issues discussed by the Audit Committee during 2019-20

The following additional significant issues have been discussed by the Audit Committee during 2019/20:

- The issues regarding evening security
- The timeliness of Post Project Evaluations (PPE's)
- The timeliness of response by management to internal audit draft reports and the implementation of outstanding internal audit recommendations

4.4.1.10. Audit Committee Effectiveness Survey

It is recommended corporate governance best practice for Committees of the Board of Directors to undertake annual self-assessment of effectiveness. A survey of Audit Committee members and regular attendees at the Committee meetings was undertaken in December 2018 and January 2019. Survey results confirmed the following areas of strength:

- Committee members contribute regularly across the range of topics;
- With regards to mitigating the key risks to the Trust, the Committee is fully aware of key sources of assurance;
- The Committee has the right balance of experience, knowledge and skills;
- The Committee is confident that the audit plan is derived from a clear risk assessment process
- The Committee has evaluated whether internal audit complies with the Public Sector Internal Audit Standards
- The Committee is briefed, via the assurance framework, about key risks and assurances received and any gaps in control/assurance in a timely fashion;
- Members feel sufficiently comfortable within the committee environment to be able to express their views, doubts and opinions;
- The Committee understands the messages being given by the Trust's assurance advisors;
- The Committee reviews the External Auditor's ISA 260 report (the report to those charged with governance)
- Members provide real and genuine challenge - they do not just seek clarification and/or reassurance and
- The Committee receives appropriate assurance from the relevant Committee on the monitoring of clinical governance

4.4.1.11. Conclusion

The Audit Committee conducted itself in accordance with its Terms of Reference and work plan during 2017-18. And this summary report is consistent with the Annual Governance Statement and the Head of Internal Audit Opinion.

4.4.2 The Board of Directors and Council of Governors

The Board of Directors (the Board) and Council of Governors (the Council) work closely together in the best interests of the Trust. Detailed below is a summary of the key roles and responsibilities of both the Board of Directors and the Council of Governors.

The Board meets formally with the Council on a six-monthly basis to seek and consider the views of the Governors in agreeing, for example, strategic aims, potential changes in service provision, and public perception matters. These meetings are also used as an opportunity to update and inform the Board and Council of particular examples of good practice. The joint Chairman of both the Board of Directors and the Council of Governors proactively ensures synergy between the Board and Council through regular meetings and written communications.

The Directors (Executive and Non-Executive) meet regularly with Governors during their day to day working through meetings, briefings, consultations, information sessions, directorate inspections and patient safety visits. Informal meetings are also held with the Council three times a year. The Chairman attends these meetings to support the Council and to ensure the Board have an opportunity to obtain the views of the Council and their members in the planning of services for the local community.

Informal meetings between the Non-Executive Directors and the Council have been introduced to further extend the Governors' knowledge of the role of the Non-Executive Directors in response to the Health and Social Care Act 2012 and the Governors' statutory responsibility to hold the Non-Executive Directors to account.

4.4.2.1 The Board of Directors

The Board of Directors is a unitary Board with collective responsibility for all areas of performance of the Trust such as clinical and operational performance, financial performance, governance and management. The Board is legally accountable for the services it provides at the Trust and operates to the highest of corporate governance standards. It has the option to delegate these powers to senior management and other Committees. Its role is to provide active leadership within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board is responsible for the allocation of resources to support the achievement of organisational objectives, ensure clinical services are safe, of a high quality, patient focused and effective.

The Board had agreed to meet in public in Harrogate District Hospital seven times per year during 2019/20. In intervening months the Board of Directors held closed workshops at sites around the Trust's footprint. As part of this, the Board members had extended visits to services in the local area. These proved to be mutually beneficial to Directors and staff alike.

In March 2020 it was agreed meetings would be increased to take place monthly at the outset of the Covid-19 pandemic outbreak.

The Board ensures high standards of clinical and corporate governance and, along with the Council of Governors, engages members and stakeholders to ensure effective dialogue with the communities it serves.

The Board is accountable to stakeholders for the achievement of sustainable performance and the creation of stakeholder value through development and delivery of the Trust's long term Vision, Mission, and strategy. The Board ensures that adequate systems and

processes are maintained to deliver the Trust's Annual Plan, deliver safe, high quality healthcare, measure and monitor the Trust's effectiveness and efficiency as well as seeking continuous improvement and innovation.

The Board delegates some of its powers to Committee of Directors or to an Executive Director and these matters are set out in the Trust's scheme of delegation which is available from the Company Secretary's Office on request. The Terms of Reference for the Board of Directors and its sub-committees are available on the Trust's website (www.hdft.nhs.uk).

Balance, Completeness and Appropriateness of the Board of Directors

The balance, completeness and appropriateness of the Board of Directors are reviewed as required and the Trust is confident that it has a balanced and appropriately skilled Board of Directors to enable it to discharge its duties effectively. This applies to both Executive and Non-Executive Directors.

Decision making and operational management of the Trust is led by the Executive Directors, reporting to the Chief Executive as Accountable Officer. The Standing Orders of the Board detail the decisions reserved for the Board and are available on request.

All of the Non-Executive Directors of the Trust are deemed to be independent. The information below describes the skills, expertise and experience of each Board member and demonstrates the independence of the Non-Executive Directors.

Executive Directors

- ***Mr Steve Russell, Chief Executive appointed 1 April 2019***

Mr Russell joined the Trust with a decade's worth of board level experience with NHS organisations. Mr Russell's previous post as Executive Regional Managing Director for NHS Improvement in London required him to work across the provider and commissioner sectors. Steve established personal credibility and has a strong reputation throughout the National Health Service.

Prior to his time with NHS Improvement, Mr Russell had spent two years as Chief Operating Officer at South London Healthcare NHS Trust, a year as London Programme Director (A&E) and Improvement Director at the NHS Trust Development Authority, and two years as Deputy Chief Executive at Barking, Havering & Redbridge University Hospitals NHS Trust.

Before this, Mr Russell was Executive Director of Medicine & Emergency Care at Northumbria Healthcare NHS Foundation Trust for seven years.

As Chief Executive, Mr Russell is responsible for ensuring that our services are safe, effective, responsive, well led and provided with care and compassion at all times as well as ensuring the highest standards of financial management. Working closely with the Board of Directors, Governors, staff and partner organisations, Steve shapes the Trust's strategy, contributes to whole systems transformation and ensures the long-term sustainability of the Trust.

- ***Mr Jonathan Coulter, Deputy Chief Executive and Finance Director – appointed 20 March 2006***

Mr Coulter is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA) having qualified as an accountant in 1993. Since qualifying, he has taken on a number of roles in the NHS, working in various hospital Trusts, where his work included the merger of Pontefract and Pinderfields Hospitals. During this time, he has also obtained a post graduate qualification in Health and Social Care Management.

Mr Coulter became Finance Director for North Bradford Primary Care Trust (PCT) in 2000, gaining valuable experience of leadership and management of community-based services. Following a successful period in North Bradford, during which time he undertook additional responsibility in the role of Finance Director for Airedale PCT, Mr Coulter was appointed as Finance Director at the Trust in March 2006.

Since arriving at Harrogate, he has contributed significantly to the success of the organisation over the past twelve years, both within his role as Finance Director, and more recently as Deputy Chief Executive.

- ***Mrs Jill Foster, Chief Nurse – appointed 1 July 2014***

Mrs Foster was appointed as the Trust's Chief Nurse in 2014 having previously held positions as Director of Nursing in London and Deputy Chief Nurse at a large university hospital in Bristol. She qualified as a Registered Nurse in 1987 at Barnsley District General Hospital and specialised in critical care, coronary care, and acute medicine. She has held various clinical positions at ward level and as Matron.

Mrs Foster has a strong track record in professional nursing and operational management and is passionate about delivering high quality fundamental nursing and midwifery care. She is the Executive Lead for Nursing, Midwifery and Allied Health Professionals, Clinical Governance (with the Medical Director), Infection Prevention and Control, Adult and Children's Safeguarding, and Patient Experience, End of Life Care, Children's Services, Executive Champion for Maternity Services and Baby Friendly Initiative.

- ***Mr Robert Harrison, Chief Operating Officer – appointed 4 July 2010***

Throughout Mr Harrison's career, he has demonstrated a record of leading the sustainable delivery of services to meet or exceed national standards. Having originally trained as a Research Biochemist, Mr Harrison joined the NHS General Management Training Scheme in 2002. Following graduation from the scheme, and attainment of a post graduate qualification in Health Services Management, he held a number of operational management posts in Medicine, Anaesthetics, and Surgery within a large teaching hospital.

During his operational management career he has led on a number of service developments and reorganisations, including improving emergency surgical care across two hospital sites, the implementation of a regional Upper Gastrointestinal Cancer Unit, the establishment of an interventional bronchoscopy service, and the expansion of Special Care Dentistry services across Central Lancashire.

In 2008, he was successful in gaining a place on the North West Leadership Academy's Aspiring Directors Programme. This focused on developing greater self-awareness and understanding the role of a Board member. Mr Harrison now uses these skills by offering mentoring to junior managers and by supporting the Management Training Scheme locally.

The Chief Operating Officer is responsible for the day to day operational management of the Trust's clinical services, the achievement of national, regional and Trust performance targets and translating Trust strategy, business, and policy development into operational reality. Duties also include responsibility for IT, Information, Estates and Facilities. In addition, Mr Harrison is the Chief Operating Officer lead for Elective services on behalf of the WYAAT.

- ***Dr David Scullion, Medical Director – appointed 1 September 2012***

Dr Scullion trained in Medicine at St Mary's Hospital in London, qualifying in 1985. An initial career in General Medicine was followed by Radiology training in both London and North America. He was appointed Consultant Radiologist in Harrogate in 1997, and has been Clinical Lead for Radiology, Deputy Medical Director and, since September 2012, Medical Director. He divides his week between Medical Director commitments and a clinical Radiology workload.

The role of the Medical Director is many and varied but includes providing clinical advice to the Board of Directors, leading on clinical standards including the formation and implementation of policy, providing clinical leadership and acting as a bridge between the medical workforce and the Board, and dealing with disciplinary matters involving doctors. Dr Scullion is aided in this role by both clinical and managerial colleagues.

- ***Ms Angela Wilkinson, Director of Workforce and Organisational Development - appointed 5 November 2018***

Ms Wilkinson became the Director of Workforce and Organisational Development following her previous appointment as Deputy Director of Workforce and Organisational Development at Mid-Yorkshire NHS Hospitals Trust, where she had latterly been the Interim Executive Director of Workforce and Organisational Development for a period of five months.

Prior to taking up that role in 2013, Angela had spent three years as Director of Organisational Development and Human Resources at Leeds City College, following almost two years as head of Human Resources and Organisational Development at City of York Council. She started her career as a graduate hotel manager in the hospitality industry before joining the NHS through her first role in the now defunct NHS Purchasing and Supplies Agency, based in Harrogate, and subsequently working in Bradford and Leeds.

Angela's role includes strategic and operational human resources leadership for the Trust and supporting the Board of Directors in decisions in respect of workforce policy, planning and organisational development.

Non-Executive Directors

Non-Executive Directors are appointed initially for a term of three years. Non-Executive Directors can be re-appointed for up to three terms of office (i.e. a maximum of nine years) with any final term of three years subject to annual reappointment in line with the requirements of the NHS Foundation Trust Code of Governance. The Council of Governors carries the responsibility of terminating the contract for a Non-Executive Director where this is believed to be appropriate, in accordance with the Trust Constitution and Foundation Trust Code of Governance.

The table below sets out the names, appointment dates and tenure of the Chairman, Vice Chairman, Senior Independent Director, and Non-Executive Directors of the Trust.

Name and Designation	Appointment	End of first Term	End of second Term	End of third Term
Mrs A Schofield	1 November 2017	31 October 2020	N/A	N/A
Mrs S Armstrong	1 October 2018	30 September 2021	N/A	N/A
Ms L Robson	1 September 2017	31 August 2020	N/A	N/A
Mr R Stiff	14 May 2018	13 May 2021	N/A	N/A
Mrs M Taylor	1 November 2014	31 October 2017	31 October 2020	N/A
Mr C Thompson	1 March 2014	28 February 2017	29 February 2020	N/A
Mrs L Webster	1 January 2014	31 December 2016	31 December 2019	N/A
Mr J Cross	1 January 2020	31 December 2022	N/A	N/A
Mr W Sampson	1 March 2020	29 February 2023	N/A	N/A
Mr A Papworth	1 March 2020	29 February 2023	N/A	N/A

Mrs Webster left the Board on 31 December 2019
Mr Thompson left the Board on 29 February 2020

- ***Mrs Angela Schofield, Chairman – appointed 1 November 2017***

Mrs Schofield has worked in the NHS and with the NHS for over 40 years. Initially she was a health service administrator in her home town of Sheffield and became a general manager in the mid 1980's. After working in the NHS in Sheffield, North Derbyshire and Manchester, she went to work for the University of Manchester undertaking development work in quality of care and integrated care. Mrs Schofield was then appointed Chief Executive of the NHS Trust in Calderdale. Following a move to Dorset she was appointed Head of the Institute for Health and Community Services at Bournemouth University.

Mrs Schofield became Chairman of Bournemouth and Poole Primary Care Trust in 2006 and Chairman of Poole Hospital NHS Foundation Trust in 2011. She moved to Harrogate in 2017.

Mrs Schofield had been the Trustee of a number of charities and a committee member of the League of Friends of a community hospital. She is a volunteer with "Supporting Older People" a charity in Harrogate.

- ***Ms Sarah Armstrong, Non-Executive Director – appointed 1 October 2018***

Ms Armstrong is an experienced leader in the charity sector, having also been a senior manager for a national charity leading in volunteering policy and practice and a regional lead for a charity raising aspirations for young people with a disability. In a previous role, she was Chief Executive of York CVS, an ambitious social action organisation. She is now the Chief Executive of a national charity concerned with children's health.

Ms Armstrong is passionate about the value of volunteering and the unique contribution volunteers can make, especially within a healthcare setting.

- ***Ms Laura Robson, Non-Executive Director – appointed 1 September 2017***

Mrs Robson had lived in Sunderland all her life before moving to Ripon in 2016 to enjoy the Yorkshire life. She trained as a nurse and midwife in Sunderland before going on to work in clinical and managerial roles for various hospitals in the North East. She is a qualified midwifery teacher and has Masters degrees in Management and Communication Studies. From 1996 until retiring in 2012, she was Executive Nurse on the Board of County Durham and Darlington Foundation Trust. Ms Robson has worked as a Clinical advisor to the CQC and the Health Service Ombudsman. With special interest in the care of people with dementia in acute hospitals she has a passion for patient safety, midwifery and maternity services.

Ms Robson was a Non-executive Director of North Cumbria University Hospitals from 2014 until 2017, working with the Board to help them come out of special measures by improving the quality and efficiency of their services to the people of Cumbria.

Ms Robson became the Senior Independent Director in January 2020. She is also Chairman of the Quality Committee and was previously a member of the Quality and Audit Committees.

- ***Mr Richard Stiff, Non-Executive Director – appointed 14 May 2018***

Mr Stiff joined the Trust following his retirement from the role of Chief Executive of Angus Council in Scotland in May 2017. Prior to Angus he enjoyed a long career in English local government, mainly in education and children's services departments, holding senior posts with North Lincolnshire, Leeds and Dudley Councils.

Born and raised near Bury St Edmunds in Suffolk, Mr Stiff and his wife now live near Selby. He has two grown up sons and two grandchildren. He is a governor of Selby College, a director of a local authority-owned company and a Trustee of TCV, the conservation charity. Away from work his interests include club cricket (at Hemingbrough in North Yorkshire), Ipswich Town FC, being outside and motorcycles.

- ***Mrs Maureen Taylor, Non-Executive Director – appointed 1 November 2014***

Mrs Taylor is a chartered accountant and until 31 March 2015 was the Chief Officer for Financial Management at Leeds City Council. She has spent over 31 years in Financial Services at Leeds City Council, qualifying as an accountant in 1987. She has extensive experience, working in a wide range of financial disciplines more recently leading the Council's capital programme and treasury management functions and overseeing aspects of the revenue budget.

As part of her council role Mrs Taylor held three directorship positions being public sector Director of Community Ventures Leeds Limited, Director at Norfolk Property Services (Leeds) Limited, and Alternate Director for the Leeds Local Education Partnership.

Mrs Taylor is a Vice-Chairman of Governors and Resources Committee member at a local Church of England Primary School.

Mrs Taylor is Vice Chairman from 1 March 2020, Chairman of the Resources Committee and is a member of the Audit Committee.

- ***Mr Chris Thompson, Vice Chairman and Non-Executive Director – appointed 1 March 2014 until 29 February 2020***

Mr Thompson is a chartered accountant who was Chief Financial Officer at the University of Nottingham for the period from 2007 until 2013. His career has largely been spent in the retail and food manufacturing sectors.

He qualified as a chartered accountant with KPMG and worked with the firm for ten years at their Newcastle upon Tyne and London offices. He went on to work in senior financial positions in a number of retailers including Asda Stores and Woolworths before joining the Co-operative movement where he worked for eight years. During this time, he was responsible for the management of a number of large businesses in the funerals, pharmacy, retail, distribution, and manufacturing sectors.

Mr Thompson is a member of the Council of the University of York, where he is also a member of the Audit, Remuneration and Subsidiary Management committees.

Within the Trust, Mr Thompson was Vice Chairman and Chairman of the Audit Committee until 29 February 2020 when he left the Trust having completed two terms of office.

- **Mr Jeremy Cross, Non-executive Director – appointed 1 January 2020**

Mr Cross is a fellow of Institute of Chartered Accountants. He is joining the Trust from Airedale NHS Foundation Trust where he had been a Non-Executive Director for five years, and during his time there has was Chairman of the Audit Committee, and a member of the Finance and Performance Committee, and the Charity Committee. Mr Cross was also Chair of the 100% owned subsidiary company AGH Solutions Limited.

Prior to taking up Non-executive Director positions Mr Cross held senior positions at Lloyds Banking Group, Asda and Boots the Chemist.

Outside of the NHS, Mr Cross is Chair of Mansfield Building Society, a mutual owned organisation that celebrating its 150th anniversary this year. In addition to his paid roles he is

a trustee at Forget me not Children's hospice in Huddersfield, a Governor at the Grammar School at Leeds, and a trustee in several other local charities.

- **Mr Wallace Sampson OBE, Non-executive Director – appointed 1 March 2020**

Mr Sampson has been with Harrogate Borough Council since August 2008 and has worked in local government for over 35 years. He started at Doncaster Metropolitan Borough Council and has also worked at Chesterfield Borough Council, Kirklees MBC, and Bradford MDC where he was Strategic Director Customer Services and Assistant Chief Executive for Regeneration and the Environment.

Mr Sampson is passionate about public service delivery and the need to work within partnerships to join up service delivery. He has devoted his career to public service and over the years he has worked extensively with partners to ensure a strong focus on customers, residents, businesses and visitors to the district. This is reflected in a number of external responsibilities to Harrogate Council. He chairs the Harrogate District Public Services Leadership Board and is a member of the North Yorkshire Children's Safeguarding Board.

Mr Sampson is lead Chief Executive for the Leeds City Region LEP Clean Energy priority and he is also lead local authority Chief Executive in Yorkshire and Humber for energy and low carbon.

- **Mr Andrew Papworth, Non-executive Director – appointed 1 March 2020**

Mr Papworth is an accomplished leader with over 20 years' experience in financial services, including six years at executive level, working in regulated environments. He has a deep background in financial management, business leadership and transformation.

Mr Papworth is a member of the Chartered Management Institute, Global Chartered Management Accountants, and the Council of Strategic Workforce Planning and Human Capital Analytics.

He is known for being an innovative executive and brings thought-leadership on a range of subjects to the Trust.

- ***Mrs Lesley Webster, Non-Executive Director – appointed 1 January 2014 until 31 December 2020***

Mrs Webster has had professional involvement with the NHS for over 35 years, starting her career as a Registered Nurse, she later moved into the Medical Supply Industry in 1987.

Working for both International and UK based medical companies, Mrs Webster has held Senior Executive and Board-level posts, where she has been influential in leading strategic business development and Directing Sales, Marketing, Customer Care and Engineering functions.

Mrs Webster left the Medical Supply Industry in 2012 and in addition to working at the Trust she is a volunteer Business Mentor. She lives near Wetherby with her husband, who is a retired Diagnostic Radiographer who trained in Harrogate.

Mrs Webster was previously the Chairman of the Quality Committee and nominated Non-Executive lead on learning from deaths, and a member of the Resource Committee until she left the Trust on 31 December 2020 having completed two terms of office.

Performance Evaluation of the Board of Directors

Evaluation of the Board of Directors is delivered formally via a number of channels, which can include:

- Appraisal of Executive Director performance by the Chief Executive and Chairman on an annual basis;
- Appraisal of Non-Executive Director performance by the Chairman and Vice Chairman/Lead Governor of the Council of Governors on an annual basis;
- Appraisal of the Chairman by the Council of Governors, led by the Senior Independent Director of the Board of Directors and the Vice Chair of the Council of Governors, after seeking views and comments of the full Council of Governors and Board colleagues;
- Appraisal of the Chief Executive by the Chairman;
- An annual Board development programme; and
- An annual review of the effectiveness of each Board Committee.

In the last five year's the Board of Directors commissioned an independent review against NHS Improvement's 'Well-Led framework for governance' following that they carried out self-assessments. These provide the Board of Directors with assurance that systems and process are in place to ensure that the Board and Senior Leadership Team have good oversight of quality of care, operations and finances. In November 2018 the Trust undertook a Well-Led self-assessment from which an action plan was developed. The Care Quality Commission, as part of its inspection in 2018, assessed the Trust as 'Good' against its Well-Led standard.

The Board recognises the importance of good governance in delivery of the Trust's vision to provide 'Excellence Every Time', and a number of actions will be taken during 2019-20 to ensure that the small number of recommendations made in the Care Quality Commission report and the self-assessment, are taken forward.

The information below provides details on the Executive and Non-Executive Director attendance at Board of Directors meetings in 2019-20. The Board of Directors met 12 times in 2019-20. When the Board of Directors met in public there was also a private meeting. Where Board workshops were held, these were also held in private.

Board of Directors Meeting Attendance (held in Public) 2019/20

Individual attendance	29/05/19	26/06/2019	31/07/2019	25/09/2019	30/10/2019	27/11/2019	29/01/2020	25/03/2020
Mrs A Schofield	√	√	√	√	√	√	√	√
Ms S Armstrong	√	√	√	√	√	√	√	√
Ms L Robson	√	√	√	√	√	√	√	√
Mr R Stiff	√	0	√	√	√	√	√	√
Mrs M Taylor	√	√	√	√	√	√	√	√
Mr C Thompson*	√	√	√	√	√	√	√	N/A
Mrs L Webster**	√	√	√	√	√	√	N/A	N/A
Mr J Cross***	N/A	N/A	N/A	N/A	N/A	N/A	Y	Y
Mr A Papworth****	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y
Mr W Sampson*****	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y
Mr S Russell	√	√	√	√	√	√	√	√
Mr J Coulter	√	√	√	√	√	√	√	√
Mrs J Foster	Y	0	0	0	√	√	√	0
Mr R Harrison	0	√	√	√	√	√	0	√
Dr D Scullion	√	√	√	√	√	√	√	√
Ms A Wilkinson	√	√	√	√	√	√	√	√

* Mr C Thompson left the Trust on 29 February 2020
** Mrs L Webster left the Trust on 31 December 2019
*** Mr J Cross joined the Trust on 1 January 2020
**** Mr A Papworth joined the Trust on 1 March 2020
***** Mr W Sampson joined the Trust on 1 March 2020

Board of Directors Meeting Attendance (held in Private) 2019/20

Individual attendance	24/05/19	29/05/19	31/07/19	25/09/19	27/11/19	29/01/20	12/02/20	02/03/20 EO	25/03/20
Mrs A Schofield	√	√	√	√	√	√	0	√	√
Ms S Armstrong	√	√	√	√	√	√	0	√	√
Ms L Robson	√	√	√	√	√	√	√	√	√
Mr R Stiff	0	√	√	√	√	√	√	√	√
Mrs M Taylor	√	√	√	√	√	√	√	√	√
Mr C Thompson*	√	√	√	√	√	√	√	N/A	N/A
Mrs L Webster**	√	√	0	√	√	N/A	N/A	N/A	N/A
Mr J Cross***	N/A	N/A	N/A	N/A	N/A	Y	Y	√	√
Mr A Papworth****	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√
Mr W Sampson*****	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	√
Mr S Russell	√	√	√	√	√	√	√	√	√
Mr J Coulter	√	√	√	√	√	√	√	0	√
Mrs J Foster	√	√	0	0	√	√	0	√	0
Mr R Harrison	√	0	√	√	√	0	√	√	√
Dr D Scullion	√	√	√	√	√	√	√	√	√
Ms A Wilkinson	√	√	√	√	√	√	√	√	√

* Mr C Thompson left the Trust on 29 February 2020
** Mrs L Webster left the Trust on 31 December 2019
*** Mr J Cross joined the Trust on 1 January 2020
**** Mr A Papworth joined the Trust on 1 March 2020
***** Mr W Sampson joined the Trust on 1 March 2020

4.4.2.2 Council of Governors

The Council of Governors (the Council) represent the interests of the Foundation Trust members and the general public. They have an important role to play in acting as the eyes and ears of the membership, keeping a watchful eye over how the Trust is managed and being assured about the way services are being delivered.

The Council act as a vital link between members, patients, the public and the Board of Directors; they have an ambassadorial role in representing and promoting the Trust and do not have any operational management responsibilities. The Council's primary statutory duty is to hold the Non-Executive Directors individually and collectively to account for the performance of the Board, and to represent the interests of the members of the Trust as a whole including the interests of the public. The Council is responsible for regularly reporting on information about the Trust's vision, strategy, and performance to their constituencies and the stakeholder organisations that appointed them.

Governors are elected by staff (Staff Governors) and the membership (Public Governors), or nominated by partner organisations, for example, North Yorkshire County Council (Stakeholder Governors). The Council of Governors consists of 18 elected and six nominated Governors.[1]

Elections held during the year resulted in a number of changes to the Council of Governors, which is found below:

Constituency and Class	Number of seats	Elected Governor
16 July 2019		
Public – Harrogate and Surrounding Villages	2	Samantha James, Dave Stott
Public – Wetherby & Harewood	1	Doug Masterton
Staff - Nursing & Midwifery	1	Heather Stuart
Staff – Medical Practitioners	1	Dr Loveena Kunwar
7 December 2019		
Public – Harrogate and Surrounding Villages	1	William Fish
Public – Ripon & West District	1	Sue Eddleston
Public – Wetherby & Harewood	1	Steve Treece
Staff – Nursing and Midwifery	1	Kathy McClune
Staff– Non-Clinical	1	Sam Marshall

The Council of Governors statutory responsibilities include the following:

- Hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors.
- Represent the interests of the members of the Trust as a whole and the interests of the public.
- Appoint, or remove the Chairman and the other Non-Executive Directors.
- Decide the remuneration of the Chairman and Non-Executive Directors.
- Approve the appointment (by the Non-Executive Directors) of the Chief Executive.
- Appoint, reappoint or remove the Trust's external auditor.
- Consider the Trust's annual accounts, auditor's report and annual report.
- Bring their perspective in determining the strategic direction of the Trust.
- Be involved in the Trust's forward planning processes.
- Approve any merger, acquisition, separation or dissolution application and the entering into of any significant transactions.
- Approve any proposals to increase by 5% or more of the Trust's proportion of its total income in any financial year attributable to activities other than the provision of goods and services for the purposes of the health service in England.
- Approve any amendments to the Trust's Constitution

The following table highlights the composition of the Council of Governors and includes each Governor's term of office and attendance at the quarterly public Council of Governor meetings held during the year 1 April 2019 to 31 March 2020.

Elected Public Governors

Constituency	Name	Term of office	May 2019	August 2019	November 2019	January 2020
Harrogate and surrounding villages	Mrs Pat Jones	January 2011 to December 2013 January 2014 to December 2016 January 2017 to December 2019	√	√	√	N/A
	Mr Martin Dennys	January 2019 to December 2021	√	√	-	√
	Mr Tony Doveston	January 2016 to December 2018 January 2019 to December 2021	√	-	√	√
	Samantha James	July 2019 to June 2022	N/A	√	√	√
	Dave Stott	July 2019 to June 2022	N/A	√	√	-
	William Fish	January 2020 to December 2022	N/A	N/A	N/A	√
Knaresborough and East District	Mr John Batt	January 2019 to December 2021	√	√	-	√
	Mr Robert Cowans	July 2018 to June 2021	√	√	√	-

Elected Public Governors

Constituency	Name	Term of office	May 2019	August 2019	May 2019	January 2020
Rest of North Yorkshire and York	Mrs Cath Clelland	January 2015 to December 2017 January 2018 to December 2020	√	-	-	√
Ripon and West District	Miss Sue Eddleston	January 2017 to December 2019 January 2020 to December 2022	√	√	-	√
	Dr Christopher Mitchell	July 2018 to June 2021	√	√	√	-
Wetherby and Harewood including Otley and Yeadon, Adel and Wharfedale and Alwoodley Wards	Dr Sheila Fisher	January 2018 to December 2020	√	-	-	-
	Mr Steve Treece	January 2017 to December 2019	√	√	√	√
	Doug Masterton	July 2019 to June 2022	N/A	√	√	√
Rest of England	Mr Ian Barlow	July 2018 to June 2021	-	-	√	√

Elected Staff Governors

Staff Constituency	Name	Term of office	May 2019	August 2019	November 2019	January 2020
Medical Practitioners Staff Class	Dr Loveena Kunwar	July 2019 to June 2022	N/A	0	0	0
Non-Clinical Staff Class	Mrs Mikalie Lord	January 2018 to December 2020	√	√	0	N/A
	Sam Marshall	December 2019 to November 2022	N/A	N/A	N/A	√
Nursing and Midwifery Staff Class	Mrs Emma Edgar	January 2011 to December 2013 January 2014 to December 2016 January 2017 to December 2019	√	√	√	N/A
	Kathy McClune	January 2020 to December 2022	N/A	N/A	N/A	0
	Mrs Helen Stewart	January 2019 to December 2021	-	N/A	N/A	N/A
	Heather Stuart	July 2019 to December 2021 (remainder of term)	N/A	√	√	0
Other Clinical Staff Class	Mr Neil Lauber	July 2018 to June 2021	√	0	√	√

Nominated Governors

Nominating Organisation	Name	Term of office	May 2019	August 2019	November 2019	January 2020
North Yorkshire County Council	Cllr. John Mann	Nominated from 23 May 2017 to 31 December 2019 (remainder of term)	0	√	0	0
Harrogate Borough Council	Cllr Samantha Mearns	Nominated from 1 July 2018 to 31 May 2020 (remainder of term)	0	√	0	√
University of Bradford	Dr Pamela Bagley	Nominated from 19 June 2017 to 31 December 2019 (remainder of term	0	√	0	√
Patient Experience	Ms Carolyn Heaney	Nominated from 21 September 2017 to 20 September 2020	√	√	0	0
Harrogate Healthcare Facilities Management (new Stakeholder organisation approved in Constitution August 2018)	Ms Clare Cressey	Nominated from 1 August 2018 to 31 July 2021	√	√	√	√
Voluntary sector	Position vacant					

A Register of Interests for all members of the Council of Governors is held by the Foundation Trust Office and is continually updated. This is available to view by contacting the Foundation Trust Office.

Council of Governor meetings are Chaired by the Trust's Chairman, and attended by the Chief Executive and at least two Executive Directors. In addition, there is also regular attendance by Non-Executive Directors.

The following table highlights the attendance of each Executive Director and Non-Executive Director at the quarterly public Council of Governor meetings held during the year April 2019 to March 2020.

Non-executive Director individual attendance	Position	Council of Governor Meetings 2019/20			
		May 2019	August 2019	November 2019	January 2020
Mrs Angela Schofield	Chairman	√	√	√	√
Mrs Sarah Armstrong	Non-Executive Director	√	√	√	√
Ms Laura Robson	Non-Executive Director	√	√	√	√
Mr Richard Stiff	Non-Executive Director	√	√	√	√
Mrs Maureen Taylor	Non-Executive Director	√	√	√	√
Mr Chris Thompson*	Non-Executive Director /Vice Chair	√	√	√	√
Mrs Lesley Webster**	Non-Executive Director	N	√	N	N/A
Mr Jeremy Cross***	Non-Executive Director	N/A	N/A	N/A	√

*Mr Chris Thompson's term of office ended on 29 February 2020
**Mrs Lesley Webster's term of office ended on 31 December 2019
***Mr Jeremy Cross' term of office commenced on 1 January 2020

Executive Director individual attendance	Position	Council of Governor Meetings 2019/20			
		May 2019	August 2019	November 2019	January 2020
Mr Steve Russell	Chief Executive	√	√	√	√
Mr Jonathan Coulter	Deputy Chief Executive/ Finance Director	√	√	√	0
Dr David Scullion	Medical Director	√	√	√	√
Mrs Jill Foster	Chief Nurse	√	0	0	√
Mr Robert Harrison	Chief Operating Officer	√	0	√	√
Ms Angela Wilkinson	Director of Workforce and Organisational Development	√	√	0	0

Remuneration, Nominations and Conduct Committee

The Remuneration, Nominations and Conduct Committee (the Committee) was formed following a review, and approval, of the Trust's Constitution on 1 August 2018. This Committee is Chaired by the Trust's Chairman, unless the Chairman is conflicted then the Vice Chairman would Chair such meetings. The Chairman carries out Non-executive Directors appraisals with the support of the Senior Independent Director and Lead Governor. The Senior Independent Director carries out the appraisal of the Chairman with the support by the Lead Governor and Company Secretary. The Lead Governor meets with the Governors separately to gain their views and consults and engages with them on such things as annual appraisals.

Membership Development and Engagement

- **Our membership**

The Trust is accountable to the local population that it serves through the Council of Governors and encourages local ownership of health services through its membership. On 31 March 2020 the Trust had 17,173 members; these are people who have chosen to become a member, who are interested in the NHS and want the opportunity to get more involved in their local health services. Members can become involved in a variety of different ways; by receiving updates and newsletters, attending meetings and events, volunteering, and being consulted on with plans for future developments, to name just a few.

The Foundation Trust Office manages an in-house membership database containing members' areas of interest. As services are developed or reviewed, members can be contacted and encouraged to participate via consultations, surveys and discussion groups.

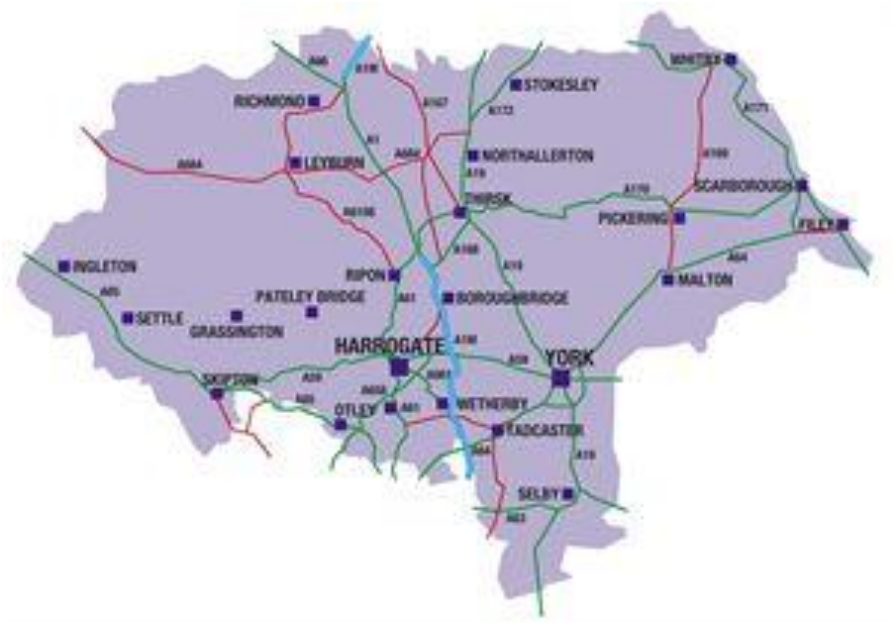
- **Eligibility to be a Member**

As of 1 March 2016, public membership by constituency applies to residents aged 16 or over across the whole of England. As the Trust is providing services further afield, and patients have the right to choose where to receive treatment, we hope to continue encouraging a membership which reflects the wider population.

Public constituencies are:

- Harrogate and surrounding villages.
- Ripon and west district.
- Knaresborough and east district.
- The electoral wards of Wetherby and Harewood including Otley and Yeadon, Adel and Wharfedale and Alwoodley wards.
- Rest of North Yorkshire and York.
- Rest of England.

The Rest of England constituency represents those people who access Trust services but do not live in the Trust's previous (local) catchment area (as displayed on the map below):



The Trust has no patient constituency.

Staff membership applies to any employee of the Trust holding a permanent contract of employment or a fixed term contract of at least 12 months.

The Staff Constituency includes the following Staff Classes:

- Medical Practitioners.
- Nursing and Midwifery.
- Other Clinical.
- Non-Clinical.

Membership by constituency and number

Through the work of the Governor Working Group for Membership Development and Engagement, a sub-committee of the Council of Governors responsible for the delivery of the Membership Development Strategy, we continue to aim towards a representative and vibrant membership, offering innovative and active engagement across the organisation.

Throughout 2019-20 we have continued to engage actively with, and recruit, members between the ages of 16 and 21 years, through our unique Education Liaison Programme, Work Experience Scheme, Youth Forum, and with our young volunteers.

Whilst it is important to the Trust to continue to recruit a wide and diverse membership in a representative and inclusive manner, the Membership Development Strategy continues to drive the focus on quality membership engagement activity.

The public membership profile		Rep. of public	
Harrogate	5,673	82,599	6.9%
Ripon and west district	1,762	37,571	4.7%
Knaresborough and east district	2,085	37,699	5.5%
Wetherby and Harewood including Otley and Yeadon, Adel and Wharfedale and Alwoodley wards	1,868	102,771	1.8%
Rest of North Yorkshire and York	442	638,559	0.07%
Rest of England	943	52.1m*	
TOTAL	**12,773**	***899,199****	***1.42%****

*https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/populationandhouseholdestimatesfortheunitedkingdom/2011-03-21

*** Figures based on Trust catchment area not including Rest of England.*

The staff constituency membership profile		Rep. of total staff	
TOTAL	**4,400**	**4,556**	***96.6%***

Both the Board of Directors and Council of Governors agree that an active and engaged membership will continue to enhance the development of the Trust's strategic objectives to:

- Deliver high quality healthcare
- To work with partners to deliver integrated care
- To ensure clinical and financial sustainability

During the forthcoming year, the Trust will continue to actively recruit members across the catchment area, and where possible, encourage membership to those people residing in the rest of North Yorkshire and York where our membership representation is at its lowest. In terms of membership from people residing in the Rest of England constituency, the focus will be on areas where the Trust provides children's services in County Durham, Darlington and Teesside, Middlesbrough, Sunderland, Stockton-on-Tees, Gateshead and in North and West Leeds and this can be promoted through our established Youth Forum. These plans will be overseen by the Governor Working Group for Membership Development and Engagement and will form part of the Membership Development Strategy. Membership recruitment plans include promoting membership to local employers and schools, attendance at community events, communicating with GP practices, publicising membership at local community premises such as libraries and voluntary organisations, and through social media platforms. The focus will also be to promote membership and active inclusion to people from protected characteristics and disadvantaged groups alongside the Trust's Equality and Diversity work streams.

Gender and ethnicity

The public membership is made up of 52.1% females and 47.7% males, with 0.1% unknown; these figures continue to demonstrate a similar balance to the female/male population in England (*50.8% females and 49.2% males, Office for National Statistics, Census 2011).*

Gender	Number of Members	*Eligible membership	Percentage
Male	6,097	*440,383	*1.4%
Female	6,660	*458,816	*1.5%
Not specified	16		
Total	**12,773**	***899,199**	***1.4%**

** Figures based on Trust catchment area not including Rest of England.*

Ethnic origin of the public membership

Ethnicity	Number of Members	*Eligible membership
White	2,786	*863,226
Mixed	25	*9,110
Asian or Asian British	67	*19,196
Black or Black British	27	*4,599
Unknown	9,868	*3,068
Total	**12,773**	***899,199**

** Figures based on Trust catchment area not including Rest of England.*

The ethnicity of all new members is captured from the membership application form. It would be challenging to update the ethnicity of the majority of members who joined prior to the development of this data capture.

How we develop our Membership

Our Membership Development plan is to drive forward targeted recruitment in under-represented areas and innovative high quality membership engagement activity in line with the Trust's strategic objectives.

Recruitment, communication and membership activities are delivered in the following ways:

- On joining, a welcome pack is sent out which includes a welcome letter from the members' elected Governor(s), a questionnaire, and details about a discount card which can be used with local and national companies.
- 'Foundation News' membership newsletter.
- Notification of meetings and events on the Trust's website.
- Social media platforms.
- Media.
- Invitations to membership events, for example 'Medicine for Members' lectures.
- Invitations to community events in partnership with stakeholders.
- Public Council of Governor meetings.
- Governor public sessions, for example speaking at local committees and groups.

- Annual Members' Meeting.
- Elections to the Council of Governors.
- Members' notice board.
- Access to Trust strategic documents, including the Annual Report and Accounts, Quality Report and Annual Plan.
- Internal staff communications, for example, staff induction and Team Brief (a monthly briefing session for staff focusing on key topics, including developments in services, the Trust's performance against its targets and finance).
- Posters in community premises and in GP practices.
- Invitations to be involved with consultations, to take part in surveys and to be involved on focus groups.

The Education Liaison and Work Experience Programmes, Youth Forum, and Young Volunteers continue to be highly successful and are an extremely effective vehicle to enable the Trust to recruit young people and provide high quality membership engagement. These projects are overseen by the Governor Working Group for Membership Development and Engagement.

The Foundation Trust Office

The Foundation Trust office continues to be a central point of contact for all members and the general public to make contact with the Trust, the Council of Governors and Board of Directors. The Foundation Trust Office is open during office hours, Monday to Friday on 01423 554489 or by email to hdftmembership@nhs.net

4.4.3 Statement of Compliance with the NHS Foundation Trust Code of Governance

Harrogate and District NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The Trust has applied the principles of the NHS Foundation Trust Code of Governance (2006) which was updated in July 2014.

Information relating to quality governance systems and process is detailed throughout the Annual Report, but in particular in the Annual Governance Statement and Quality Account.

NHS Foundation Trusts are required to provide a specific set of disclosures in relation to the provisions within schedule A of the NHS Code of Governance. The Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply and explain basis and has complied with the Code during 2019/20. Evidence to support compliance is included below:

Compliance with the NHS Foundation Trust Code of Governance

The Board of Directors and Council of Governors are committed to continuing to operate according to the highest corporate governance standards. Whilst doing this the Board:

- Meets formally at least bi-monthly in order to discharge its duties effectively. Systems and processes are maintained to measure and monito the Trust's effectiveness, efficiency and economy as well as the quality, of its healthcare delivery.

- Reviews the performance of the Trust against regulatory and contractual obligations and approved plans and objectives. Metrics, measures and accountabilities have been developed to assess progress and delivery of performance.

- All Directors are responsible to constructively challenge the decisions of the Board. Non-Executive Directors scrutinise the performance of the Executive Directors in meeting agreed goals and objectives and monitor the reporting of performance. If a Board member disagrees with a course of action it is minuted accordingly. The Chairman would then hold a meeting with the Non-Executive Directors. If the concerns cannot be resolved this should be noted in the Board minutes.

- Non-executive Directors are appointed for a term of three years by the Council of Governors. The Council of Governors has the authority to appoint or remove the Chairman or the Non-executive Directors at a general meeting. Removal of the Chairman or another Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors.

- At least half of the Board, excluding the Chairman comprises Non-executive Directors determined by the Board to be independent.

- No individual on the Board of Directors or Council of Governors holds positions at the same time of Director and Governor of any NHS Foundation Trust.

- Operates a code of conduct that builds on the values of the Trust to reflect high standards of probity and responsibility.

- In discussion with the Council of Governors a Non-executive Director covers the role of Senior Independent Director.

- The Chairman ensures that the Board of Directors and the Council of Governors work together effectively and that Directors and Governors receive timely and clear information that is appropriate to carry out their duties.

- The Chairman holds regular meetings with Non-executive Directors without the Executive Directors present.

- No independent external adviser has been a member of or had a vote on the Remuneration Committee or the Nomination Committee.

- Independent professional advice is accessible to the Non-executive Directors and the Company Secretary via the appointed independent External Auditors.

- There is no full-time Executive Director that takes on more than one Non-executive Director role of another NHS Foundation Trust or another organisation of comparable size and complexity.

- All Board meetings and Board Committee meetings receive sufficient resources and support to undertake their duties.

The Council of Governors:

- Represents the interests of the Trust's members and partner organisations in the local health economy.

- Has a code of conduct in place to ensure Governors adhere to the best interests and values of the Trust.

- Holds the Board of Directors to account for the performance of the Trust and receives appropriate assurance and risk reports on a regular basis.

- Governors are consulted on the development of forward plans for the Trust and arrangements are in place for them to be consulted on any significant changes to the delivery of the Trust's business plan if so required.

- The Council of Governors meet on a regular basis in order for them to discharge their duties.

- The Governors elected a Lead Governor, Clare Cressey. As a Lead Governor the main function is to act as a point of contact with NHSI the Trust's independent regulator.

- The Directors and Governors continually update their skills, knowledge and familiarity with the Trust and its obligations, to fulfil their role on various Boards and Committees.

- The Trust's Constitution is available at https://www.hdft.nhs.uk which outlines the clear policy and fair process for the removal from the Council of Governors of any Governor who consistently and unjustifiably fails to attend the meetings of the Council of Governors or has an actual or potential conflict of interest which prevents the proper exercise of their duties.

- The performance review process of the Chairman and Non-executive Directors involves the Governors. The Senior Independent Director and Lead Governor supports the Governors through the evaluation of the Chairman. Each Executive Director's performance is reviewed by the Chief Executive. The Chairman reviews the performance of the Chief Executive.

- The Chief Executive ensures that the Board of Directors and the Council of Governors act in accordance with the requirements of propriety or regularity. If the Board of Directors, Council of Governors or the Chairman contemplates a course of action involving a transaction which the Chief Executive considers infringes these requirements, he will follow the procedures set by NHSI for advising the Board and Council for recording and submitting objections to decisions. During 2019/20 there have been no occasions on which it has been necessary to apply the NHSI procedure.

- Trust staff are required to act in accordance with NHS standards and accepted standards of behaviour in public life. The Trust ensures compliance with the Fit and Proper Person (FPP) requirement for the Board of Directors. All existing Directors completed a self-declaration. All new appointments are also required to complete the self-declaration and the full requirements of the FPP test have been integrated into the pre-employment checking process.

- The Trust holds appropriate litigation insurance to cover the risk of legal action against its Directors in their roles as directors and as trustees of the Trust's Charity.

- Going Concern Report is undertaken annually.

4.5 NHS Improvement's Single Oversight Framework

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

- Quality of care;
- Finance and use of resources;
- Operational performance;
- Strategic change; and,
- 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.

The Trust is recognised as being in segment two as at 31 March 2020. This equates to a Targeted Support Offer. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

Finance and Use of Resources

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

The table below outlines the Trust's performance in 2019-20:

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

4.6 Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's Responsibilities as the Accounting Officer of Harrogate and District NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Harrogate and District 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 Harrogate and District NHS Foundation Trust and of its income and expenditure, items of other comprehensive income and cash flows for the financial year.

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

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

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

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

aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Steve Russell
Chief Executive
24 June 2020

4.7 Annual Governance Statement

4.7.1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Harrogate and District 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 Harrogate and District 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*.

4.7.2 The purpose of the system of internal control

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

4.7.3 Capacity to handle risk

As Accounting Officer, and supported by fellow members of the Board of Directors, I have responsibility for the integration of governance systems. I have delegated executive lead to the Chief Nurse and Medical Director for the implementation of integrated governance and risk management.

The Board of Directors recognises that risk management is an integral part of good management practice and to be most effective should be part of the Trust's culture. The Board is, therefore, committed to ensuring that risk management forms a central part of its philosophy, practices and business plans rather than being viewed or practised as a separate programme; responsibility for its implementation is accepted at all levels of the organisation.

The Board acknowledges that the provision of appropriate training is central to the achievement of this aim. Staff are appropriately trained and supported in incident reporting, carrying out risk assessments, mitigating risk and maintaining risk registers. The Board Directors, Directorate and departmental managers ensure that all staff (including those promoted or acting up, contractors, locum, agency and bank staff) undergo corporate, and specific local, induction training appropriate to their area of work; this includes but is not limited to risk management, incident reporting and hazard recognition training. An ongoing training programme has been developed based on a training needs analysis of staff. The programme includes formal training for:

- Staff dealing with specific everyday risks, e.g. basic risk management information including an overview of patient safety, incident reporting and investigation,

complaints investigation and development of measures to improve patient experience, fire safety, information governance, health and safety, moving and handling, infection control, and security; and

- Specific staff involved in the maintenance of risk registers at Directorate and department level, investigation and root cause analysis, the investigation of serious incidents (SIs) and risk assessment for health and safety.

The Trust's Workforce and Organisational Development department monitors all mandatory and essential training and reports directly to the Board of Directors. Completion of training is included in staff performance monitoring, appraisals and revalidation. This process has been strengthened for some time (in advance of new national arrangements in the 2018 Pay Award) by linking pay progression to the completion of essential and mandatory training, and completion of subordinate staff appraisals for managers. An 'appraisal on a page' has been in place since 2018-19 to increase the completion of appraisals.

Employees, contractors and agency staff are required to report all incidents and concerns and this is closely monitored. The Trust supports an "open" culture; we are transparent with service users, carers and staff when things go wrong. A significant emphasis is placed upon ensuring that we comply with the requirements of the statutory Duty of Candour that came into force on 27 November 2014. This follows the introduction of a number of new standards with which NHS Boards need to comply; this includes the Duty of Candour, and also the Fit and Proper Person's test. The Board receives regular updates to ensure compliance in these areas.

The Datix system supports our incident reporting process. Guidance on reporting incidents on Datix, grading of incidents, risk assessment, risk registers, undertaking root cause analysis and statement writing, is available for staff on the Trust intranet.

The Trust's Freedom to Speak Up Guardians report to the Board on a biannual basis. This provides the Board with an opportunity to reflect on themes and learning identified by the Guardians. The Guardians have developed a role for Fairness Champions to support and listen to colleagues, promote fairness, and signpost to resources and options for speaking up. Increasing numbers of staff have volunteered for this role.

Actions to address the shortcomings in quality impact assessments, which were identified in the audit in 2017-18, have been completed. The new process will assist the Trust in meeting obligations under the public sector equality duty introduced in April 2011 and is in accordance with the National Quality Board guidance produced in 2012 on assessing cost improvement plans.

4.7.4 The risk and control framework

The key objectives regarding risk and control are to achieve:

- Compliance with external regulatory and other standards for quality, governance and risk including Care Quality Commission fundamental standards and regulations;
- A culture of effective risk management at all levels of the organisation;

- Delivery of the Trust's strategic aims and objectives; and

A robust framework to ensure all controls and mitigation of risks are in place and operating, and can provide assurance to the Board of Directors on all areas of governance, including:

- Corporate governance
- Quality governance
- Clinical governance
- Financial governance
- Risk management
- Information governance including data security
- Research governance
- Clinical effectiveness and audit
- Performance governance

The Trust has a system of integrated governance described in the Risk Management Policy.

Risk identification and assessment is the process that enables the Trust to understand the range of existing risks, their likelihood of occurrence and their potential impact(s) and the ability of the Trust to mitigate those risks,. Risk assessment is a continuous process with risks assessed at ward, team and departmental level in line with risk assessment guidance. This is carried out proactively as part of health and safety processes, as well as reactively when risks are identified from, for example, incidents, complaints, local reviews and patient feedback.

Risks are scored based on the likelihood of the risk materialising (score 1-5) multiplied by the impact or consequence of that risk (score 1-5). The risk scoring matrix evaluates the level of risk as low (1-5), medium (6-10) or high (12-25), and therefore the priority for action, and must be used for all risk scoring within the Trust in order to ensure a consistent and standardised approach. This allows the organisation to gain an appreciation of the magnitude of each risk, set targets for improvement based on its risk appetite, and track progress against an agreed, timed action plan. The Board of Directors decides what level of risk is reported to them. The threshold for 2019-20 was a risk score of 12.

Risks are recorded in the health and safety control books and in risk registers. A risk register is a specific tool for recording and managing risk in a standard format to allow comparison and aggregation. Taking each risk in turn, the risk register records the controls (the things we do to mitigate that risk) already in place, the original risk score and the current risk score based on those controls. Gaps in controls can then be identified and actions agreed to close these gaps. Targets based on an acceptable level of risk can be agreed, and progress towards achieving the target risk score can be tracked. Assurances (the evidence that controls are effective) are also recorded.

The identification and management of risk as communicated in risk registers aids decision-making and resource prioritisation. It produces proper information by which the Trust can reassure the public, patients and stakeholders that it is effective and efficient and delivering the objectives of the organisation.

Risk assessment and management is addressed using risk registers at four levels across the Trust:

a) Departmental

Risk assessments are carried out routinely as part of the health and safety process as well as from incidents, complaints, local reviews, patient feedback and information contained in relevant quality, safety, workforce and financial dashboards. The departmental risk registers will reflect these risk assessments, including all residual medium and high risks from the health and safety control books.

It is the responsibility of Directorate leads for governance to review and where appropriate, challenge scores applied to risks on departmental registers at least quarterly. All risks that are scored 9 or above on departmental risk registers are escalated to Directorate risk registers.

b) Directorate

The Directorate risk registers and corporate functions risk registers are key management tools which are scrutinised monthly within management meetings to ensure effective oversight of risk management. Clinical Directors, Operational Directors, Corporate Directors and Deputy Directors are responsible for the risk registers.

The Directorate risk register will reflect departmental risk registers where relevant by including risks that are scored 9 or above or form a trend across more than one departmental register. At this level risk assessment is performed alongside objective setting and business planning.

All risks that are scored 12 or more will be discussed at the Corporate Risk Review Group, together with any other risks that the risk register owner is concerned about.

c) Corporate

The Corporate Risk Register is a live document, reviewed and updated as circumstances change, new risks arise and established risks are mitigated or removed. Risks are escalated up to the Corporate Risk Register, or back down to clinical directorate or corporate functions risk registers, based on the agreed threshold of 12 for designating corporate risk.

The Corporate Risk Register therefore identifies key organisational risks. The Corporate Risk Register is itself reviewed at the monthly Corporate Risk Review Group meeting, with a focus on progress of actions to achieve the target risk score for existing risks. Risks from clinical Directorate and corporate functions risk registers are discussed and will be included on the Corporate Risk Register if the agreed risk score is 12 or more.

The Senior Management Team, chaired by the Chief Executive Officer, reviews the updated Corporate Risk Register and a report from the Corporate Risk Review Group every month. The Audit Committee receives the minutes from the Corporate Risk Review Group at its meetings and the Board of Directors receives an update at every meeting.

d) Board Assurance Framework

The Board Assurance Framework (BAF) is an essential tool which brings together the key strategic objectives, the requirements of licensing and regulatory bodies and provides detail and assurance on the systems of control which underpin delivery of the strategic objectives. It offers visible assurance on the Board's overall governance responsibilities.

The BAF brings together all of the essential elements for achieving the Trust's goals and ambitions, and of maintaining regulatory compliance and compliance with the Foundation Trust Licence. It systematically evaluates the risks to achieving these. It asks:

- What are the things we have agreed as strategic priorities?
- What are the essential prerequisites to confidently maintaining regulatory compliance?
- What are the essential prerequisites for compliance with the terms of our Foundation Trust Licence?
- What are the risks to these prerequisites?

Taking each risk in turn, the BAF records the controls and the assurances already in place. Gaps in controls and assurances can then be identified and actions agreed to close the gaps. By focusing on gaps in controls and assurances, the Board can be confident that all necessary steps are being taken to assure delivery of the Trust's overall objectives and obligations as above, and that resources can be allocated in the right place. The BAF is a live document which is reviewed by Executive Directors on a monthly basis. The Audit Committee also receives regular updates on the BAF and the Board of Directors receives a regular detailed report.

The Corporate Risk Register for the end of 2019/20 included the following risks:

- Risk to the quality of service delivery in Medicine due to gaps in rotas; reduction in trainee numbers; agency cap rate; quality control of locums; (no-deal EU Exit - added 08/03/2019); (impact of Covid-19 – added 13/03/2020).
- Risk to the quality of service delivery and patient care due to failure to fill registered nurse, ODP and health visitor vacancies due to the national labour market shortage, local shortages in some areas e.g. Stockton, and (impact of Covid-19 – added 13/03/2020).
- Risk of financial deficit and impact on the quality of service delivery due to failure to deliver the Trust annual plan by having excess expenditure or a shortfall in income.
- Risk to provision of service and not achieving national standards in cardiology due to potential for lab equipment breaking down.
- Risk to quality of care by not meeting NICE guidance in relation to the completion of autism assessment within 3 months of referral.
- Risk to patient safety, performance, financial performance and reputation due to increasing waiting times across a number of specialties (including as a result of the impact of Covid 19 – added 13/03/2020).
- Risk of failure to meet the ED 4 hour standard and poor patient experience (including as a result of the impact of Covid 19 – added 13/03/2020).
- Risk to service provision due to the current service in MAU/CAT Clinic being covered by single consultant, and no provision to cover the service in his absence.
- Risk associated with mental health services for ED patients.
- Risk associated with delayed imaging in ED department due to risk of x-ray equipment failure.
- Risk associated with Covid-19 pandemic; risk of workforce pressures as a result of infection or requirements to isolate, rapid changes to normal working practices, patient safety as a result of having to make clinical decisions about use of limited treatment options, and fatigue within command and control structure.

During 2019-20 the strategic risks identified on the BAF included the following risks:

- Lack of medical, nursing and clinical staff.
- High levels of frailty in the local population.
- Failure to learn from feedback and incidents.
- Maintaining service sustainability.
- Failure to deliver the Operational Plan.
- Breaching the terms of the Trust's NHS Improvement Licence to operate;
- External funding constraints.
- Standards of care and the organisation's reputation for quality fall because quality does not have a sufficient priority in the Trust.
- Delivery of Integrated models of care due to the complexity of the landscape;
- Misalignment of strategic plans.
- Senior leadership capacity; and
- Lack of fit for purpose critical infrastructure.

Risks and challenges

The NHS declared a level 4 national incident during the Covid-19 pandemic which caused a major challenge during March 2020 which will continue during 2020/21. The Trust's response to NHS England and NHS Improvement's letter dated 17 March 2020 regarding the Covid-19 pandemic included freeing up the maximum in patient and critical care capacity whilst postponing non-urgent elective work. Business as usual planning arrangements for 2020/21 have been suspended and it is expected this will have an impact on the Trust at the end of 2019/20 and through to 2020/21.

The Trust control environment was quickly adapted to respond to the significant change in circumstances that Covid-19 created. The Trust focused its response by providing safe care for its patients, redeploying and re-training our people to support patients that required respiratory support and maximising the availability of colleagues. Operational command structure was introduced, the operational risk register system was used to identify and report on Covid-19 risks and their management and business continuity arrangements were enacted upon. Urgent decision-making arrangements required revising our governance arrangements and the use of schemes of reservation and delegation were revised in response. The Resource Committee and Board agreed revised governance, meeting, reporting and assurance arrangements for 2020/21 in line with NHS England and NHS Improvement's guidance dated 28 March 2020 to reduce the burden and releasing capacity to manage during the Covid-19 pandemic.

The delivery of the 2020/21 agreed financial plan is likely to be significantly impacted by Covid-19. NHS providers have received assurances that this will be nationally funded which will mitigate additional expenditure pressures. The requirement to source critical products in short supply nationally has increased the risk of fraud and the Trust has put in place safeguard arrangements to mitigate this risk. The Director team is supported by Non-Executive Directors to maintain a sound system of internal control, which is essential to the Trust's response to managing the crisis and associated risks.

Where appropriate staff will continue to focus on the Trust's long term strategy to address the clinical, operational and financial challenges.

In 2019-20 the Board of Directors ensured that detailed controls were in place to mitigate risks and support assurance and will ensure that detailed controls will continue to be in place to support assurance and mitigate risks going forward into 2020/21. All risks, mitigation and progress against actions are monitored formally at Directorate, Corporate

and Board level.

The quality of performance information is the responsibility of the Senior Information Risk Owner (SIRO) who chairs the Data and Information Governance Steering Group and advises the Board of Directors on the effectiveness of information risk management across the organisation.

The Trust has put in place due processes to ensure information governance and data security in accordance with national recommendations led by the Senior Information Risk Owner at Board level. The Information Governance Toolkit return is formally approved by the Board of Directors prior to submission.

The Trust has an Integrated Board Report (IBR) which triangulates key information metrics covering quality, workforce, finance and efficiency and operational performance, presenting trends over time to enable identification of improvements and deteriorations. At the end of 2019-20 the report included 55 RAG (red, amber, green) rated indicators of which nine related to the Safe domain, three to the Effective domain, three to the Caring domain, twenty-two to the Responsive domain, five to Workforce and thirteen to Finance and Efficiency. There are also four charts showing variance to plan for Activity and eight Benchmarking charts showing our performance benchmarked against small Trusts with an outstanding CQC rating. The metrics are based on a subset of metrics presented in the main report where benchmarking data is readily available. In addition there is a quality dashboard which has additional quality indicators at Trust level and at ward level.

The IBR is presented to each Board and Council of Governors meetings, and this is reviewed together with the quality dashboard at each Quality Committee; it is also available to each of the groups responsible for leading work to ensure compliance with CQC standards.

In addition during 2019/20 there were regular Director Inspections and patient safety visits which provide assurance on quality and compliance with CQC standards. The Audit Committee reviews the evidence for compliance with CQC registration requirements annually.

There are no significant risks that have been identified to compliance with the NHS Foundation Trust Licence Condition 4 (FT governance). The Trust ensures compliance with the requirements of the Provider Licence in its entirety via annual and in-year submission as required by NHS Improvement's Single Oversight Framework. These submissions include detailed information on financial performance, plans and forecasts, and third party information, in order to assess the risk to continuity of services and governance.

This Annual Governance Statement also provides an outline of the structures and mechanisms that the Trust has in place to maintain a sound system of governance and internal control to meet the requirement of the Licence Condition 4, Section 6. It takes assurance from these structures as well as feedback from Internal and External Audit and other internal and external stakeholders regarding the robustness of these governance structures. These same mechanisms are used by the Board to ensure the validity of the annual Corporate Governance Statement.

In order to mitigate any risks to compliance with Monitor's Licence Condition 4, the Trust has in place a well-defined governance framework with clear accountability and reporting to ensure integrated governance, to deliver the Trust's objectives and to provide assurance to the Board of Directors.

In the past five years staff participated in a rapid process improvement review of quality governance structures and processes which established a well-defined framework of committees and groups with clear accountability and reporting to ensure integrated governance, to deliver the Trust's objectives and to provide assurance to the Board of Directors. Quality of patient care is at the heart of this framework.

Executive Directors, Non-Executive Directors, Governors and other stakeholders are key participators in many of the Trust's Committees.

The Trust was inspected by the Care Quality Commission (CQC), as part of its routine programme of inspections, in November 2018. The rating of the Trust remained as 'Good'. It was rated as good because:

- Effective, Responsive and Well-Led were rated as 'Good', Safe as 'Requires Improvement' and Caring as 'Outstanding'
- The current ratings of the six core services across one acute location and three community services not inspected at this time remained unchanged. Hence, five acute services across the Trust are rated overall as 'Good' and three are rated as 'Outstanding; three community services are rated as 'Good' and two are rated as 'Outstanding'
- The overall rating for the Trust's acute location remained the same Harrogate District Hospital was rated as 'Good'
- Community services improved and were rated as 'Outstanding'
- The Use of Resources was rated as 'Good'

In addition the CQC undertook a Well-Led assessment of the Trust during its inspection in late 2018.

The CQC review did not highlight any material areas of concern in relation to the Board and the governance arrangements in place at the Trust. The areas identified for further progress and improvement were:

- There was a lack of diversity at senior level, specifically BME; both the Executive and Non-Executive Board members acknowledged this and had strategies in place to help address it;
- Senior leaders were aware that they needed to undertake more work in relation to the Workforce Race Equality Standard and an action plan, with appropriate monitoring at Board level, was in place and
- Although there was a comprehensive complaints policy, the average time taken to close complaints was not in line with this policy.

Significant work has taken place during 2019/20 on the Trust's journey to address these recommendations. The Trust launched Staff Networks: BME, Disability and Long-term illness and LGBT+ and has Fairness Champions across the Trust with BME representation.

The Board commissioned an independent cultural assessment during 2019/20 and received the final report in March 2020. The recommendations of the independent assessment are being developed into actions to support the Trust's aim of further improving its culture of fairness throughout the Trust.

The Board of Directors is responsible for exercising all of the powers of the Trust; however, it has the option to delegate these powers to senior management and other Committees. The Board:

- sets the strategic direction for the Trust;
- allocates resources;
- monitors performance against organisational objectives;
- ensures that clinical services are safe, of a high quality, patient-focused and effective;
- ensures high standards of clinical and corporate governance; and
- in conjunction with the Council of Governors, engages members and stakeholders to ensure effective dialogue with the communities it serves.

The Board is also responsible for ensuring that the Trust exercises its functions effectively, efficiently and economically and that compliance with the Trust's Licence; and Constitution are maintained.

During 2019-20 there have been five formally constituted assurance Committees of the Board; the Audit Committee, the Quality Committee, the Resource Committee, the Remuneration Committee.

The Audit Committee

Four Non-Executive Directors comprise the Audit Committee, and one of these is the Chair. The Deputy Chief Executive/Finance Director, Deputy Director of Governance and Company Secretary have a standing invitation to meetings and the Chief Executive attends one meeting per year, when considering the Annual Report and Accounts and Annual Governance Statement. Other Executive Directors attend meetings when the Committee is discussing areas of risk or operations that are the responsibility of those individual Directors.

The key responsibilities of the Audit Committee are to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. The Committee ensures that there is an effective Internal Audit function that meets mandatory NHS Internal Audit Standards. Internal Audit's primary role is to provide an opinion and assurances on the adequacy and effectiveness of the systems of internal control and provide appropriate independent assurance to the Audit Committee, Chief Executive and Board. The Committee also reviews the work and findings of the External Auditors appointed by the Council of Governors and considers the implications and management's responses to their work. The Audit Committee reviews the work of the Quality Committee which provides assurance on clinical practice and processes and also receives reports from Internal and External Audit, the Quality Committee and the Corporate Risk Review Group which enable it to provide independent assurance on governance and controls to the Board. This also enables triangulation of key issues to enhance the Board and Committee's oversight and assurance role. The annual audit plans for Internal Audit are approved by the Audit Committee and are prioritised to focus on areas of risk and concern. Governor representatives attend the Audit Committee as observers.

The Quality Committee

The Quality Committee is the principal mechanism to provide assurance to the Board regarding safety and quality of services. It is chaired by a Non-Executive Director, and two other Non-Executive Directors (one of whom who is also a member of the Audit Committee) are members. There is senior representation from the clinical Directorates and corporate functions including the Chief Nurse, Director of Workforce and Organisational Development, Chief Operating Officer, Clinical Directors, Deputy Medical Director, Deputy Director of Governance and Head of Risk Management. On behalf of the Board, it seeks assurance on the systems and processes in place to deliver high quality care and provides scrutiny of the outcomes of these systems and processes in relation to quality. It also provides direction regarding the delivery of the Trust's quality improvement priorities and strategic objectives in respect of quality, and provides oversight and seeks assurance on regulatory compliance. The annual clinical audit plans are approved and monitored by the Quality Committee. Governor representatives attend the Quality Committee as observers.

The Resources Committee

During 2019-20 the key responsibilities of the Resources Committee were to ensure appropriate oversight of strategic financial planning by scrutinising the development of the Trust's financial and commercial strategy, the assumptions and methodology used in developing the strategy, recommending to the Board the annual operational and financial plan, and ensuring appropriate due diligence is undertaken in relation to any significant transactions. The Committee also provides assurance to the Board on in-year financial performance, including budget-setting and progress against cost improvement plans.

The Terms of Reference of the Resource Committee are reviewed annually. As part of the review of the Trust's governance arrangements during Covid the last review included revised financial approval limits which are planned to be reviewed following six months.

The Remuneration Committee

The key responsibilities of the Remuneration Committee is to make recommendations to the Board of Directors on the remuneration, allowances and terms of service for the Executive Directors and to ensure that they are fairly rewarded for their individual contribution to the organisation, having proper regard to the organisation's circumstances and performance, as well as the national position of the NHS as a whole. The Committee is comprised of the Trust's Chairman and all Non-Executive Directors. The Chief Executive, Director of Workforce and Organisational Development and Company Secretary support the workings of this Committee and attend by invitation and in an advisory capacity only.

Remuneration, Nominations and Conduct Committee

The Remuneration, Nominations and Conduct Committee (the Committee) was formed following a review, and approval, of the Trust's Constitution on 1 August 2018. The Lead Governor supports this Committee by meeting with the Governors separately to gain their views and consults and engages with them on such things and annual appraisals before meeting with the Senior Independent Director and Chairman. The Lead Governor in association with the Council of Governors makes recommendations to the Council of Governors on the remuneration and terms of service for the Non-executive Directors. The Lead Governor carries out this role on behalf of the Council of Governors.

The Senior Management Team

The Senior Management Team meeting is the principal forum for ensuring and assuring the delivery of the Trust's business, including annual operating and financial plans. It exists to ensure that the Trust's strategic and operational objectives are met. The group maintains oversight of operational performance and management of risk in a systematic and planned way. The group is the most senior executive decision making forum and receives reports and recommendations from sub-groups and via the Chief Executive, reports to the Board of Directors.

The Senior Management Team is supported by the Clinical Directorates and a number of subgroups, with a collective responsibility to drive and co-ordinate the Trust's objectives. The key subgroups are the Learning from Patient Experience Steering Group, Improving Patient Safety Steering Group, Improving Fundamental Care Steering Group, Supporting Vulnerable People Steering Group, Providing a Safe Environment Steering Group, Workforce and Organisational Development Steering Group, Workforce Efficiency Group, Operational Delivery Group and Corporate Risk Review Group. There is appropriate representation on these Groups from the Clinical Directorates and corporate functions, and they are chaired by Executive Directors, with the exception of the Corporate Risk Review Group which is chaired by the Deputy Director of Governance.

The Clinical Directorates and the subgroups of the Senior Management Team ensure delivery of the Trust's objectives through a broad framework of groups that manage and deliver work including, for example the Information Technology Steering Group, the End of Life Care Steering Group and the Infection Prevention and Control Committee. Information Governance is managed by the Data and Information Governance Steering Group. The Complaints and Risk Management Group (CORM), comprised of senior staff, meets weekly to monitor and ensure active risk management is in place. Concerns identified from incidents, claims, complaints and risk assessments are investigated to ensure that lessons are learnt.

Each Directorate Board oversees quality and governance within the Directorate, ensures appropriate representation on groups within the governance framework and reports to the Senior Management Team. The directorates work within an accountability framework which ensures that the systems of control are in place and adhered to. The Executive Director Team regularly review the work of the Directorates against the accountability framework.

There is a weekly meeting of the Executive Directors where operational matters are discussed in detail and actions agreed.

Quality of Care Teams exist at ward, team and department level to champion, monitor and promote quality care and report to the Directorate quality and governance groups. Public governors have been encouraged to form alliances with some of the teams.

There are regular meetings with Commissioners at the Strategic Oversight and Management Board and other meetings, and with NHS Improvement, NHS England and Public Health Commissioners to review performance and quality.

The Trust conducted a self-assessment against the conditions set out in the NHS Provider Licence and was deemed to be fully compliant. In addition it has also carried out self-assessments against the updated NHS Foundation Trust Code of Governance, as part of the Annual Reporting Framework. This process has ensured that there is clarity relating to robust governance structures, responsibilities, reporting lines and

accountabilities and the provision of timely and accurate performance information to the Board.

The Trust engages with patients, service users and stakeholders and has an effective structure for public stakeholder involvement, predominantly through the Council of Governors and its sub-committees. Consultations with commissioners on the wider aspects of risk are undertaken through the monthly contract management meetings.

The Trust has well-developed workforce and organisational development strategy which is reviewed by the Board of Directors. There are the key ways in which the Trust reviews and plans to address short, medium and long-term workforce issues and ensure that safe staffing systems are both in place and planned. This not only provides assurance to the Board of Directors that current staffing levels are safe and effective but also that they are sustainable into the future.

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

The Trust publishes an up to date register of interest for Board, Clinical Directors and deputies who regularly attend the Board to provide advice. As part of the Trust's independent cultural assessment review it has been agreed that the Trust's policy and procedures for managing conflict of interests will be reviewed and revised. Following this review plans are in place to publish an up to date register on the Trust's website for all decision making staff.

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

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

The Trust has in place plans to undertake risk assessments and for a sustainable development management plan to be undertaken by an external specialist to take 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.

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

The Trust produces an annual Operating Plan that is underpinned by detailed plans produced by the Directorates. The Operating Plan details how the Trust will utilise its resources throughout the year, identifies the principal risks to the delivery of the Operating Plan and the mitigation and is supported by detailed financial forecasting. Each Directorate is required to deliver Cost Improvement Plans to ensure economy, efficiency and effectiveness of the use of resources. The cost improvement plans are scrutinised and approved by the Medical Director and Chief Nurse via the process of Quality Impact Assessments to ensure the quality of services is maintained.

The capital programme and the prioritisation of revenue resources to form the annual Operating Plan are informed by the Trust Objectives, Quality Improvement priorities and identified risks.

The annual Operating Plan is produced in consultation with the Council of Governors and approved by the Board of Directors.

Directorates work within the terms of an accountability framework and meet regularly with Executive Directors to ensure compliance. There is a monthly report to the Board relating to performance and finance against plans and targets. The BAF serves as a monitoring document to ensure that appropriate action is being taken against the principal risks of failing to deliver the business plan.

There is monthly reporting to NHS Improvement relating to performance and finance against plans and targets, and reference costs are submitted annually. The Trust reviews information and feedback from regulators and external agencies e.g. Care Quality Commission, National Staff Survey, National Patient Surveys, to benchmark performance against other organisations and to improve economy, efficiency and effectiveness.

In 2018-19, the Trust had its first Use of Resources assessment undertaken by NHS Improvement on behalf of the CQC. The outcome was a rating of 'Good'.

4.7.6 Information governance

There were no serious incidents relating to information governance including data loss or confidentiality breach during 2019-20.

4.7.7 Data Quality and governance

The Board is satisfied that steps are in place to assure that data quality and governance processes are in place with appropriate controls to ensure the accuracy of data. The Quality Committee (QC) has continued its work to gain assurance in relation to the CQC quality domains ensuring compliance with fundamental standards of care in acute and community services. During 2019/20 up until the outbreak of the Covid-19 pandemic the QC received assurance to:

<u>Identify Current Concerns</u>

1. 'Hot Spots' - The QC can hear from members about current issues that are impacting upon the ability of the Trust to deliver quality care and to gain assurances that suitable actions / activity is underway to address these. Examples of this are:

a) Impact on quality care as a result of the financial recovery plan, added as a standing item under this section during the year;

b) Impact of the recruitment situation on quality of care;

c) Impact of equipment failure on quality of care.

This section also includes items that the Board of Directors require the QC to scrutinise on its behalf. An example of this being the decision of the Trust not to implement the ReSPECT documentation and ensure that alternative process gives the best quality of care to patients at the end of life.

2. The QC reviews the Quality Dashboard and Integrated Board Reports (quality section) in depth each month and pursues areas of concern, seeking further assurance where necessary by initiating deep dives. The Quality Dashboard provides a good

insight into quality issues. Where there are concerns individuals are requested to attend the committee to provide valuable insight and explanation.

Quality Reports – Throughout the year the QC has heard regular updates from the leads on their progress to deliver the Trusts 2019-20.

Directorate Quality Governance reports **-** These are presented to the QC on a monthly basis to provide assurance that the quality priorities are embedded from the Board to the front line across the Trust.

Patient Experience Report – The Patient Experience Report is received quarterly – this comprehensive report provides details of a wide range of areas relating to patient experience. The committee has approved the Patient Experience Strategy.

Patient Safety Report - The QC receives a quarterly report on untoward events and issues of patient safety. The report looks for concerns or trends that may require further scrutiny. Serious Incidents are reported directly to the Board of Directors.

Effective Care and Outcomes – Quarterly reports are received on the Clinical Effectiveness Audit programme and the QC receives and approves the annual audit plan.

External Reports – The system for recording receipt of external reports and a log for the lead individual responsible to action these remains robust. Where we consider that a plan requires support or focus we invite the lead to provide an update on progress on action plans to provide assurance required.

4.7.8 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the Executive Directors, Clinical Directors and Clinical Leads within Harrogate and District NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework.
I have drawn on performance information available to me. My review is also informed by the Head of Internal Audit Opinion and comments made by the external auditors in their 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, the Resource Committee and the Quality Committee and a plan to address shortcomings 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
Royal College accreditation(s)
Health and Safety Executive Inspection Reports
Care Quality Commission Intelligent Monitoring Standards
PLACE assessments
Care Quality Commission – registration without conditions

Equality and Diversity Reports
General Medical Council Reports.

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

Board of Directors – the statutory body of the Trust is responsible for 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.

The Terms of Reference of all Board Committees and Groups are reviewed regularly to strengthen their roles in governance to the Board on risks and mitigations in place to the organisation's ability to achieve its key objectives.

Audit Committee – is a statutory Committee that 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.

Internal Audit – provides an independent and objective opinion to the Accounting Officer, the Board and the Audit Committee on the organisation's systems for risk management, control and governance support the achievement of the Trust's agreed priorities.

The Internal Audit team works to a risk based audit plan which is agreed by the Audit Committee, and covering risk management, governance and internal control processes, both financial and non-financial across the Trust. The work includes identifying and evaluating controls and testing their effectiveness, in accordance with Public Sector Internal Audit Standards.

Following each audit a report is produced providing a conclusion and where a scope for improvement is found, recommendations are made and appropriate action plans are agreed with management. Reports are issued and followed up with responsible Executive Directors. The results of audits are reported to Audit Committee which has a key role to performance manage the action plans to address recommendations from all audits. Internal audits are also made available to the external auditors who may use them as part of their planning. In addition Internal Audit provides advice and assistance to senior management on control issues and other matters of concern. Internal Audit work also covers service delivery and performance, financial management and control, human resources, operational and other reviews.

Based on the work undertaken, including a review of the Board's risk and assurance arrangements, the Head of Internal Audit Opinion concluded in June 2020 that 'significant assurance with minor improvement required' could be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Conclusion

The Annual Governance Statement requires me to consider whether there are any significant internal control issues facing the Trust. Risks and challenges regarding the Covid-19 pandemic are identified above and the Trust has an internal control environment in place to manage the Covid-19 pandemic in line with national guidance.

In summary I am assured that Harrogate and District NHS Foundation Trust has an overall sound system of internal controls in place, which is designed to manage the key organisational objectives and minimise exposure to risk and that no significant internal control issues have been identified.

Steve Russell
Chief Executive
Date: 24 June 2020

INDEPENDENT AUDITOR'S STATEMENT TO THE DIRECTORS OF HARROGATE AND DISTRICT NHS FOUNDATION TRUST ON THE NHS FOUNDATION TRUST CONSOLIDATION SCHEDULES

We have examined the consolidation schedules designated TAC02 to TAC29 for tables outlined in red, excluding TAC05A, TAC23, and TAC28A of Harrogate and District NHS Foundation Trust, version 1.19.12.2B for the year ended 31 March 2020, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This statement is made solely to the Board of Directors of Harrogate and District NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 (the Act) and paragraph 4.2 of the Code of Audit Practice and for no other purpose.

For the purpose of this statement, reviewing the consistency of figures between the audited financial statements and the consolidation schedules extends only to those figures within the consolidation schedules which are also included in the audited financial statements.
Auditors are required to report on any differences over £300,000 between the audited financial statements and the consolidation schedules.

Unqualified audit opinion on the audited financial statements; no differences identified:

The figures reported in the consolidation schedules are consistent with the audited financial statements, on which we have issued an unqualified opinion.

KPMG LLP

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DW

25 June 2020

Independent auditor's report

to the Council of Governors of Harrogate and District NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group and the Trust's affairs as at 31 March 2020 and of the Group and Trust's income and expenditure for the year then ended; and
- the Group and the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

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

Overview		
Materiality: Group financial statements as a whole	£4.005m (2018/19:£4.005m) 1.5% (2018/19: 1.6%) of total revenue	
Coverage	100% (2018/19:100%) of group income	
Risks of material misstatement		**vs 2018/19**
Recurring risks	Valuation of land and buildings	◀▶
	Revenue Recognition	◀▶
	Fraudulent Expenditure Recognition	◀▶

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

All of these key audit matters relate to the Group and the parent Trust.

	The risk	Our response
Valuation of Property, Plant & Equipment (£94.4 million; 2018/19: £93.4 million) *Refer to note 1.9 (accounting policy) and note 9 (financial disclosures)*	**Subjective valuation** Land and buildings are required to be maintained at up to date estimates of year-end market value in existing use (EUV) for non-specialised property assets in operational use, and, for specialised assets where no market value is readily ascertainable, the depreciated replacement cost (DRC), of a modern equivalent asset that has the same service potential as the existing property (MEA). The Trust's accounting policy requires an annual review for impairment, an annual desk top valuation every year and a full valuation at regular intervals with the last full valuation carried out in March 2017. The valuation is undertaken by an external expert engaged by the Trust, using construction indices and so accurate records of the current estate are required. When considering the cost to build a replacement asset the Trust may consider whether the asset would be built to the same specification or in the same location. Assumptions about changes to the asset must be realistic. Valuations are inherently judgmental. There is a risk that the methodology, assumptions and underlying data, are not appropriate or correctly applied. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. **Accounting Treatment** There is a risk that valuation gains and impairment losses are not accounted for in accordance with the requirements of the Department of Health and Social Care (DHSC)Group Accounting Manual 2019/20. **Disclosure Quality** There is a risk that uncertainties expressed by the Trust's valuers around the impact of the Covid-19 pandemic on the values of land and buildings will be inappropriately disclosed.	Our procedures included: — **Assessing valuer's credentials**: We assessed the competence, capability, objectivity and independence of the Trust's external valuer and considered the information provided to the Trust in 2019/20 for consistency with the requirements of the DHSC Group Accounting Manual; — **Test of detail:** We critically assessed the Trust's formal consideration of indications of impairment and surplus assets within its estate, including the process undertaken. — **Test of detail**: We tested the accuracy of the estate base data provided to the valuer to complete the desktop valuation to ensure it accurately reflected the Trust's estate. — **Methodology choice**: We critically assessed the assumptions used in preparing the desktop valuation of the Trust's land and buildings to ensure they were appropriate, including assessing the reasonableness of assumptions underpinning the alternative site model used as a basis for valuation. — **Methodology choice**: We critically assessed the Trust's treatment of VAT in its valuation to ensure it accurately reflected the current Trust status and complied with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. — **Accounting analysis**: We undertook work to understand the basis upon which any movements in the valuation of land and buildings had been classified and treated in the financial statements and determined whether they had complied with the requirements of the DHSC Group Accounting Manual 2019/20. — **Assessing transparency:** We considered the adequacy of the disclosures made around the uncertainty caused by the Covid-19 pandemic on market data used to underpin the valuer's assumptions, and management's consideration of these factors when arriving at the year-end valuation figures. — We assessed whether the disclosures made were in line with the requirements of the DHSC Group Accounting Manual 2019/20, supplemented by additional guidance issued by NHS Improvement in April 2020.

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

	The risk	Our response
Fraudulent Expenditure Recognition (£[75.59m million; 2018/19: £66.18m) *Refer to note 1.7 (accounting policy) and note 4 (financial disclosures).*	**Effects of Irregularities** As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk that the Trust may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures. This risk does not apply to all expenditure in the period. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of creditors and accrued non-pay expenditure at year-end, as well as the completeness of the recognition of provisions or the inappropriate release of existing provisions.	Our procedures included: — **Test of detail:** We inspected all individually material items of expenditure in the final two weeks of March and all of April 2020 cashbooks to agree these had been accounted for correctly by evaluating when the service had been delivered; — **Test of detail:** We inspected all material items of expenditure in the April 20120 bank statements to identify if there were any unrecorded liabilities that should have been accounted for in the 2019/20 financial statements; — **Test of detail:** We performed a year-on-year comparison of accruals posted in 2019/20 to those posted in 2018/19 to evaluate the completeness of the accruals balance, as well as agreeing a sample to supporting documentation; — **Test of detail:** We considered the completeness of provisions based on our cumulative knowledge of the Trust, inquiries with Directors, and inspection of legal correspondence where relevant. We considered whether there were events that would require a contingent liability disclosure in the accounts; — **Test of detail:** We vouched a sample of creditor balances to supporting documentation to agree the correct treatment as a payable at year-end; and — **Test of detail:** We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant payables recorded in the Trust's financial statements to the receivables balances recorded within the accounts of other providers and other bodies within the AoB boundaries. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure to other providers and other bodies within the AoB boundaries.

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

	The risk	Our response
Revenue Recognition (£269.95 million; 2018/19: £249.99m) *Refer to note 1.5 (accounting policy) and note 3 (financial disclosures).*	**Effect of irregularities** There is a risk that the Trust may manipulate income to meet externally set targets and we had regard to this when planning and performing our audit procedures. The incentives for fraudulent revenue recognition might relate to income generated from either other NHS bodies or non-NHS third parties. The Group participates in the national Agreement of Balances (AoB) exercise for the purpose of ensuring that intra NHS balances are eliminated on the consolidation of the Department of Health's resource accounts. The AoB exercise identifies mismatches between receivable and payable balances recognised by the Group and its commissioners, which will be resolved after the date of approval of these financial statements. For these financial statements the Group identifies the specific cause, and accounts for the expected future resolution, of each individual difference. Mis-matches can occur for a number of reasons, but the most significant arise where : • Activity levels are higher or lower than planned and the Group is in discussion with its commissioners over contract variations; • the Group and commissioners record different accruals for completed spells of healthcare which have not yet been invoiced; • income relating to partially completed spells of healthcare is apportioned across the financial years and the commissioners and the Group make different apportionment assumptions; and • there is a lack of agreement over proposed contract penalties for sub-standard performance.	Our procedures included: — **Test of Detail**: We reviewed the information provided by the Trust as part of the Agreement of Balances (AoB) exercise to ensure it was consistent with the information in the accounts; — **Test of Detail**: We identified any mismatches with other NHS organisations and sought explanations for mismatches over £200,250 or significant cumulative mismatches; — **Test of Detail**: We agreed any disputed income or receivables over £200,250 to documentation which supported the Trust's estimates, including contract documentation and evidence of the achievement of required activity levels or performance measures; — **Test of Detail**: We ensured significant adjustments to balances agreed with other NHS organisations were reflected in the accounts; — **Test of Detail**: We agreed any significant accrued or deferred income balances to documentation to confirm they were recorded appropriately; and — **Test of Detail**: We assessed the appropriateness of the accounting for significant material transactions that were outside of the Trust's normal course of business or were otherwise unusual.

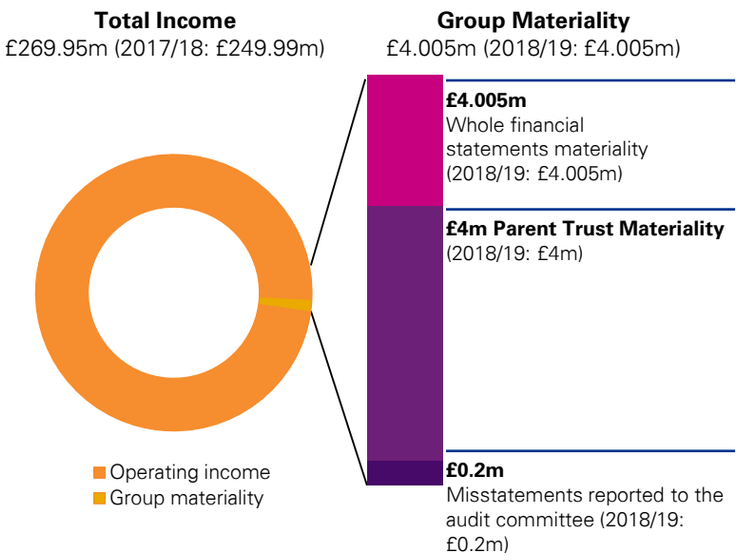
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £4.005 million (2018/19: £4.005 million), determined with reference to a benchmark of operating income (of which it represents approximately 1.5%) (2018/19: 1.6%). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £4 million (2018/19: £4 million), determined with reference to a benchmark of operating income (of which it represents approximately 1.5%) (2018/19:1.6%).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £200,250 (2018/19:£200,250), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's three (2018/19: three) reporting components, we subjected one (2018/19: one) to full scope audits for group purposes and one (2018/19: one) to specified risk-focused audit procedures. The latter] were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. We conducted reviews of financial information (including enquiry) at a further one (2018/19: one) non-significant component to confirm that there was no significant impact on the group position.



4. We have nothing to report on going concern

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

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Trust will continue in operation.

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

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

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

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

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

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

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Remuneration report

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

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 94, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

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

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

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REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

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

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

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

We have nothing to report in these respects.

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

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

We have nothing to report in this respect

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

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

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

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

The significant risks identified during our risk assessment are set out below together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Medium / Long-term Financial Sustainability	At the time of audit planning, the Trust was behind on its plan for delivery of non-recurrent CIP savings. These were back-loaded in the financial year according to the plan so it was likely the margin of undelivered CIPs would increase. We also considered whether the Business Rates debtor had been appropriately recognised as revenue. Given the debtor's significant value, there was a risk that without it the Trust may not meet its control total. The Trust had variances in the performance and management of different activity types, for example there might have been a lack of consistency and oversight of community service contracts based away from Harrogate and those acute services that were delivered at the main Hospital site. These aspects led to a risk that the Trust was unable to deliver the required quality and efficiency of service for VFM to be obtained moving forward.	Our work included: We considered how the Trust worked with key stakeholders to help ensure the achievability of its financial plans and medium to long term financial sustainability. In relation to the Trust's Cost Improvement Programme (CIP), our work focussed on the arrangements in place to identify and deliver recurrent cost improvements which have been identified and incorporated into the financial plans for 2020/21. We reviewed how plans were developed and managed to ensure delivery of the Trust's CIP programme. We reviewed how the shortfall in the planned CIP was managed by the Trust and whether there was any negative impact upon the achievement of the Control Total agreed with NHS Improvement. We critically assessed the Trust's recognition of the Business Rates debtor against revenue recognition criteria. We assessed the Trust's arrangements in year to deliver their community services contracts and considered the consistency and transparency of reporting of these contracts. **Our findings on this risk area:** The Trust worked alongside other members of the Integrated Care Service (ICS) to ensure the achievability of its financial plans and medium to long term financial strategy. The Trust met its financial target agreed with NHSI. The Trust had adequate arrangements in place to identify and deliver recurrent cost improvements which have been identified and incorporated into the financial plans for 2020/21. It also had adequate arrangements in place to deliver its community services contracts. At year end, the Trust no longer recognised a Business Rates debtor in its financial statements. We concluded that the Trust has adequate arrangements in place to plan its finances effectively to support the sustainable delivery of its strategic priorities and maintain its statutory functions.

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

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Harrogate and District NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Clare Partridge
for and on behalf of KPMG LLP

Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA
25 June 2020

FOREWORD TO THE ACCOUNTS

The accounts for the year ended 31 March 2020 are set out on the following pages and comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Tax Payers' Equity, the Consolidated Statement of Cash Flows and the Notes to the Consolidated Accounts.

These accounts have been prepared by the Harrogate and District NHS Foundation Trust in accordance with paragraphs 24 and 25 of schedule 7, to the National Health Service Act 2006 in the form in which NHS Improvement, in exercise of the powers conferred on Monitor, the Independent Regulator of NHS Foundation Trusts, has, with the approval of HM Treasury, directed.

Mr Steve Russell
Chief Executive
Harrogate and District NHS Foundation Trust
24 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2020

	Note	Group 2019/20 Total £000	Group 2018/19 Total £000
Operating income from continuing operations	3	**269,953**	249,993
Operating expenses of continuing operations	4	**(266,572)**	(239,513)
OPERATING SURPLUS		**3,381**	10,480
FINANCE COSTS			
Finance income	6.1	**133**	114
Finance expense - financial liabilities	7	**(254)**	(272)
Finance expense - unwinding of discount on provisions	16.2	**(3)**	(5)
Public Dividend Capital - dividends payable		**(2,678)**	(2,586)
NET FINANCE COSTS		**(2,802)**	(2,749)
Losses on disposal of assets		**(19)**	(5)
Movement in fair value of investments	10	**(199)**	63
Corporation tax expense		**44**	(44)
SURPLUS FOR THE YEAR		**405**	7,745
Other comprehensive income			
Revaluations	9.1 & 9.3	**5,828**	(9,549)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,233**	(1,804)

The notes on pages 137 to 170 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

	Note	Group 31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	8	**230**	280
Property, plant and equipment	9	**100,378**	93,382
Other Investments	10	**1,414**	1,665
Trade and other receivables	13.1	**1,102**	1,448
Total non-current assets		**103,124**	96,775
Current assets			
Inventories	12.1	**2,440**	2,486
Trade and other receivables	13.1	**33,811**	31,916
Cash and cash equivalents	14	**3,676**	2,912
Total current assets		**39,927**	37,314
Current liabilities			
Trade and other payables	15	**(16,831)**	(17,983)
Borrowings	18	**(7,080)**	(2,188)
Provisions	16.1	**(108)**	(113)
Other liabilities	17	**(1,839)**	(1,845)
Total current liabilities		**(25,858)**	(22,129)
Total assets less current liabilities		**117,193**	111,960
Non-current liabilities			
Borrowings	18	**(15,101)**	(17,226)
Provisions	16.1	**(95)**	(132)
Total non-current liabilities		**(15,196)**	(17,358)
Total assets employed		**101,997**	94,602
Financed by taxpayers' equity:			
Public Dividend Capital		**82,862**	81,700
Revaluation reserve		**8,379**	2,551
Income and expenditure reserve		**9,108**	8,426
HDFT charitable fund reserves	25	**1,648**	1,925
Total taxpayers' equity (see page 11)		**101,997**	94,602

The notes on pages 137 to 170 form part of these financial statements.

Signed: …… Mr Steve Russell - Chief Executive

Date: 24 June 2020

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2020

	HDFT charitable fund reserve	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Group Total
	£000	£000	£000	£000	£000
Balance as at 1 April 2019	**1,925**	**81,700**	**2,551**	**8,426**	**94,602**
Surplus for the financial year (Page 9)	**(30)**	**-**	**-**	**435**	**405**
Revaluations (Note 9.1)	**-**	**-**	**5,828**	**-**	**5,828**
Public Dividend Capital received	**-**	**1,162**	**-**	**-**	**1,162**
Other reserve movements - charitable funds consolidation adjustment	**(247)**	**-**	**-**	**247**	**-**
Balance at 31 March 2020	**1,648**	**82,862**	**8,379**	**9,108**	**101,997**

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2019

	HDFT charitable fund reserve	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Group Total
	£000	£000	£000	£000	£000
Balance as at 1 April 2018	1,909	80,263	12,100	697	94,969
Surplus for the financial year (Page 9)	251	-	-	7,494	7,745
Revaluations (Note 9.3)	-	-	(9,549)	-	(9,549)
Public Dividend Capital received	-	1,437	-	-	1,437
Other reserve movements - charitable funds consolidation adjustment	(235)	-	-	235	-
Balance at 31 March 2019	1,925	81,700	2,551	8,426	94,602

The notes on pages 137 to 170 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2020

		Group	
		2019/20	2018/19
	Note	**£000**	£000
Cash flows from operating activities			
Operating surplus from continuing operations		**3,381**	10,480
		3,381	10,480
Non-cash income and expense			
Depreciation and amortisation	4.1	**4,204**	4,834
Impairments and reversals	9.1	**39**	285
Increase in trade and other receivables		**(1,882)**	(9,311)
(Increase)/Decrease in inventories	12.1	**46**	(30)
Increase/(Decrease) in trade and other payables		**(1,747)**	2,232
Increase/(Decrease) in other liabilities	17	**(6)**	13
Decrease in provisions		**(45)**	(62)
HDFT Charitable Funds - net adjustments for working capital		**(8)**	55
NET CASH GENERATED FROM OPERATIONS		**3,982**	8,496
Cash flows from investing activities			
Interest received		**75**	53
Purchase of Intangible assets	8	**(20)**	(105)
Purchase of Property, Plant and Equipment		**(4,704)**	(8,741)
HDFT Charitable funds - net cash flows from investing activities		**108**	362
Net cash used in investing activities		**(4,541)**	(8,431)
Cash flows from financing activities			
Public dividend capital received		**1,162**	1,437
Movement in loans from the DHSC	18	**2,769**	(1,039)
Interest paid		**(256)**	(276)
PDC dividend paid		**(2,352)**	(2,716)
Net cash generated/(used) in financing activities		**1,323**	(2,594)
Net increase/(decrease) in cash and cash equivalents	14	**764**	(2,529)
Cash and cash equivalents at 1 April 2019	14	**2,912**	5,441
Cash and cash equivalents at 31 March 2020	14	**3,676**	2,912

The notes on pages 137 to 170 form part of these financial statements.

FOUNDATION TRUST STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2020

	Note	Foundation Trust 2019/20 Total £000	Foundation Trust 2018/19 Total £000
Operating income from continuing operations	3	**269,778**	249,794
Operating expenses of continuing operations	4	**(266,289)**	(239,386)
OPERATING SURPLUS		**3,489**	10,408
FINANCE COSTS			
Finance income	6.2	**105**	296
Finance expense - financial liabilities	7	**(254)**	(272)
Finance expense - unwinding of discount on provisions	16.2	**(3)**	(5)
Public Dividend Capital - dividends payable		**(2,678)**	(2,586)
NET FINANCE COSTS		**(2,830)**	(2,567)
Losses on disposal of assets		**(19)**	-
SURPLUS FOR THE YEAR		**640**	7,841
Other comprehensive income			
Revaluations	9.2 & 9.4	**5,828**	(9,549)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,468**	(1,708)

The notes on pages 137 to 170 form part of these financial statements.

FOUNDATION TRUST STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

		Foundation Trust	
		31 March 2020	31 March 2019
	Note	**£000**	£000
Non-current assets			
Intangible assets	8	**230**	280
Property, plant and equipment	9	**97,878**	91,804
Investment in Subsidiary	11	**1,000**	1,000
Loan to Subsidiary	11	**400**	600
Trade and other receivables	13.1	**1,102**	1,448
Total non-current assets		**100,610**	95,132
Current assets			
Inventories	12.1	**2,325**	2,361
Loan to Subsidiary	11	**200**	200
Trade and other receivables	13.1	**33,589**	32,433
Cash and cash equivalents	14	**2,941**	1,460
Total current assets		**39,055**	36,454
Current liabilities			
Trade and other payables	15	**(15,146)**	(17,416)
Borrowings	18	**(7,080)**	(2,188)
Provisions	16.1	**(108)**	(113)
Other liabilities	17	**(1,839)**	(1,845)
Total current liabilities		**(24,173)**	(21,562)
Total assets less current liabilities		**115,492**	110,024
Non-current liabilities			
Borrowings	18	**(15,101)**	(17,226)
Provisions	16.1	**(95)**	(132)
Total non-current liabilities		**(15,196)**	(17,358)
Total assets employed		**100,296**	92,666
Financed by taxpayers' equity:			
Public Dividend Capital		**82,862**	81,700
Revaluation reserve		**8,379**	2,551
Income and expenditure reserve		**9,055**	8,415
Total taxpayers' equity (see page 15)		**100,296**	92,666

The notes on pages 137 to 170 form part of these financial statements.

Signed: …… Mr Steve Russell - Chief Executive

Date: 24 June 2020

FOUNDATION TRUST STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2020

	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Foundation Trust Total
	£000	£000	£000	£000
Balance as at 1 April 2019	**81,700**	**2,551**	**8,415**	**92,666**
Surplus for the financial year (see page 13)	**-**	**-**	**640**	**640**
Revaluations (Note 9.2)	**-**	**5,828**	**-**	**5,828**
Public Dividend Capital received	**1,162**	**-**	**-**	**1,162**
Balance at 31 March 2020	**82,862**	**8,379**	**9,055**	**100,296**

FOUNDATION TRUST STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2019

	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Foundation Trust Total
	£000	£000	£000	£000
Balance as at 1 April 2018	80,263	12,100	574	92,937
Surplus for the financial year (see page 13)	-	-	7,841	7,841
Revaluations (Note 9.4)	-	(9,549)	-	(9,549)
Public Dividend Capital received	1,437	-	-	1,437
Balance at 31 March 2019	81,700	2,551	8,415	92,666

The notes on pages 137 to 170 form part of these financial statements.

FOUNDATION TRUST STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2020

	Note	Foundation Trust 2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus from continuing operations		**3,489**	10,408
		3,489	10,408
Non-cash income and expense			
Depreciation and amortisation	4.2	**4,057**	4,689
Impairments and reversals	9.2	**(196)**	236
Increase in trade and other receivables		**(1,136)**	(9,683)
(Increase)/Decrease in inventories	12.1	**36**	(8)
Increase/(Decrease) in trade and other payables		**(2,857)**	1,486
Increase/(Decrease) in other liabilities	17	**(6)**	13
Decrease in provisions		**(45)**	(62)
NET CASH GENERATED FROM OPERATIONS		**3,342**	7,079
Cash flows from investing activities			
Interest received		**104**	90
Purchase of Intangible assets	8	**(20)**	(105)
Purchase of Property, Plant and Equipment		**(3,468)**	(8,204)
Acquisition of subsidiary		**-**	-
Proceeds from asset sales to subsidiary		**-**	-
Net cash used in investing activities		**(3,384)**	(8,219)
Cash flows from financing activities			
Public dividend capital received		**1,162**	1,437
Movement in loans from the DHSC		**2,769**	(1,039)
Movement in loans to subsidiary		**200**	200
Interest paid		**(256)**	(277)
PDC dividend paid		**(2,352)**	(2,716)
Net cash generated/(used) in financing activities		**1,523**	(2,395)
Net increase/(decrease) in cash and cash equivalents	14	**1,481**	(3,535)
Cash and cash equivalents at 1 April 2019	14	**1,460**	4,995
Cash and cash equivalents at 31 March 2020	14	**2,941**	1,460

The notes on pages 137 to 170 form part of these financial statements.

1 GROUP ACCOUNTING POLICIES AND OTHER INFORMATION

NHS Improvement (NHSI), in exercising the statutory functions conferred on Monitor, has directed that the financial statements of NHS foundation trusts 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 DHSC GAM 2019/20, issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) 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 DHSC GAM permits a choice of accounting policy. the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS foundation trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Going concern

The NHS foundation trust's annual report and accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

On 2 April 2020, as a result of the COVID-19 pandemic, the Department of Health and Social Care (DHSC) and NHS England / Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During the outbreak the Trust will be funded through a block contract (covering the Trust's cost base) and national top-up payment with reimbursement for any genuinely additional COVID-19 costs. DHSC revenue support should not be needed during this period but will be available as a safety net if required. Once the system returns to business as usual providers will be expected to deliver a breakeven or surplus position, either by reaching balance or agreeing an achievable financial improvement trajectory with NHS England / Improvement to make reasonable progress towards this goal before the start of each financial year. This is temporarily suspended for the duration of the COVID-19 response but will be re-established once the threat has passed. Upon this return to a normal operating environment the Trust is satisfied that it has the ability to deliver the requirements set out by NHS England / Improvement.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property and investments.

1.3 Consolidation

The NHS foundation trust is the corporate trustee to the Harrogate and District NHS Foundation Trust Charitable Fund (registered charity number 1050008). The NHS foundation trust has assessed its relationship with the charitable fund and determined it to be a subsidiary because the NHS foundation trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable funds statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the NHS foundation trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

The NHS foundation trust launched Harrogate Healthcare Facilities Management Ltd (HHFM) a wholly owned subsidiary with effect from the 1 March 2018 (registered company number 11048040). The income, expenses, assets, liabilities, equity and reserves of HHFM are consolidated in full into the appropriate financial statement lines.

1.4 Operating segments

Income and expenditure are analysed in the Operating Segments note (2.1) and are reported in line with management information used within the NHS foundation trust.

1.5 Revenue

The transition to IFRS 15 has been completed in accordance with paragraph C3 (b) of the Standard, applying the Standard retrospectively recognising the cumulative effects at the date of initial application.

1.5 Revenue (continued)

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

- As per paragraph 121 of the Standard the NHS foundation trust will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less.
- The NHS foundation trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.
- HM Treasury's Financial Reporting Manual (FReM) has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires the NHS foundation trust to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of revenue for the NHS foundation trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the NHS foundation trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred. The method adopted to assess progress towards the complete satisfaction of a performance obligation is determined by reviewing key milestones/deliverables determined at inception.

The NHS foundation 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 NHS foundation 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 discrepencies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements or measuring expected credit losses over the lifetime of the asset.

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

1.6 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 - NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust (consistent with all participating members of the scheme) to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the Scheme, except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the NHS foundation trust commits itself to the retirement, regardless of the method of payment.

1.6 Expenditure on employee benefits (continued)

Pension costs - National Employment Savings Trust (NEST) Pension Scheme

The Pensions Act 2008 requirements created a duty for the NHS foundation trust to provide a pension scheme for employees who are ineligible to join the NHS Pension Scheme. The NHS foundation trust selected NEST as it's partner to meet this duty. The scheme operated by NEST on the NHS foundation trust's behalf is a defined contribution scheme and employers contributions are charged to operating expenses as and when they become due.

Pension costs - HHFM defined contribution scheme (The People's Pension)

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

A number of the HHFM employees remain within the NHS Pension Scheme, however HHFM also operates a defined contribution pension scheme, The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.7 Expenditure on other goods and services

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

1.8 Value Added Tax

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

1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

Capitalised set up costs and grouped assets are reviewed annually and if fully depreciated are removed from the Fixed Asset Register and the Accounts. Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

1.9 Property, plant and equipment (continued)

Valuation

Land and buildings used for the NHS foundation trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the statement of financial position date. Fair values are determined as follows:

Land and specialised buildings – depreciated replacement cost
Non specialised buildings – existing use value

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. All valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS). The NHS foundation trust had a full valuation of its land and buildings carried out as at 31 March 2017 based on an alternative site in line with HM Treasury's approach. The NHS foundation trust's management having taken advice from professionally qualified valuers, determined that a desktop valuation should be carried out as at 31 March 2020 ensuring that land and buildings are held at fair value. The desktop valuation was also based on an alternative site in line with HM Treasury's approach, this revised valuation has been incorporated in the financial statements.

An item of property, plant and equipment which is surplus with no plan to bring back into use is valued at fair value under IFRS 13.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Costs include professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by International Accounting Standard (IAS) 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as a proxy for fair value.

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".

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

An impairment that arises from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating 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.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

1.9 Property, plant and equipment (continued)

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

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

Plant and equipment assets are depreciated on a straight line basis over the following asset life ranges:

	Years
Plant and machinery	5-16
Transport equipment	11
Information technology	5-11
Furniture and fittings	5-11
Buildings and Dwellings (Assessed by a RICS qualified valuer when a valuation takes place)	1-90

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

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

- the sale must be highly probable i.e.

    - management is 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.

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

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

Donated, government grant and other grant funded assets

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

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

1.10 Intangible assets

Intangible assets are capitalised when they have a cost of at least £5,000. Intangible assets acquired separately are initially recognised at fair value. The NHS foundation trust does not recognise any internally generated assets and associated expenditure is charged to the statement of comprehensive income in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

1.10 Intangible assets (continued)

Following initial recognition, intangible assets are carried at amortised historic cost as this is not considered to be materially different from fair value. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13. The NHS foundation trust's intangible fixed assets are wholly software licences which are purchased and are deemed to have a finite life determined by the licence agreement. The NHS foundation trust does not hold a revaluation reserve for intangible assets.

1.11 Leases

Finance Leases

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

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

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

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.

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.

1.12 Inventories

Pharmacy inventories are valued at weighted average historical cost. Other inventories are valued at the lower of cost and net realisable value using the first in, first out method.

1.13 Cash and cash equivalents

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

1.14 Provisions

The NHS foundation trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted at a discount rate of 2.9% in real terms.

1.15 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to NHS Resolution which in return settles all clinical negligence claims. The contribution is charged to operating expenses. Although NHS Resolution is administratively responsible for all clinical negligence cases the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS foundation trust is disclosed in note 16.

1.16 Non-clinical risk pooling

The NHS foundation trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS foundation trust pays an annual contribution to NHS Resolution and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.17 Contingencies

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

Contingent liabilities are not recognised, but are disclosed in the financial statements, 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.

1.18 Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange profits and losses are taken to the Statement of Comprehensive Income. At the Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing.

1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. Details of third party assets are given in note 21 to the accounts.

1.20 Public Dividend Capital (PDC) and PDC dividend

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

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets, cash held with the Government Banking Service (GBS), excluding cash balances held in GBS accounts that relate to a short term working capital facility and any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average net assets as set out in the "pre-audit" version of the annual accounts. The dividend so calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.21 Corporation Tax

The NHS foundation trust is a Health Service Body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this but the trust is potentially within the scope of corporation tax in respect of activities where income is received from a non public sector source.

The NHS foundation trust has determined that it has no corporation tax liability, as all activities are either ancillary to healthcare or below the de minimus level of profit at which tax is payable. However Harrogate Healthcare Facilities Management Ltd is a wholly owned subsidiary of NHS foundation trust and is subject to corporation tax on its profits.

1.22 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the Statement of Comprehensive Income on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

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 NHS foundation trust'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 in note 1.8 above.

Purchase or sales are recognised and derecognised, as applicable, using the trade date.

All other financial assets and financial liabilities are recognised when the NHS foundation trust becomes party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the NHS foundation trust has transferred substantially all 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 loans and receivables.

Financial liabilities are classified as other financial liabilities.

Loans and receivables

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

The NHS foundation trust's loans and receivables comprise: cash and cash equivalents, NHS receivables and other receivables.

Loans and receivables are recognised initially at fair value, net of transaction 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. Loans from the Department of Health are not held for trading and are measured at historic cost with any unpaid interest accrued separately.

1.23 Financial instruments and financial liabilities (continued)

Other financial liabilities

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

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

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

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from discounted cash flow analysis.

Impairment of financial assets

At the Statement of Financial Position date, the NHS foundation trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset. For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly or through the use of a bad debt provision. Bad debt provisions are used when there is some uncertainty that the debt will be paid. Bad debts are written off directly only when there is certainty that the debt will not be paid.

1.24 Critical accounting estimates and judgements

The preparation of financial statements under IFRS requires the trust to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be relevant.

Revisions to accounting estimates are recognised in the period that the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Although the NHS foundation trust makes estimates within these financial statements such as incomplete patient spells, accrued income, annual leave accrual and provisions e.g. early retirements, the amounts involved would not cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In relation to incomplete patient spells the NHS foundation trust makes an assessment of activity for work in progress at 31 March, based on bed occupancy at midnight. The methodology used is to assess the value of income due, to be accounted for in the period between admission and month end, based on an average daily price at speciality/point of delivery, this is calculated and used as the basis of the accrual.

In relation to estimations for uncoded NHS income at the financial yearend, the NHS foundation trust runs a forecast for income relating to March based on the average income received by specialty and point of delivery, all uncoded activity is then priced using an average. This methodology is used throughout the year and has proven to be robust with only very minor variances showing once the activity is coded and then costed.

1.24 Critical accounting estimates and judgements (continued)

In addition, a revaluation of the NHS foundation trust's land and buildings was undertaken at a prospective date of 31 March 2020, the valuation excludes the cost of VAT. Since the NHS foundation trust created a subsidiary company "Harrogate Healthcare Facilities Management Ltd". The subsidiary company became responsible for the provision of a Managed Healthcare Facility to the NHS foundation trust, a consequence of this was that VAT became recoverable under an MEA alternative site valuation (see 1.9). The NHS foundation trust relies on the professional services of the Valuation Office for the accuracy of such valuations.

1.25 Non current investments

Investments are stated at market value as at the statement of financial position date. The statement of comprehensive income includes the net gains and losses arising on revaluation and disposals throughout the year.

1.26 Accounting standards and amendments that have been issued but have not yet been adopted

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

Change published

IFRS 16 Leases	The standard is effective for the NHS foundation trust with effect from the 1 April 2021. However the standard was effective for the Trust's wholly owned subsidiary with effect from 1 April 2019.
IFRS 17 Insurance Contracts	Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 14 Regulatory Deferral Accounts	Not EU-endorsed. Applies to the first time adopters of IFRS after the1 January 2016. Therefore not applicable to DHSC group bodies.

It is not practical to assess the impact on the NHS foundation trust of the above Accounting Standards and Amendments until HM Treasury adopts them within the FReM.

2 Operating segments

2.1 Group operating segments

The NHS foundation trust's management has reviewed IFRS 8 (Operating Segments) and has determined that the consolidated financial statements consist of two segments "Healthcare" and "Charity".

	Group		Group	
	Healthcare 2019/20 £000	**Charity 2019/20 £000**	Healthcare 2018/19 £000	Charity 2018/19 £000
Operating Surplus/(Deficit)	**3,517**	**(136)**	10,586	(106)
Net Finance (Costs)/Income	**(2,860)**	**58**	(2,808)	59
Movement in fair value of investments/Loss on disposal of assets/Corporation tax expenses	**25**	**(199)**	(49)	63
SURPLUS/(DEFICIT) FOR THE YEAR	**682**	**(277)**	7,729	16
Non-current assets	**101,710**	**1,414**	95,110	1,665
Current assets	**39,642**	**285**	36,986	328
Current liabilities	**(25,807)**	**(51)**	(22,061)	(68)
Non-current liabilities	**(15,196)**	**-**	(17,358)	-
TOTAL ASSETS EMPLOYED	**100,349**	**1,648**	92,677	1,925
Financed by taxpayers' equity:				
Public Dividend Capital	**82,862**	**-**	81,700	-
Revaluation reserve	**8,379**	**-**	2,551	-
Income and expenditure reserve	**9,108**	**-**	8,426	-
HDFT Charitable fund reserves	**-**	**1,648**	-	1,925
TOTAL TAXPAYERS' EQUITY	**100,349**	**1,648**	92,677	1,925

3 Operating Income from continuing operations

3.1 Analysis of operating income

	Foundation Trust & Group	
	2019/20	2018/19
	£000	£000
Income from activities by classification:		
Elective income	**30,421**	31,083
Non elective income	**46,838**	39,362
Outpatient income	**12,465**	13,535
Follow up outpatient income	**15,554**	14,432
Accident and Emergency income	**8,258**	7,010
High cost drugs income from commissioners	**5,169**	7,202
Other NHS clinical income	**43,420**	40,345
Community services income from CCGs and NHS England	**30,527**	27,062
Community services income from other sources (e.g. local authorities)	**40,750**	38,273
Private patient income	**1,831**	1,470
AfC pay award central funding	**-**	2,132
Additional pension contribution central funding	**7,217**	-
Other clinical income	**2,985**	-
Total income from activities	**245,435**	221,906

	Foundation Trust & Group	
	2019/20	2018/19
	£000	£000
Income from activities by source:		
NHS Foundation Trusts	**571**	217
NHS Trusts	**45**	46
NHS England	**34,977**	22,379
Clinical commissioning groups	**166,246**	156,315
Local Authorities	**40,846**	38,273
Department of Health	**(15)**	2,132
NHS Other	**78**	116
Non NHS: Private Patients	**1,834**	1,470
Non-NHS: Overseas patients (chargeable to patient)	**73**	190
NHS injury scheme (see below*)	**481**	458
Non NHS: Other	**299**	310
Total income from activities	**245,435**	221,906

	Group	
	2019/20	2018/19
	£000	£000
Group other operating income:		
Research and development	**1,296**	1,165
Education and training	**6,913**	8,121
Education and training - notional income from apprenticeship fund	**241**	147
Non-patient care services to other bodies	**2,995**	2,417
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding (PSF/FRF/MRET)	**5,218**	7,853
Rental revenue from operating leases (see note 3.4)	**149**	148
Staff recharges (secondments)	**2,970**	755
HDFT Charitable Funds: Incoming Resources excluding investment income	**632**	531
Other	**4,104**	6,950
Group total other operating income	**24,518**	28,087
Group total operating income	**269,953**	249,993

* NHS injury scheme income is subject to a provision for doubtful debts of 21.79% (2019: 21.89%) to reflect expected rates of collection.

3.1 Analysis of operating income (continued)

	Foundation Trust	
	2019/20	2018/19
	£000	£000
Total income from activities	**245,435**	221,906
Foundation Trust other operating income:		
Research and development	**1,297**	1,165
Education and training	**6,912**	8,120
Education and training - notional income from apprenticeship fund	**241**	147
Received from NHS charities: Receipt of grants/donations for capital acquisitions	**150**	100
Non-patient care services to other bodies	**3,779**	3,204
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding (PSF/FRF/MRET)	**5,218**	7,853
Rental revenue from operating leases (see note 3.5)	**1,268**	1,272
Staff recharges (secondments)	**2,970**	756
Other	**2,508**	5,271
Foundation Trust total other operating income	**24,343**	27,888
Foundation Trust total operating income	**269,778**	249,794

3.2 Overseas visitors (relating to patients charged directly by the foundation trust)

Income recognised in year relating to overseas visitors was £73k (2019 £190k), payments received in year (relating to invoices raised in current and previous years) was £68k (2019 £40k) and amounts written off in year (relating to invoices raised in current and previous years) was £6k (2019 £1k).

3.3 Analysis of income from activities by Commissioner Requested Services (CRS) and Non-Commissioner Requested Services (Non-CRS).

	Foundation Trust & Group	
	2019/20	2018/19
	£000	£000
Commissioner Requested Services	**143,597**	136,244
Non-Commissioner Requested Services	**101,838**	85,662
Total	**245,435**	221,906

3.4 Operating lease income and future annual lease receipts

	Group	
	2019/20	2018/19
	£000	£000
Operating lease income	**149**	148
	149	148
Future minimum lease receipts due on buildings expiring		
- not later than one year;	**148**	160
- later than one year and not later than five years;	**486**	487
- later than five years.	**424**	87
	1,058	734

3.5 Operating lease income and future annual lease receipts

	Foundation Trust	
	2019/20	2018/19
	£000	£000
Operating lease income	**1,268**	1,272
	1,268	1,272
Future minimum lease receipts due on buildings expiring		
- not later than one year;	**1,267**	1,279
- later than one year and not later than five years;	**4,962**	4,962
- later than five years.	**20,566**	21,253
	26,795	27,494

4. Operating Expenses from continuing operations

4.1 Group operating expenses comprise:

	Group	
	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	**1,539**	2,592
Purchase of healthcare from non-NHS and non-DHSC bodies	**680**	509
Staff and executive directors costs	**190,813**	173,172
Non-executive directors	**173**	165
Drug costs (see note 12.2)	**15,737**	16,112
Supplies and services - clinical	**19,617**	16,544
Supplies and services - general	**2,692**	2,992
Establishment	**2,043**	1,999
Research and development	**31**	1
Transport (including Patients' travel)	**704**	632
Premises - business rates payable to local authorities	**3,813**	278
Premises - other	**7,795**	6,963
Increase in provision for irrecoverable debts	**91**	75
Rentals under operating leases	**5,882**	4,606
Depreciation on property, plant and equipment (see note 9.1)	**4,134**	4,732
Amortisation on intangible assets (see note 8)	**70**	102
Impairments of property, plant and equipment	**39**	285
Audit services- statutory audit	**116**	73
NHS Resolution contribution - Clinical Negligence	**5,255**	5,232
Legal fees	**104**	88
Consultancy costs	**440**	473
Internal audit costs	**174**	150
Education and training	**2,806**	777
Education and training - notional expenditure funded from apprenticeship fund	**241**	147
Redundancy	**24**	4
Early retirements	**16**	14
Hospitality	**1**	1
Insurance	**353**	380
Losses, ex gratia and special payments (see note 20)	**47**	31
Other	**621**	(18)
HDFT Charitable funds: Other resources expended	**521**	402
Group total operating expenses	**266,572**	239,513

4. Operating Expenses from continuing operations (Continued)

4.2 Foundation Trust operating expenses comprise:	**Foundation Trust**	
	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	**1,538**	2,692
Purchase of healthcare from non-NHS and non-DHSC bodies	**680**	153
Staff and executive directors costs	**182,629**	165,267
Non-executive directors	**157**	155
Drug costs (see note 12.2)	**15,737**	16,112
Supplies and services - clinical	**18,050**	15,010
Supplies and services - general	**16,648**	16,295
Establishment	**1,996**	1,916
Research and development	**31**	-
Transport (including Patients' travel)	**642**	606
Premises - business rates payable to local authorities*	**3,813**	278
Premises - other	**4,553**	4,210
Increase in provision for irrecoverable debts	**91**	75
Rentals under operating leases	**5,864**	4,558
Depreciation on property, plant and equipment (see note 9.2)	**3,987**	4,587
Amortisation on intangible assets (see note 8)	**70**	102
Impairments of property, plant and equipment	**(196)**	236
Audit services- statutory audit	**107**	61
NHS Resolution contribution - Clinical Negligence	**5,255**	5,232
Legal fees	**104**	88
Consultancy costs	**406**	399
Internal audit costs	**153**	147
Education and training	**2,756**	735
Education and training - notional expenditure funded from apprenticeship fund	**241**	147
Redundancy	**24**	4
Early retirements	**15**	14
Hospitality	**1**	1
Insurance	**301**	310
Losses, ex gratia and special payments (see note 20)	**47**	31
Other	**589**	(35)
Foundation Trust total operating expenses	**266,289**	239,386

4.3 Operating lease expenditure and future annual lease payments

	Group	
	2019/20	2018/19
	£000	£000
Minimum lease payments	**5,882**	4,606
	5,882	4,606
Future minimum lease payments due expiring;		
Within 1 year	**4,294**	1,429
Between 1 and 5 years	**1,060**	1,015
Later than five years	**549**	614
	5,903	3,058

4.4 Operating lease expenditure and future annual lease payments

	Foundation Trust	
	2019/20	2018/19
	£000	£000
Minimum lease payments	**5,864**	4,558
	5,864	4,558
Future minimum lease payments due expiring;		
Within 1 year	**4,294**	1,429
Between 1 and 5 years	**1,060**	1,015
Later than five years	**549**	614
	5,903	3,058

4.5 Limitation on external auditor's liability

	Foundation Trust & Group	
	2019/20	2018/19
	£000	£000
Limitation on external auditor's liability	**1,000**	1,000
	1,000	1,000

5. Employee costs and numbers

5.1 Employee costs

	Group					
	Total	**Permanently**		Total	Permanently	
	2019/20	**Employed**	**Other**	2018/19	Employed	Other
	£000	**£000**	**£000**	£000	£000	£000
Salaries and wages	**148,602**	**146,053**	**2,549**	139,294	136,656	2,638
Social Security costs (Employers NI costs)	**13,091**	**13,091**	**-**	12,384	12,384	-
Apprenticeship levy	**693**	**693**	**-**	655	655	-
Employer contributions to NHS Pensions Agency	**16,919**	**16,919**	**-**	16,469	16,469	-
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**7,217**	**7,217**	**-**	-	-	-
Pension cost - other	**150**	**150**	**-**	20	20	-
Termination benefits	**40**	**40**	**-**	18	18	-
Agency/contract staff	**4,860**	**-**	**4,860**	4,784	-	4,784
Total employee expenses	**191,572**	**184,163**	**7,409**	173,624	166,202	7,422
Less costs capitalised as part of assets	**(719)**	**(719)**	**-**	(434)	(434)	-
Total employee costs excluding capitalised costs	**190,853**	**183,444**	**7,409**	173,190	165,768	7,422

5. Employee costs and numbers (continued)

5.2 Employee costs

	Foundation Trust				Foundation Trust	
	Total 2019/20 £000	**Permanently Employed £000**	**Other £000**	Total 2018/19 £000	Permanently Employed £000	Other £000
Salaries and wages	**141,973**	**139,424**	**2,549**	133,515	130,877	2,638
Social Security costs (Employers NI costs)	**12,584**	**12,584**	**-**	11,934	11,934	-
Apprenticeship levy	**660**	**660**	**-**	627	627	-
Employer contributions to NHS Pensions Agency	**16,400**	**16,400**	**-**	15,510	15,510	-
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**7,217**	**7,217**	**-**	-	-	-
Pension cost - other	**80**	**80**	**-**	-	-	-
Termination benefits	**39**	**39**	**-**	18	18	-
Agency/contract staff	**4,205**	**-**	**4,205**	4,115	-	4,115
Total employee expenses	**183,158**	**176,404**	**6,754**	165,719	158,966	6,753
Less costs capitalised as part of assets	**(490)**	**(490)**	**-**	(434)	(434)	-
Total employee costs excluding capitalised costs	**182,668**	**175,914**	**6,754**	165,285	158,532	6,753

5.3 Average number of employees (WTE basis)

	Group				Group	
	Total 2019/20 Number	**Permanently Employed Number**	**Other Number**	Total 2018/19 Number	Permanently Employed Number	Other Number
Medical and dental	**372**	**351**	**21**	363	333	30
Ambulance staff	**2**	**2**	**-**	1	1	-
Administration and estates	**683**	**683**	**-**	684	674	10
Healthcare assistants and other support staff	**411**	**393**	**18**	396	372	24
Nursing, midwifery and health visiting staff	**1,830**	**1,795**	**35**	1,768	1,734	34
Nursing, midwifery and health visiting learners	**39**	**39**	**-**	35	35	-
Scientific, therapeutic and technical staff	**473**	**464**	**9**	452	452	-
Healthcare science staff	**110**	**94**	**16**	104	97	7
Other	**17**	**5**	**12**	7	4	3
Total	**3,937**	**3,826**	**111**	3,810	3,702	108
Less capitalised employees	**(20)**	**(20)**	**-**	(13)	(13)	-
Total excluding capitalised WTE	**3,917**	**3,806**	**111**	3,797	3,689	108

5.4 Average number of employees (WTE basis)

	Foundation Trust				Foundation Trust	
	Total 2019/20 Number	**Permanently Employed Number**	**Other Number**	Total 2018/19 Number	Permanently Employed Number	Other Number
Medical and dental	**372**	**351**	**21**	363	333	30
Ambulance staff	**2**	**2**	**-**	1	1	-
Administration and estates	**628**	**628**	**-**	632	622	10
Healthcare assistants and other support staff	**190**	**189**	**1**	176	176	-
Nursing, midwifery and health visiting staff	**1,828**	**1,793**	**35**	1,767	1,733	34
Nursing, midwifery and health visiting learners	**39**	**39**	**-**	35	35	-
Scientific, therapeutic and technical staff	**473**	**464**	**9**	452	452	-
Healthcare science staff	**109**	**94**	**15**	104	97	7
Other	**6**	**2**	**4**	4	4	-
Total	**3,647**	**3,562**	**85**	3,534	3,453	81
Less capitalised employees	**(15)**	**(15)**	**-**	(13)	(13)	-
Total excluding capitalised WTE	**3,632**	**3,547**	**85**	3,521	3,440	81

WTE = Whole time equivalents

5.5 Pensions costs

Past and present employees are covered by the provisions of the two NHS Pensions Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

Both are unfunded defined benefit schemes that cover NHS employers, GP Practices and other bodies, allowed under the direction of the Secretary of State for Health 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 Financial Reporting Manual (FReM) requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a 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.

5.6 Retirements due to ill-health

During the year ended 31 March 2020 there were 3 (2019: 5) early retirements from the NHS foundation trust agreed on the grounds of ill-health. The estimated additional pension liability of the ill-health retirement is £170,000 (2019: £277,000). The cost of ill-health retirements are borne by the NHS Business Services Authority Pensions Division.

5.7 Staff exit costs

NHS Improvement requires NHS foundation trusts to disclose summary information regarding redundancy and other departures in staff costs agreed in the financial year.

	Foundation Trust & Group		Foundation Trust & Group	
Exit cost band	**2019/20 Number of compulsory redundancies**	**2019/20 Number of other departures agreed**	2018/19 Number of compulsory redundancies	2018/19 Number of other departures agreed
<£10,000	**-**	**-**	1	-
£10,001 - £25,000	**1**	**-**	-	2
£25,001 - £50,000	**-**	**-**	-	-
£50,001 - £100,000	**-**	**-**	-	-
£100,001 - £150,000	**-**	**-**	-	-
£150,001 - £200,000	**-**	**-**	-	-
>£200,000	**-**	**-**	-	-
Total number of exits by type	**-**	**-**	-	-
Total resource cost	**£24,000**	**-**	£4,000	£31,000

5.8 Analysis of termination benefits

	Foundation Trust & Group		Foundation Trust & Group	
	2019/20 Number	**2019/20 £000**	2018/19 Number	2018/19 £000
No of Cases	**1**	**-**	3	-
Cost of Cases	**-**	**24**	-	35
	1	**24**	3	35

6. Finance revenue

6.1 Group finance revenue received during the year is as follows:

Finance revenue received during the year is as follows:	Group	
	2019/20	2018/19
	£000	£000
Interest income:		
Interest on bank accounts	**75**	55
HDFT Charitable funds: investment income	**58**	59
	133	114

6.2 Foundation Trust finance revenue received during the year is as follows:

Finance revenue received during the year is as follows:	Foundation Trust	
	2019/20	2018/19
	£000	£000
Interest income:		
Interest on bank accounts	**75**	54
Interest on working capital loan to HHFM	**30**	38
Dividend from HHFM	**-**	204
	105	296

7. Finance expenses

Finance expenses incurred during the year are as follows:	Foundation Trust & Group	
	2019/20	2018/19
	£000	£000
Interest expense:		
Capital Loans from the Department of Health (formerly ITFF see note 18)	**254**	272
	254	272

8. Current year intangible fixed assets

	Foundation Trust & Group	
	Software Licences	**Total**
	£000	**£000**
Gross cost at 1 April 2019	853	**853**
Additions - purchased	20	**20**
Disposals	-	**-**
Gross cost at 31 March 2020	**873**	**873**
Amortisation at 1 April 2019	573	**573**
Provided during the year	70	**70**
Disposals	-	**-**
Amortisation at 31 March 2020	**643**	**643**
Net book value		
- Purchased at 31 March 2020	230	**230**
- Total at 31 March 2020	**230**	**230**

8.1 Prior year intangible fixed assets

	Foundation Trust & Group	
	Software Licences	**Total**
	£000	**£000**
Gross cost at 1 April 2018	767	767
Additions - purchased	105	105
Disposals	(19)	(19)
Gross cost at 31 March 2019	**853**	**853**
Amortisation at 1 April 2018	490	490
Provided during the year	102	102
Disposals	(19)	(19)
Amortisation at 31 March 2019	**573**	**573**
Net book value		
- Purchased at 31 March 2019	280	280
- Total at 31 March 2019	**280**	**280**

9. Property, plant and equipment

9.1 Current year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Group Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	3,200	73,865	1,475	754	20,946	159	11,222	689	**112,310**
Additions - purchased	-	650	41	1,913	1,090	-	1,637	28	**5,359**
Impairments charged to operating expenses	-	(39)	-	-	-	-	-	-	**(39)**
Reclassifications	-	221	50	(752)	186	-	282	13	**-**
Transfer to revaluation reserve	25	3,623	134	-	-	-	-	-	**3,782**
Disposals	-	-	-	-	(225)	-	-	-	**(225)**
Cost or valuation At 31 March 2020	**3,225**	**78,320**	**1,700**	**1,915**	**21,997**	**159**	**13,141**	**730**	**121,187**
Depreciation at 1 April 2019	-	-	-	-	12,255	91	6,257	325	**18,928**
Provided during the year (see note 4.1)	-	1,962	84	-	1,221	11	810	46	**4,134**
Impairments charged to operating expenses	-	-	-	-	-	-	-	-	**-**
Transfer to revaluation reserve	-	(1,962)	(84)	-	-	-	-	-	**(2,046)**
Disposals	-	-	-	-	(207)	-	-	-	**(207)**
Depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**13,269**	**102**	**7,067**	**371**	**20,809**
Net book value									
- Purchased at 31 March 2020	3,225	73,931	1,700	1,915	7,916	57	6,046	339	**95,129**
- Donated at 31 March 2020	-	4,389	-	-	812	-	28	20	**5,249**
Net book value at 31 March 2020	**3,225**	**78,320**	**1,700**	**1,915**	**8,728**	**57**	**6,074**	**359**	**100,378**

At 31 March 2019, of the Net Book Value £3,200,000 related to land valued at open market value and £73,865,000 related to buildings valued at open market value and £1,475,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2020. This desktop valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a increase in value of £5,789,000.00.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

9. Property, plant and equipment

9.2 Current year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Foundation Trust Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	3,200	73,456	1,475	556	19,211	-	11,221	686	**109,805**
Additions - purchased	-	321	-	1,171	921	-	1,636	6	**4,055**
Impairments charged to operating expenses	-	196	-	-	-	-	-	-	**196**
Reclassifications	-	101	-	(548)	164	-	282	1	**-**
Transfer to revaluation reserve	25	3,537	240	-	-	-	-	-	**3,802**
Disposals	-	-	-	-	(225)	-	-	-	**(225)**
Cost or valuation At 31 March 2020	**3,225**	**77,611**	**1,715**	**1,179**	**20,071**	**-**	**13,139**	**693**	**117,633**
Depreciation at 1 April 2019	-	-	-	-	11,420	-	6,256	325	**18,001**
Provided during the year (see note 4.2)	-	1,949	77	-	1,105	-	811	45	**3,987**
Transfer to revaluation reserve	-	(1,949)	(77)	-	-	-	-	-	**(2,026)**
Disposals	-	-	-	-	(207)	-	-	-	**(207)**
Depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**12,318**	**-**	**7,067**	**370**	**19,755**
Net book value									
- Purchased at 31 March 2020	3,225	73,222	1,715	1,179	6,941	-	6,044	303	**92,629**
- Donated at 31 March 2020	-	4,389	-	-	812	-	28	20	**5,249**
Net book value at 31 March 2020	**3,225**	**77,611**	**1,715**	**1,179**	**7,753**	**-**	**6,072**	**323**	**97,878**

At 31 March 2019, of the Net Book Value £3,200,000 related to land valued at open market value and £73,456,000 related to buildings valued at open market value and £1,475,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2020. This desktop valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a increase in value of £6,024,000.00.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

9. Property, plant and equipment (continued)

9.3 Prior year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Group Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	3,200	78,406	1,670	5,981	19,908	141	9,085	798	119,189
Additions - purchased	-	2,720	-	671	1,530	24	1,377	120	6,442
Impairments charged to operating expenses	-	(290)	-	-	-	-	-	-	(290)
Reclassifications	-	4,197	-	(5,898)	210	-	1,471	20	-
Transfer to revaluation reserve	-	(11,168)	(195)	-	-	-	-	-	(11,363)
Disposals	-	-	-	-	(702)	(6)	(711)	(249)	(1,668)
Cost or valuation At 31 March 2019	**3,200**	**73,865**	**1,475**	**754**	**20,946**	**159**	**11,222**	**689**	**112,310**
Depreciation at 1 April 2018	-	-	-	-	11,223	82	5,866	507	17,678
Provided during the year (see note 4.1)	-	1,734	85	-	1,734	10	1,102	67	4,732
Impairments charged to operating expenses	-	(5)	-	-	-	-	-	-	(5)
Transfer to revaluation reserve	-	(1,729)	(85)	-	-	-	-	-	(1,814)
Disposals	-	-	-	-	(702)	(1)	(711)	(249)	(1,663)
Depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**12,255**	**91**	**6,257**	**325**	**18,928**
Net book value									
- Purchased at 31 March 2019	3,200	69,327	1,475	754	7,850	68	4,932	342	87,948
- Donated at 31 March 2019	-	4,538	-	-	841	-	33	22	5,434
Net book value at 31 March 2019	**3,200**	**73,865**	**1,475**	**754**	**8,691**	**68**	**4,965**	**364**	**93,382**

At 31 March 2018, of the Net Book Value £3,200,000 related to land valued at open market value and £78,406,000 related to buildings valued at open market value and £1,670,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2019. This desktop valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a decrease in value of £9,834,000.00.

9. Property, plant and equipment

9.4 Prior year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Foundation Trust Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	3,200	78,406	1,670	5,982	18,270	-	9,084	797	**117,409**
Additions - purchased	-	2,257	-	472	1,433	-	1,377	118	**5,657**
Impairments charged to operating expenses	-	(236)	-	-	-	-	-	-	**(236)**
Reclassifications	-	4,197	-	(5,898)	210	-	1,471	20	**-**
Transfer to revaluation reserve	-	(11,168)	(195)	-	-	-	-	-	**(11,363)**
Disposals	-	-	-	-	(702)	-	(711)	(249)	**(1,662)**
Cost or valuation At 31 March 2019	**3,200**	**73,456**	**1,475**	**556**	**19,211**	**-**	**11,221**	**686**	**109,805**
Depreciation at 1 April 2018	-	-	-	-	10,518	-	5,865	507	**16,890**
Provided during the year (see note 4.2)	-	1,729	85	-	1,604	-	1,102	67	**4,587**
Transfer to revaluation reserve	-	(1,729)	(85)	-	-	-	-	-	**(1,814)**
Disposals	-	-	-	-	(702)	-	(711)	(249)	**(1,662)**
Depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**11,420**	**-**	**6,256**	**325**	**18,001**
Net book value									
- Purchased at 31 March 2019	3,200	68,918	1,475	556	6,950	-	4,932	339	**86,370**
- Donated at 31 March 2019	-	4,538	-	-	841	-	33	22	**5,434**
Net book value at 31 March 2019	**3,200**	**73,456**	**1,475**	**556**	**7,791**	**-**	**4,965**	**361**	**91,804**

At 31 March 2018, of the Net Book Value £3,200,000 related to land valued at open market value and £78,406,000 related to buildings valued at open market value and £1,670,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2019. This desktop valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a decrease in value of £9,785,000.00.

10. Investments

	Group	
	2019/20	2018/19
	£000	£000
Carrying value at 1 April 2019	**1,665**	1,905
Acquisitions in year - other	**203**	84
Movement in fair value of investments	**(199)**	63
Disposals	**(255)**	(387)
Carrying value at 31 March 2020	**1,414**	1,665

Investments held are wholly attributable to the Harrogate and District NHS Foundation Trust Charitable Fund (registered charity number 1050008), for further information please see the charity's Annual Report and Accounts.

11. Subsidiary Undertaking - Harrogate Healthcare Facilities Management Ltd.

	Foundation Trust	
	2019/20	2018/19
	£000	£000
Non-current assets		
Shares in Subsidiary	**1,000**	1,000
Loan to Subsidiary	**400**	600
	1,400	1,600
Current assets		
Loan to Subsidiary	**200**	200
	1,600	1,800

The shares in the subsidiary company Harrogate Healthcare Facilities Management Ltd comprises a 100% holding of the share capital.

The principal activity of Harrogate Healthcare Facilities Management Ltd is to provide estate management and facilities services.

12. Inventories

12.1 Analysis of inventories

	Group		Foundation Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£000	£000	**£000**	£000
Drugs	**740**	660	**740**	660
Consumables	**1,700**	1,826	**1,585**	1,701
Total	**2,440**	2,486	**2,325**	2,361

12.2 Inventories recognised in expenses

	Foundation Trust & Group	
	2019/20	2018/19
	£000	£000
Drug Inventories recognised as an expense in the year	**15,737**	16,112
Total	**15,737**	16,112

13. Trade and other receivables

13.1 Trade and other receivables are made up of:

	Group	
	2019/20	2018/19
Current	**£000**	£000
Contract receivables (IFRS 15): invoiced	**20,476**	13,617
Contract receivables (IFRS 15): not yet invoiced / non-invoiced	**9,898**	15,243
PDC Dividend receivable (Department of Health)	**159**	485
Deposits and advances	**17**	-
Provision for the impairment of contract receivables (see note 13.2)	**(474)**	(474)
Interest receivable	**4**	4
Prepayments	**1,833**	1,093
VAT receivables	**1,327**	1,334
Other receivables	**571**	614
Total	**33,811**	31,916

	Foundation Trust	
	2019/20	2018/19
Current	**£000**	£000
Contract receivables (IFRS 15): invoiced	**20,409**	13,564
Contract receivables (IFRS 15): not yet invoiced / non-invoiced	**9,874**	15,665
PDC Dividend receivable (Department of Health)	**159**	485
Provision for the impairment of contract receivables (see note 13.2)	**(474)**	(474)
Interest receivable	**4**	4
Prepayments	**1,597**	1,033
VAT receivables	**1,392**	1,585
Other receivables	**628**	571
Total	**33,589**	32,433

	Foundation Trust & Group	
	2019/20	2018/19
	£000	£000
Non-Current		
Other receivables	**313**	358
VAT receivables	**857**	1,168
Provision for the impairment of receivables (see note 13.2)	**(68)**	(78)
Total	**1,102**	1,448

The majority of the NHS foundation trust's trade is with Commissioners for NHS patient care services which are funded by the Government to buy NHS patient care services therefore no credit scoring for them is considered necessary.

13. Trade and other receivables (continued)

13.2 Allowances for credit losses (doubtful debts)	Foundation Trust & Group 2019/20 £000	2018/19 £000
Allowance for credit losses at 1 April 2019	**552**	577
New allowances arising	**91**	75
Utilisation of allowances (where receivable is written off)	**(101)**	(100)
Balance at 31 March 2020	**542**	552

NHS Injury Benefit Scheme income is subject to a provision for impairment of 21.79% (2019: 21.89%) to reflect expected rates of collection. Other debts are assessed by management considering age of debt and the probability of collection.

14. Cash and cash equivalents

	Group		Foundation Trust	
	2019/20 £000	2018/19 £000	**2019/20 £000**	2018/19 £000
Balance at 1 April 2019	**2,912**	5,441	**1,460**	4,995
Net change in year	**764**	(2,529)	**1,481**	(3,535)
Balance at 31 March 2020	**3,676**	2,912	**2,941**	1,460
Made up of:				
Cash with Government Banking Service	**3,118**	1,725	**2,919**	1,438
Cash at commercial banks and in hand	**488**	1,169	**22**	22
Other current investments	**70**	18	**-**	-
Cash and cash equivalents	**3,676**	2,912	**2,941**	1,460

15. Trade and other payables

	Group		Foundation Trust	
Current	**2019/20 £000**	2018/19 £000	**2019/20 £000**	2018/19 £000
Receipts in advance	**29**	38	**29**	38
Trade payables	**8,452**	9,805	**7,918**	10,987
Other trade payables - capital	**1,506**	851	**1,190**	603
Social Security costs	**1,950**	1,872	**1,871**	1,801
Other tax payable	**1,635**	1,634	**1,584**	1,583
Other payables	**2,496**	2,112	**2,378**	1,931
Accruals	**763**	1,671	**176**	473
Total	**16,831**	17,983	**15,146**	17,416

16. Provisions

16.1 Provisions current and non current

	Foundation Trust & Group Current		Foundation Trust & Group Non current	
	2019/20	2018/19	**2019/20**	2018/19
	£000	£000	**£000**	£000
Pensions relating to the early retirement of staff pre 1995	**38**	40	**51**	70
Legal claims	**49**	53	**-**	-
Pensions - Injury benefits	**21**	20	**44**	62
	108	113	**95**	132

16.2 Provisions by category

	Pensions relating to the early retirement of staff pre 1995	Legal claims	Pensions - Injury benefits	**Foundation Trust & Group Total**
	£000	£000	£000	**£000**
At 1 April 2019	110	53	82	**245**
Arising during the year	20	62	2	**84**
Utilised during the year	(37)	(10)	(20)	**(67)**
No longer required	(6)	(56)	-	**(62)**
Unwinding of discount	2	-	1	**3**
At 31 March 2020	**89**	**49**	**65**	**203**

16.3 Expected timing of cashflows by category:

	Pensions relating to the early retirement of staff pre 1995	Legal claims	Pensions - Injury benefits	**Foundation Trust & Group Total**
	£000	£000	£000	**£000**
Within one year	38	49	21	**108**
Between one and five years	36	-	44	**80**
After five years	15	-	-	**15**
	89	49	65	**203**

£113,880,000 is included in the provisions of NHS Resolution (formerly the NHS Litigation Authority) at 31 March 2020 in respect of clinical negligence liabilities of the NHS foundation trust (31 March 2019 - £93,816,000). Please see note 1.15.

17. Other liabilities

	Foundation Trust & Group	
	2019/20	2018/19
Current	**£000**	£000
Deferred income	**1,839**	1,845
Total	**1,839**	1,845

18. Borrowings

	Foundation Trust & Group	
	2019/20	2018/19
Current	**£000**	£000
Capital loans from DHSC (formerly ITFF)*	**2,183**	2,188
Revenue support / working capital loans from DHSC**	**4,897**	-
Total	**7,080**	2,188
Non-Current		
Capital loans from DHSC (formerly ITFF)*	**15,101**	17,226
Total	**15,101**	17,226

*During 2012/13, the Trust signed a 10 year loan agreement for £3.4m from the Independent Trust Financing Facility (ITFF) to fund the provision of additional theatre capacity, the loan was drawn down in full during the financial year. During 2013/14, the Trust signed an additional 10 year loan for £1.5m from the ITFF to fund the replacement of an MRI Scanner. The loan was drawn down in full during the financial year. During 2014/15 the NHS foundation trust did not undertake any additional borrowing. During 2015/16 the Trust signed a 25 year loan agreement from the Department of Health for £7.5m to fund a Carbon Efficiency capital scheme and a 10 year loan agreement from the Department of Health for £1.5m to fund the purchase of a Mobile MRI Scanner, both of these loans were drawn down in full during the financial year. The NHS foundation trust did not undertake any additional borrowing during 2016/17. During 2017/18, the Trust signed two loan agreements (both with 10 year terms). Replacement of automatic endoscope reprocessors for £3.8m and a modular build endoscopy suite for £6.9m.

**During 2019/20 the NHS foundation trust borrowed £4.9m as a working capital loan from DHSC (see note 27).

The interest rates on the NHS foundation trust's loans are:-

Additional theatre capacity loan £3.4m is fixed at 0.93% per annum (10 year term).
Replacement MRI loan £1.5m is fixed at 1.75% per annum (10 year term).
Carbon efficiency capital scheme loan £7.5m is fixed at 2.5% per annum (25 year term).
Mobile MRI Scanner loan £1.5m is fixed at 0.90% per annum (10 year term).
Replacement of Automated Endoscope Reprocessors scheme loan £3.8m is fixed at 0.76% per annum (10 year term).
Modular Build Endoscopy Suite loan £6.9m is fixed at 0.56% per annum (10 year term).
Working capital loan £4.9m is fixed at 1.5% per annum (3 year term - see note 27).

Interest accrued is paid every six months see finance expense note 7.

There have been no defaults or breaches in relation to the DHSC (formerly ITFF) loans.

19. Finance lease obligations

The NHS foundation trust does not have any finance leases obligations either as a lessee or lessor.

20. Losses and special payments

	Foundation Trust & Group			
	2019/20 Total number of cases	**2019/20 Total value of cases**	2018/19 Total number of cases	2018/19 Total value of cases
		£000		£000
Losses:				
Bad debts private patients	**37**	**7**	19	3
Bad debts overseas visitors	**7**	**6**	3	1
Bad debts other	**377**	**7**	354	8
Total losses	**421**	**20**	376	12
Special payments:				
Ex gratia payment loss of personal effects	**12**	**4**	17	5
Compensation under court order or legally binding arbitration award	**1**	**-**	**-**	**-**
Ex gratia payment personal injury with advice	**3**	**22**	4	14
Ex gratia payment other	**1**	**1**	-	-
Total special payments	**17**	**27**	21	19
Total losses and special payments	**438**	**47**	397	31

21. Third Party Assets

The NHS foundation trust held £1,073 cash at bank and in hand at 31 March 2020 which related to monies held by the NHS foundation trust on behalf of patients (31 March 2019: £95).

22. Contractual Capital Commitments

Commitments under capital expenditure contracts at 31 March 2020 were £2,911,000 (31 March 2019: £1,079,000).

23. Related Party Transactions

23.1 Transactions with key management personnel

IAS 24 requires disclosure of transactions with key management personnel during the year. Key management personnel is defined in IAS 24 as "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity". The Trust has deemed that its key management personnel are the board members (voting and non-voting directors and non-executive directors) of the NHS foundation trust.

However the DH GAM states the requirement in IAS 24 to disclose the compensation paid to management, expenses allowances and similar items paid in the ordinary course of an entity's operations will be satisfied with the disclosures in the Remuneration Report. There were no transactions with board members or parties related to them other than those from the ordinary course the NHS foundation trust's operations.

23.2 Transactions with other related parties

The Department of Health and Social Care is the parent department of Harrogate and District NHS Foundation Trust, paragraph 25 of IAS 24 allows entities which are related parties because they are under the same government control to reduce the volume of detailed disclosures.

The DH GAM interprets this as requiring the disclosure of the main entities within the public sector with which the NHS foundation trust has had dealings, but no information needs to be given about these transactions. These entities are listed below:-

County Durham Unitary Authority
Darlington Borough Council
Middlesbrough Council
Sunderland City Metropolitan Borough Council
Gateshead Council
North Yorkshire County Council
Stockton-on-Tees Borough Council
HMRC
Leeds Teaching Hospitals NHS Trust
NHS Airedale, Wharfdale And Craven CCG
NHS England
NHS Hambleton, Richmondshire And Whitby CCG
NHS Harrogate And Rural District CCG
NHS Leeds CCG
Department of Health (PDC dividend only)
Health Education England
NHS Resolution
NHS Pension Scheme
NHS Property Services
NHS Scarborough And Ryedale CCG
NHS Vale Of York CCG
Tees, Esk And Wear Valleys NHS Foundation Trust
York Hospitals NHS Foundation Trust

24. Financial instruments.

	Group		Foundation Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£000	£000	**£000**	£000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**34,111**	31,277	**33,627**	30,499
Investments	**-**	-	**1,000**	1,000
Consolidated NHS Charitable fund financial assets	**1,699**	1,993	**-**	-
	35,810	33,270	**34,627**	31,499
Financial liabilities				
Loans and payables	**32,987**	31,865	**31,465**	33,408

Management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair value.

The majority of the NHS foundation trust's income is from NHS Commissioners of patient care services which are funded by the Government to purchase NHS patient care therefore NHS foundation trusts are 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 listed companies. The NHS foundation trust 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 NHS foundation trust in undertaking its activities.

25. Charitable funds reserve.

Unrestricted income funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the donor has made known their non binding wishes or where the Corporate Trustee, at its discretion, has created a fund for a specific purpose**.**

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

The charity has one permanent endowment fund. The income of the Elsie Sykes Endowment Fund can be used for medical equipment or medical research (excluding transplant or vivisection work).

	Group	
	2019/20	2018/19
	£000	£000
Unrestricted income funds	**151**	262
Restricted funds	**59**	51
Endowment fund	**1,438**	1,612
	1,648	1,925

26. Ultimate parent.

As an entity operating in the National Health Service in England, the ultimate parent holding is considered as the Department of Health and Social Care.

27. Events after the reporting period.

On 2 April 2020, the Department of Health and Social Care (DHSC), NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the 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 £4.9m (interim loan principal and interest accrued) as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months (see note 18).