Honesty Equality Accountability Respect Teamwork

Putting **patients** at the **HEART** of everything we do

NHS

London North West University Healthcare

NHS Trust

ANNUAL REPORT

2019/20

The information in this report is available in large print by calling 020 8869 3552.

If you would like a summary of this Annual Report in your own language please call 020 8869 3552 and state clearly in English the language you need and we will arrange an interpreter to speak to you.

Haddii aad jeclaan lahayd warka ku qoran warbixintaan gacan qabsiga loogu talogalay oo kooban oo luqaddaada ku qoran, fadlan soo wac 020 8869 3552 ka dibna si cad Ingiriis, ugu tilmaan, luqadda aad u baahan tahay waxaan markaas kuu diyaarin doonnaa turjumaan kula hadla.

இந்த ஆண்டறிக்கையில் இடம்பெற்றுள்ள விவரங்களின் தொகுப்பு உங்கள் மொழியில் உங்களுக்குத் தேவைப்படுமானால், தயவுசெய்து 020 8869 3552 என்ற எண்ணை தொடர்பு கொண்டு, ஆங்கிலத்தில், தெளிவாக உங்களுக்குத் தேவைப்படும் மொழியை குறிப்பிட்டால், உங்களுடன் பேசுவதற்கு நாங்கள் ஒரு மொழிபெயர்ப்பாளரை ஏற்பாடு செய்வோம்.

આ વાર્ષિક અહેવાલમાં સમાવિષ્ટ માહિતીનો સારાંશ જો તમને તમારી ભાષામાં જોઈતો હોય તો, કૃપા કરીને 020 8869 3552 પર કોલ કરો અને તમારે જે ભાષાની જરૂર હોય તે સ્પષ્ટ રૂપે અંગ્રેજીમાં જણાવો અને તમારી જોડે વાત કરવા અમે દુભાષિયાની વ્યવસ્થા કરી આપીશું.

إذا كنت ترغب في الحصول على ملخص للمعلومات التي وردت في هذا التقرير السنوي بلغتك، اتصل على رقم 020 8869 3552 واذكر بوضوح، باللغة الإنجليزية، اللغة التي تحتاجها، وسوف نقوم بتوفير مترجم ليتحدث إليك.

چنانچه تمایل دارید که خلاصه اطلاعات موجود در این گزارش سالانه را به زبان خود داشته باشید، لطفا با شماره تلفن 020 8869 3552 تماس حاصل نمود و بطور واضح و با زبان انگلیسی، زبان مورد نیاز خود را اعلام فرمائید. بر این اساس ما ترتیب حضور یک مترجم همزمان را بمنظور صحبت با شما خواهیم داد.

It should be noted that throughout the document there are links to the websites of external organisations and information outside London North West University Healthcare NHS Trust. These are added to provide further background for readers who want to access it. This information should not be interpreted as having been read by our auditors.

London North West University Healthcare NHS Trust

Annual Report 2019/20

Contents

Performance report

The performance report includes an overview of our organisation highlighting its purpose, progress during the year and key risks to achieving strategic objectives.

Overview

A word from our Chief Executive and Chair

The annual report provides an opportunity to highlight the progress that the Trust has made during the past year and to reflect on the challenges that we face.

With the emergence of COVID-19 in early 2020, the Trust was faced with an unprecedented challenge. Our teams adapted quickly to ensure that our services could cope with the expected surge in patient numbers. By March we were heading into the peak with our staff working around the clock in what can only be described as a heroic response to the virus. At the same time many of our services, including maternity and stroke, continued to provide care to patients with non-COVID-19 conditions, while outpatient appointments were conducted via phone and video call.

Following our latest Care Quality Commission (CQC) inspection, the Trust continues to be rated Requires Improvement overall. Inspectors recognised a wide range of improvements across our services. Our Emergency Departments at Northwick Park and Ealing Hospitals performed particularly well, receiving 'Good' ratings for providing safe, caring, and well-led care.

Inspectors also improved the Trust's ratings for its surgical and maternity services, citing a positive safety culture in surgery and the compassion and kindness of staff in maternity.

Overall, the CQC found that there had been a notable improvement to the Trust's culture across its sites, leading to more cohesive working and improvements to operational performance.

The report also highlighted the need to refresh our clinical strategy now that the Shaping a Healthier Future programme has come to an end and work on this is currently underway.

While there are still improvements for us to make, the report is a positive and encouraging step forward for the organisation.

Our development of leading-edge services continued during the year. St Mark's Hospital saw significant growth across its specialist clinical services for patients with inflammatory bowel

disease and cancer. A significant milestone was reached with the hospital completing 80 complex cancer procedures. St Mark's is now one of the largest centres for complex cancer in the world.

The West London Vascular and Interventional Centre was officially opened. The centre is the first in the UK to offer fully integrated care to patients by bringing vascular surgeons and interventional radiologists together under one roof. As has been previously reported, the centre's development was supported by a £1.5m donation from London North West Healthcare Charity.

The refurbishment of the Caryl Thomas Centre sexual health clinic in Harrow was completed. The work is part of a wider programme of improvements across the London boroughs of Brent, Ealing, Harrow and Hillingdon who have commissioned the Trust and its partners to create a unified sexual health service called 'One.'

The Trust also hosted a new community-based service for non-pregnant women with Female Genital Mutilation (FGM). The Hibiscus Clinic based in the Wembley Centre for Health, will provide a holistic approach treating both the physical and psychological trauma associated with FGM.

Technology is playing an increasingly important role in the delivery of modern healthcare services. The e-Portering app, developed by technology firm Infinity Health and implemented by our Digital Services and Emergency Department teams, won the Driving Efficiency Through Technology category at the prestigious Health Service Journal Awards. The app co-ordinates more than 100,000 transfer requests a year and provides hospital porters with real time information about patients.

Our organisation was one of six NHS trusts in north west London to form a new network to improve imaging services including X-ray, MRI, and CT scans. The collaboration will enable clinicians across the network to share images and report on them rapidly leading to better care for conditions including cancer and stroke.

Clinical staff at Central Middlesex Hospital celebrated the completion of their 250th procedure using robotic surgery for knee replacements. The hospital is recognised as a leading exponent of robotic surgery in Europe and will become a training centre for visiting surgeons.

Our transformation programme, designed to improve the Trust's operating efficiency, continued to make good progress. An open day, hosted by the transformation team, provided an opportunity to share learning. The day was attended by staff, patients, representatives from local Clinical Commissioning Groups, Healthwatch and the CQC.

During the year we celebrated the 40th anniversaries of both Ealing Hospital and the Brent Sickle Cell and Thalassaemia Centre. The Ambulatory Care and Diagnostic Centre at Central Middlesex Hospital also celebrated its 20th anniversary.

Our annual Open Day at Ealing Hospital enabled visitors to talk with staff on stands, meet non-executive directors and tour key services including radiology, pharmacy, Meadow House Hospice, and the Emergency Department.

The progress we have made during the year would not have been possible without the commitment of our staff who are the lifeblood of the organisation. The contribution of our healthcare staff and support workers was celebrated at the annual Staff Excellence Awards. We also acknowledge the dedication of the hundreds of volunteers who work across our sites serving the community and supporting our services.

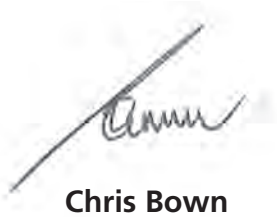
Our financial position remains challenging. The Trust ended the financial year with a reported deficit of £107.5m which includes an adjustment of £14.1m relating to the revaluation of the Trust's estate. Through a combination of cost improvements and transformation initiatives, the Trust reported a small favourable variance against our revised deficit. We are working closely with the North West London Health and Care Partnership and other partners on system wide recovery and transformation - planning for the delivery of sustainable health services for the local population.

Our Summary Hospital-level Mortality Indicator, for the period January to December 2019, showed a lower than expected mortality rate reflecting the Trust's commitment to patient safety and quality care.

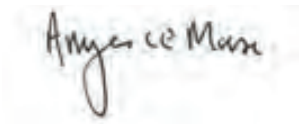
A&E continues to be a key area of focus with the Trust recording 348,669 arrivals during the year, the fifth highest number in the country.

As we approached the end of the financial year there were some notable changes to the Board. Dame Jacqueline Docherty, Chief Executive, retired after leading the Trust for five years and dedicating over 50 years of service to the NHS. Our Chairman, Peter Worthington, also stepped down from his role after six years.

We would like to thank Jacqueline and Peter for their work in strengthening the organisation and improving patient services.



Chris Bown
Chief Executive



Sir Amyas Morse
Chair

Who we are

This section provides an overview of who we are and what we do. It summarises the services that we provide; our vision, values, goals and strategic objectives in 2019/20.

London North West University Healthcare NHS Trust provides hospital and community services to a population of over one million people in Brent, Ealing, Harrow and beyond.

Our team of over 8,000 clinical and support staff serve a diverse population of approximately one million people. We are a university teaching hospital, in recognition of the important role we play in training clinicians of the future and bringing the benefits of research to the public.

We are proud to be a research active organisation, with more than 5,000 patients participating in ground-breaking research programmes every year.

As well as delivering community services across four London boroughs from multiple sites including community hospitals, hospices and health centres, we run acute hospital services at:

- Northwick Park Hospital: Home to one of the busiest Accident and Emergency departments in the country. The hospital provides a full range of services including one of the few double-A rated stroke services in England.
- St. Mark's Hospital: One of the world's only specialist hospitals for colorectal diseases.
- Ealing Hospital: A busy district general hospital providing a range of clinical services, as well as a 24/7 Emergency Department and Urgent Care Centre.
- Central Middlesex Hospital: Our planned care site, which also offers a range of outpatient services and a Urgent Care Centre.

Our services

Our overriding focus is to ensure that we put patients at the heart of everything we do. We therefore strive for continuous improvement, transformation and personalised care in the services that we provide.

During 2019/20, the Trust provided:

- Emergency department and urgent care.
- Admitted patient care for planned and emergency treatment.
- Critical care.
- Non-admitted patient care.
- Maternity services.
- Community services.

A proportion of Trust income in 2019/20 was conditional on ensuring that reasonable endeavours were made to achieve quality improvement and innovation goals.

The goals were agreed between the Trust and north west London Clinical Commissioning Groups through the Commissioning for Quality and Innovation payment framework.

Our vision

- To provide excellent clinical care in the right setting.

Our values

Our vision is driven by our HEART values, which were developed with our staff.

- **Honesty** - we are open and honest in everything we do.
- **Equality** - we value all people equally and treat them fairly, while recognising their individuality.
- **Accountability** - we will provide excellent care and ensure the safety and wellbeing of all patients.
- **Respect** - we treat everybody the way we would like to be treated.
- **Teamwork** - we work together to make improvements, delivering consistent high quality, safe care.

Our goals

Our goals were developed by the Board at the start of 2019. They are ambitious and give us all a common purpose in the work we do. They are underpinned by our objectives - projects or workstreams that will help us achieve our goals now, and in the future.

- Provide excellent care quality and patient experience.
- Work with staff to transform our services.
- Become a sustainable organisation and a trusted partner.

Our strategy

The operational plan for 2019-20 was framed using the three goals.

Our response to COVID-19 has helped to demonstrate the extent to which these goals run through the organisation from Board to ward.

Fifteen strategic objectives were created at the start of the year to help divisions, teams and individual staff members to make our goals become a reality.

Each objective was created by the executive director responsible for its delivery. The objectives and senior responsible officers are shown below. They were approved by the Trust Board in April 2019, together with quarterly milestones we have used to track progress.

Objective	SRO
Goal 1: Excellent care quality and patient experience	
1.1 Improve caller experience	Director of Strategy
1.2 Deliver QIP and improve CQC rating	Chief Nurse
1.3 Delivery Quality Account targets	Chief Nurse
1.4 Reduce vacancies and temporary staffing	Director of Human Resources
1.5 Improve well-led measures	Director of Corporate Affairs
1.6 Achieve access standards	Chief Operating Officer
Goal 2: Engage with staff to develop them and transform services	
2.1 Extend basic CI training & 2.2 Train advanced CI practitioners	Medical Director
2.3 End pyjama paralysis	Chief Nurse
2.4 Complete ward reconfiguration	Chief Operating Officer
2.5 Deliver organisational development & engagement plan	Director of Human Resources
Goal 3: A sustainable organisation that plays a positive and externally facing role	
3.1 Update clinical strategy	Director of Strategy
3.2 Align services to Integrated Care	Chief Operating Officer
3.3 Complete capital projects	Director of Estates and Facilities
3.4 Agree Financial Recovery Plan & 3.5 Agree system recovery plan	Chief Financial Officer
3.6 Embed service line reporting and patient level information and costing systems	Chief Financial Officer

Progress during the year

This section describes the progress we made during the first three quarters and early part of the fourth quarter of 2019/20, immediately prior to the start of the COVID-19 outbreak. The Trust was at the forefront of the response to this unprecedented public health challenge with our catchment area including three of the London Boroughs that experienced the first wave of infections.

Good progress was made against all the organisational goals. The Integrated Medicine Division successfully completed the complex reconfiguration of acute wards at Northwick Park Hospital ahead of schedule (objective 2.4).

Recruitment and retention

Substantial investment in our recruitment processes has started to deliver results, with marked reductions in the time taken to bring new staff into the organisation and a significant reduction in temporary staff expenditure.

Our focus on staff retention has targeted those employees who have been with the Trust for between one to two years. Ambitions for sector-level co-operation on workforce issues are expected to build on the step change in collaboration that has been seen in response to COVID-19.

Internal governance

Improvements were made to internal governance arrangements in response to the recommendations of the 2019 well-led and 2018 Deloitte developmental governance reviews (objective 1.5). A review of the Board Assurance Framework was refreshed an aligned to the Trust's new strategic objectives and a Board development programme was started with external advisors from the Good Governance Institute.

Transformation

The transformation programme, now into its third year, continued to develop and was on target to equip 1,600 staff with continuous improvement skills through its extensive training efforts (objectives 2.1 and 2.2). The first cohort of continuous improvement fellows graduated while two additional cohorts commenced their training. These fellowships included self-initiated improvement projects within the fellows' areas bringing substantial benefits to staff and patients, for example improving ambulance handovers and reducing cancer outpatient waiting times.

National access targets

Achieving national access targets (objective 1.6) was not met through a combination of challenges faced by health and social care partners across north west London (NWL). Despite these, we were able to maintain existing performance levels.

Maintaining performance

Looking across the objectives the overall picture is one in which, thanks to the collective efforts of our staff, the Trust was able to maintain performance. This should be seen in the context of the wider challenges that emerged over the course of 2019/20, prior to the COVID-19 pandemic:

- Aggregate financial pressures across community, acute and specialised services, commissioners and providers in NWL.
- Winter pressures requiring unplanned capacity to be maintained for Q1 and Q2 to ensure patient access and safety

- Failure to achieve system-wide Quality, Innovation, Productivity and Prevention targets and emergency flow demand management assumptions in the 2019/20 sector plan.
- Transfer of activity and financial risks to providers, a consequence of the requirement to adopt a collective NWL approach to operational planning for 2019/20.

The Trust objectives helped focus energies around changes that undoubtedly strengthened the organisation and helped to achieve the goals set at the beginning of the year. Unfortunately, these have only managed to offset the impacts of demand growth and other external pressures.

The progress made during 2019/20 has made the Trust more resilient, as seen by our staff response to COVID-19 including the introduction of new care pathways and same day emergency care.

Key issues and risks

Some risks and issues to achieving our goals and objectives emerged before the COVID-19 pandemic. The most significant are described below.

Increase in demand for care

Unplanned growth in demand, especially for emergency care but also in referrals for planned care, was the largest single factor that stopped the Trust meeting access standards. This is a north west London (NWL) sector wide challenge and we are committed to finding a solution by working collaboratively with the integrated care partnerships in Brent, Ealing and Harrow.

Financial deficit

The size and complexity of the financial deficit across the sector requires stringent controls on costs, reducing the scope to invest in the changes required to achieve sustainable transformation. Moving to system control totals and long-term plans has helped providers and commissioners across NWL to scale up their response.

Access to capital

Lack of access to capital is the third significant challenge that we faced. The announcement that a Hillingdon Hospital rebuild is a priority in the national Hospital Improvement Programme, will bring much needed investment into the acute estate and facilities in outer NWL. Close collaboration on the Hillingdon project will be used to strengthen the case for investments across our Trust sites to support a better model of care for patients and services in this part of north west London.

COVID-19

The COVID-19 pandemic will fundamentally change priorities at LNWH and across the wider health sector.

We will need to address the urgent and planned waiting lists that have built up while, at the same time, increasing our resilience to future pandemics.

New ways of working are needed. To make us more flexible, enable social distancing and reduce transmission through world class infection prevention and control. All partners in NWL have committed to system level co-ordination to prioritise and treat patients, and to ensure we use our sites, services and staff in the most effective way possible.

Targeted effort is required to address the impact of COVID-19 on vulnerable groups. Helping to shield them and simultaneously continuing to provide access to the services that they need. This includes measures to shield staff at higher risk from infection, including BAME colleagues and those in organisations that support our services.

We face the prospect of a prolonged period of having to work under highly emotionally demanding conditions and must redouble efforts to address well-being.

In conclusion, we see COVID-19 not as a risk to our goals, but as an opportunity to refocus objectives in 2020/21. To support the recovery of the NHS and to transform what we do profoundly for the benefit of patients.

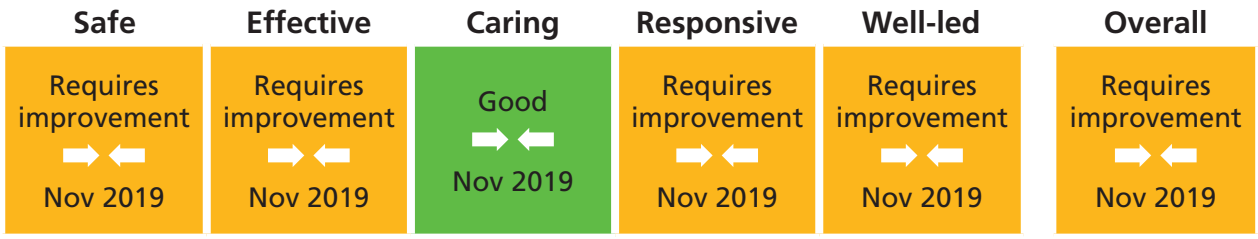
Quality and improvement

Our 2019 CQC inspection

In July 2019, the Care Quality Commission (CQC) visited three of the Trust sites and seven core services across those sites. The sites and services visited were as follows:

- Urgent and emergency care, surgery and maternity at Northwick Park Hospital.
- Medical care, surgery and children and young people services at Central Middlesex Hospital.
- Urgent and emergency care at Ealing Hospital.

The report following the inspection was published in November 2019; our Trust received an overall rating of Requires Improvement. This rating had not changed from the previous inspection in 2018.



Requirement notices

The CQC issued two Requirement Notices generating fourteen actions in total. Of these, thirteen actions have been completed with the one remaining action in progress.

The Trust also took the opportunity to make trust-wide improvements from notices aimed at particular sites:

- Regulation 15: premises and equipment Regulation 15(1) (a) All premises and equipment used by the service provider must be clean.
- Regulation 17- HSCA (RA) Regulations 2014 Good Governance Regulation 17:
  - Good Governance Regulation 17(1) Systems or processes must be established and operated effectively to ensure compliance.
  - Regulation 17(2)(b) assess, monitor and mitigate the risks relating to the health, safety and welfare of service users and others who may be at risk which arise from the carrying on of the regulated activity.

Forty-nine areas for improvement were identified where the Trust should make improvements. These included improving mandatory training rates for staff, ensuring ward spaces are dementia friendly, improving waiting times for take home drug prescriptions to reduce delayed discharges. Action plans were developed for both the requirement notices and the areas for

improvement. After the publication of the CQC report in November 2019, the Trust held a Quality Summit to reflect on the findings of this report. With the help of staff and patients a Quality Improvement Plan was developed using the themes and pledges from the summit.

Areas of good practice

The CQC identified several areas of good practice. For the 'Caring' domain, the Trust was rated 'Good'. In addition, Central Middlesex Hospital was rated 'Good' for surgery. Staff were noted as treating patients with compassion while patients and carers consistently referred to the kindness of staff. The CQC found evidence of cross-site working, enthusiasm to improve and active participation in research during their visit.

Inspectors noted evidence of regular visits by the executive team and board members to wards and other areas. Two 'Freedom to Speak Up' Guardians were in post across the acute sites and community settings; they described feeling supported in their work. An improvement in staff morale was noted by the inspectors.

Implementation of action plan

To provide the Trust with assurance on the implementation of actions within the CQC plan, an independent review was commissioned to identify whether the Trust had sufficient and appropriate controls in place. The review was completed in February 2020.

Following the review, recommendations were made to strengthen the current action plan and monitoring processes. By implementing the recommendations, assurance is provided to the Board of a strengthened governance process for monitoring progress against the CQC action plan.

Quality assurance visits have been undertaken within services where areas of good practice have been identified alongside areas for improvement.

A CQC working group is being established to provide direction and dedicated support to the Divisions within the Trust.

The Trust will continue to act upon the recommendations and make improvements to meet the CQC standards during 2020-2021.

Our transformation programme

The transformation programme forms a vital part of the Trust's approach to improving the quality of our services and care.

It aims to bring about a change in our culture to one of continuous quality improvement, and to put the real experiences of staff and patients at the heart of these changes.

The Medical Director and Deputy Chief Executive for Transformation provides leadership at an executive level, with executive directors and clinical leads driving improvements in all key areas.

The programme values the skills, experience and commitment of frontline staff, and promotes the need for them to own improvement within their daily roles. The team work closely with individual services to identify opportunities for change, develop new models and support implementation.

The programme is formed around five themes:

- Innovation and improvement: Developing leadership and a culture of continuous improvement through training and support, the goal being to empower services to make improvements locally where they are needed.
- Safe and sound: Ensuring and improving patient safety and experience.
- Change for patients: Improving clinical outcomes and ensuring our care is as effective as possible.
- Connected care: Improving integration, developing a seamless outpatient experience and digital transformation.
- Fit for the future: Ensuring sustainability and safeguarding our Trust for the future.

The programme has delivered some notable successes, these are outlined below.

Improvement training

The Trust has a well-established fellowship programme for staff interested in becoming improvement champions.

Each fellow plans and enacts their own improvement project, undertaking a series of training days which provide them with the skills and experience needed to make the project a success.

63 members of staff have graduated as improvement fellows. Graduates have presented their work throughout our sites and at governance forums as part of the Trust's Improvement Fringe. Winning projects during 2019/20 were:

- Embedding a culture of learning when responding to patient falls.
- Improvement of ambulance clinical handover and patient safety at 'pit-stop' at Northwick Park Hospital emergency department.
- Improved pathway for people with diabetes who are elderly frail, end of life and dementia.
- Bringing live music into the care environment to improve patient wellbeing and outcomes

In addition to the fellowship programme, the Trust has provided formal training in improvement methodology and measurement techniques to over one thousand employees during 2019/20. This provides staff with the skills and confidence to identify and undertake improvements in their local areas.

Speciality review and Getting it Right First Time programme

Specialty reviews are clinically led programmes which support clinical teams in developing their local vision. This includes developing detailed strategic insights to provide supporting analysis, testing proposed models to check their sustainability, and examining local workforce transformation plans.

During the year reviews were completed with every speciality and phase two is now being designed. Meanwhile we continue to embed the use of benchmarking and comparative data from multiple sources, including the national Getting it Right First Time (GIRFT) programme, ensuring that we learn from the best in the NHS.

Trust wide transformation programmes

The Trust has launched three clinical transformation programmes and one corporate programme focused on improving quality of care, patient experience and financial value in those areas where the greatest opportunity exists.

The outpatient transformation programme brings together improvement themes across the patient journey from referral to discharge. The programme has considered the following:

- Improvement ideas put forward by our outpatient/access centre teams.
- The latest findings of the CQC inspection of outpatients.
- Cross-cutting outpatients' themes from benchmarking including GIRFT
- The north west London system outpatient plan.
- NHS Improvement recommendations for improving outpatients.
- The north west London digital strategy.

The outpatient transformation programme, while upholding quality, experience and the financial agendas, will reduce demand, unnecessary activity, streamline pathways and, where possible, digitise the service where possible.

Text reminders and digital letters for patients booked to attend outpatients were introduced over the summer and autumn of 2019, allowing patients to accept, decline or rearrange their appointments. Since this initiative launched there has been a reduction in the percentage of patients who do not attend (DNA) their appointments. A further benefit was that the number of patients discharged from the outpatient waiting list as no longer requiring an appointment improved, thus freeing up capacity.

Nationally, operating theatre time costs the NHS £20 per minute. This, along with growing waiting lists, makes it essential that we use our theatre resource wisely. The theatres improvement programme concentrates on:

- Providing high quality surgical care.
- Maximising patient experience.
- Increasing effectiveness, efficiency and support cost improvement.

Significant opportunities exist to improve efficiency of theatres in the following areas:

- Improving the scheduling of operating lists to ensure that theatre time is efficiently used. This means that operating sessions need to be fully planned well in advance, with patients fully assessed and prepared for their operation. Early results already show a significant improvement in this area.
- Reducing cancellations on the day of surgery, by the hospital and by patients. Good scheduling contributes significantly to a reduction in the number of patients who do not attend for, or decline, their surgery, and in the need for last minute rearrangement of plans by the hospital.
- Specific focus on:
    1. Endoscopy unit scheduling.
    2. Vascular surgery optimising utilisation of theatre time, including starting operations on time.
    3. Day surgery - meeting or exceeding the nationally recommended benchmarks for performing surgery without the need for an overnight stay.

Improving patient flow

The flow programme aims to address the increasing demand on inpatient hospital beds. It does this by increasing same day emergency care, optimising the length of stay in hospital beds and working with partners to ensure timely transfer of patients to an appropriate setting after their hospital stay.

Nationally, in 2018/19, hospital admissions saw an increase of 3% on the previous year and 21% on 2008/09. In the same year emergency department attendances, saw an increase of 4% on the previous year and 21% on 2009/10 (ref - NHS Digital, Sept 19).

Our Trust is no exception, with emergency, planned inpatient and emergency department attendances all showing an increase in 2019/20 as compared with the previous two years. The anticipated benefits of the flow programme will be an increase in the proportion of emergency patients whose care is provided without an overnight stay, and a reduction the duration of stay for those who do stay. The result will be a reduction in pressure on inpatient beds and an improvement in the quality and experience for patients.

Projects that underpin the flow programme are:

- Increasing same day emergency care at the Northwick Park Hospital and Ealing Hospital.
- Strengthening the model of care for patients in the first 48 hours, ensuring that all care that can be provided within this window is provided.
- Rolling out the "Productive Ward" programme which aims to free clinical staff from non-care related activities such as stock control.
- Pyjama paralysis programme – getting patients out of bed in their own clothes as evidence shows this improves patient outcomes.
- Learning from the GIRFT review of flow which benchmarks the Trust against others in performance against the measures described above.

Improving corporate productivity

The aim of the corporate productivity programme is to deliver streamlined corporate services and excellent support services at lower cost.

This will enable those using these services to focus on delivering great care and ensuring financial sustainability.

Underpinning the corporate productivity programme are projects which improve:

- Recruitment and human resources administrative functions.
- Temporary staffing processes.
- Electronic rostering.
- Occupational health services.
- Learning and organisational development functions.
- Procurement processes.
- Security processes.
- Finance department processes.
- Use of the estate.
- Patient transport services.
- Information technology engineering team processes.

Future ambitions

The transformation programme has a key role to play in seizing the creativity and commitment of our staff and giving them the tools to convert this into real improvement for patients. We are proudly ambitious for the future of our Trust and will constantly adapt and improve our work to achieve the best quality of care and service.

Quality and patient experience initiatives

During 2019/2020 there has been a focus on quality, safety and experience of both patients and staff across the Trust.

Our three agreed quality priorities for the year, as set out in our Quality Account for 2018/19, were designed to support a culture of honesty and transparency leading to enhanced understanding and accountability within the Trust.

- Priority 1: Safe for our patients, safe for our staff.
- Priority 2: Leading from the heart and enabling people to be the best they can be.
- Priority 3: Delivering change for excellent patient experience.

Safe for our patients, safe for our staff

Our focus on safety, allowed us to build on work initiated during the previous year around medications management, including medications security and administration standards. In addition, we prioritised the detection and management of deterioration in adult patients, sepsis and fundamental aspects of care such as nutrition and hydration, pressure ulcers and acute kidney injury, all of which have evidenced progress towards improvement.

A great deal of energy has been applied to implementing, evaluating and adjusting monitoring mechanisms, with input from clinical stakeholders, to ensure ward to Board visibility of performance against quality indicators. As part of this work dashboards have been developed to facilitate transparency and improvement processes with the development of a template action plan to track improvements for all clinical areas.

There have been several achievements within maternity care. Patient safety was prioritised with a focus on reducing perinatal mortality. This was introduced successfully with the implementation of the 'saving babies lives' initiative. Enhanced focus on leadership provided us with learning opportunities within our governance structure, optimising incident reporting, risk management and shared organisational learning, in addition to improving patient and staff experience.

Leading from the heart and enabling people to be the best they can be

Developing a sustainable workforce that is fit for purpose, focused on ensuring staff were appropriately trained and supported in their role. This enabled the Trust to improve organisational culture and experience, a key area for improvement during 2019-2020.

Organisationally, improvements were achieved in mandatory training compliance including the successful implementation of the safer nursing care tool, facilitating improvements in rostering and safe care provision within clinical areas.

A key priority for our leadership was an enhanced commitment to building a patient focused safety culture. Developing a culture where staff feel safe and supported to report concerns, has improved compliance, shared organisational learning and moral.

Delivering excellent patient experience

Enhancing the patient voice and influence over their experience of care and outcomes was the driver for improving communication within our outpatient service. As a result, improvements in the scheduling and communication of appointments and in providing access to specialist care have been introduced.

Delivering change for excellent patient experience, focused on enhancing the patient journey. This work was wide ranging and included facilitating a safe and effective discharge process and reducing inequalities around access for people with complex needs.

A draft strategy and plan of action were developed to support our commitment to improving patient involvement across the trust. This was achieved by utilising the self-assessment approach, outlined within the NHSI patient experience improvement framework, with the inclusion of key stakeholders including non-statutory providers.

As a direct result of this work there was an increased focus on improving the involvement of patients in decisions about their healthcare. The aim of this to promote independence, improve communication and reduce length of stay in hospital.

To support this work, we have used patient stories to provide feedback to the Board and clinical teams. In addition, a patient participation directory is being developed and an outreach program is being designed to improve engagement with people with complex needs.

Financial summary

The Trust's financial position for the 2019/20 financial year is significantly different from 2018/19. In the 2018/19 financial year, the Trust signed up to the control total and delivered its financial plan. In the 2019/20 financial year, the Trust did not sign up to the control total and did not deliver its financial plan. From 2018/19 to 2019/20, the reported retained deficit increased from £20.998m to £94.439m – a deterioration of £73.441m. There are three main drivers for this movement: an asset sale in 2018/19 which improved the position; no receipt of transformation funding in 2019/20 compared to 2018/19; and increased asset impairment in 2019/20, but the underlying financial position of the Trust also deteriorated in the financial year.

The Trust delivered a retained deficit* of £94.4m for the financial year 2019/20. The Trust's original planned control total deficit for 2019/20, set at the beginning of the financial year was £81.7m. In agreement with NHSE/I, this was amended in the last quarter of the year to reflect a revision to the forecast outturn and other technical adjustments. The revised control total deficit is £94.5m. Therefore, the Trust reported a small favourable variance (£0.057m) against the revised control total deficit.

From 2009/10 onwards, NHS Trusts have been required to account and report financial information in accordance with International Financial Reporting Standards (IFRS). This requires Trusts to revalue their assets periodically and the impact of this was a charge for impairment and reversal of impairment of £14.1m in 2019/20. An adjustment to account for 2018/19 Provider Sustainability Funding (PSF) received in 2019/20 of £1.01m and income associated with donated assets of £0.04m was also reflected in the retained deficit for the year.

These three adjustments have been applied to the retained deficit of £94.5m giving a reported £107.5m income and expenditure account deficit in the Trust's Annual Financial Statements.

The table below shows the financial performance of the Trust over the last two years:

Summary of results	Period ended 31 March 2020 2019/20 £000s	Period ended 31 March 2019 2018/19 £000s
Income	703,256	729,022
Expenditure	(800,062)	(766,137)
Operating surplus/(deficit)	(96,806)	(37,115)
Net finance costs including dividends payable	(11,197)	(11,446)
Other gains	498	17,641
Surplus/(deficit) for the year	(107,505)	(30,920)
Donated / government grant reserve, donated asset income and impairments	13,066	9,922
Adjusted (deficit) re statutory break even duty	**(94,439)**	**(20,998)**

*Retained deficit - The surplus/(deficit) is the year end position of the trust calculated when income and expenditure are added together. Where income exceeds expenditure there is a surplus. A deficit arises where expenditure exceeds income. The retained surplus/(deficit) for the current financial year is added to the cumulative position from previous years.

Our deficit in the current year was achieved after delivering £20.3m of financial efficiencies through a combination of cost improvements and transformation initiatives. This represented 2.5% of total operating expenditure in 2019/20.

Provider Sustainability Funding (PSF) and Sustainability Transformation Funding (STF) was not received by the Trust in 2019/20 (with the exception of £1.01m received in relation to 2018/19). In 2018/19 the Trust received £38.6m PSF.

The Trust has not met its cumulative statutory break-even duty target. The Trust is working towards achieving this statutory duty through efficiency savings and improvements in financial performance via the Trust's recovery and transformation programmes. The Trust is working closely with the North West London Health and Care Partnership and other partners on system wide recovery and transformation - planning for the delivery of sustainable health services for the local population.

Income

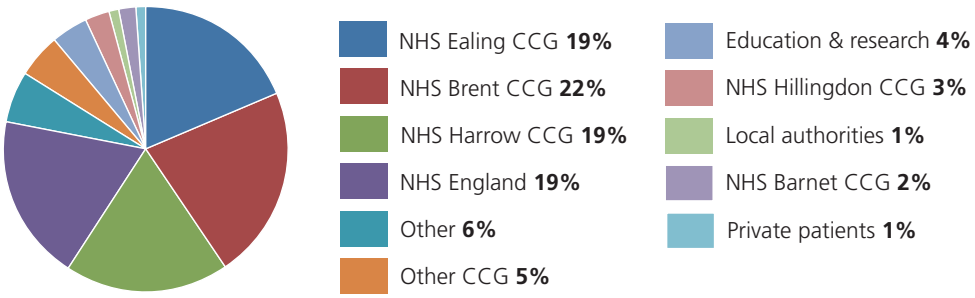
The Trust's income was £703.3m in 2019/20 compared to £729.0m in 2018/19. The main reason for the decrease, as noted above, is in 2019/20, the Trust was not awarded Sustainability Funding in the year. In addition, Ealing Community Services were transferred out of the Trust from July 2019.

The chart below shows that 59% of the Trust's income is derived from three main commissioners - Ealing CCG (19%), Brent CCG (22%) and Harrow CCG (19%). The Trust also provides services to Hillingdon and Barnet patients, who account for 4% of our income.

NHS England accounts for 19% of the Trust's income and this largely relates to specialist patient healthcare. Research and education make up 4% of our income. The category of 'Other' income decreased from 11% to 6% since last year, as a result of the Trust not being granted PSF in 2019/20.

The Trust derives only a small level of income from private patient activity, at less than 1% of total income.

Share



Expenditure

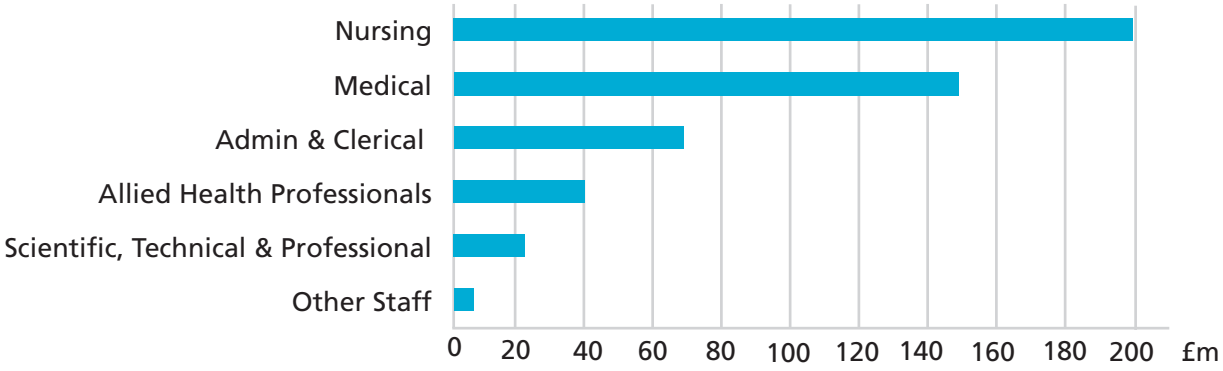
The Trust's total operating expenditure for the year was £800m compared to £766.1m in 2018/19.

Pay Expenditure

The Trust spent £484m on pay in the year, of which 72% was spent directly on medical and nursing staff.

The chart below shows the total pay expenditure across all staff groups.

How much we spend on our staff - £484m:

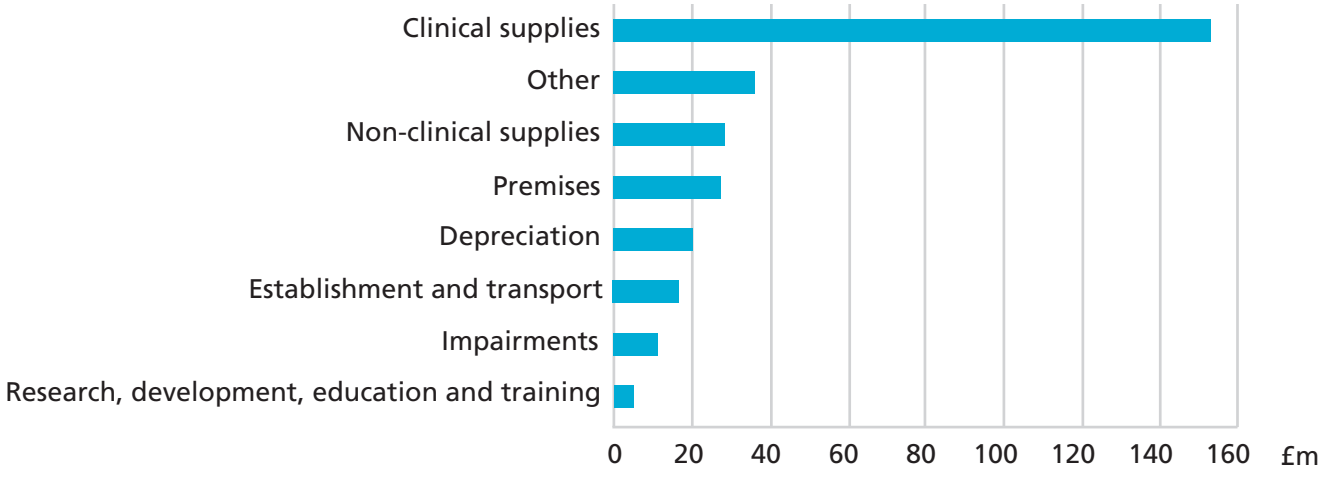


Non-pay expenditure

Non-pay expenditure was £297.8m, the make-up of which is illustrated by the chart below. The largest category of non-pay expenditure was on clinical supplies which support direct patient care on our wards and within our services.

Impairments in the year were £14.1m as a result of the revaluation of the Trust's estate assets based on an alternative site valuation methodology. This is excluded from the Trust's deficit reported against the Trust's break-even duty.

Non pay expenditure 2019/20 - £297.8m:



Capital investment 2019/20

The Trust invested £30.3m in its capital asset base in 2019/20. This investment has helped us to continue with our programme to improve facilities and equipment for patient care and address some of the key operational risks at the Trust. Also, the Trust spent approximately £1.7m on urgent clinical and IT equipment to meet the challenges of the covid-19 pandemic.

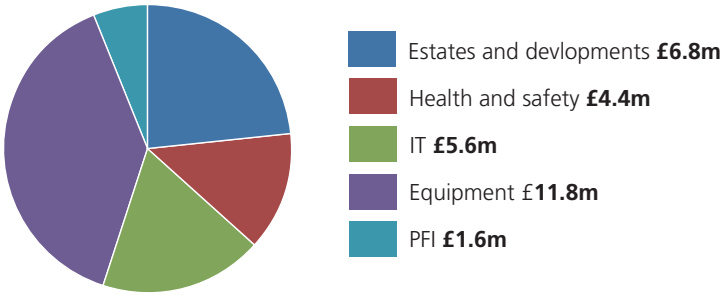
The capital programme was financed by £19.4m of internally generated funds, £5.4m Public Dividend Capital (PDC), £4.9m DHSC capital loans and £0.6m in assets funded by the London North West Healthcare Charity.

The Trust maintained capital expenditure within the Capital Resource Limit (CRL) agreed with NHS England and Improvement for the year.

The chart below shows how our capital was spent and comprised of the following larger schemes:

- Estate works including ward re-configurations and lighting improvements.
- Health and safety works across the Trust sites, comprising fire safety, electrical infrastructure and water quality projects.
- Investment in the Trust's IT and digital infrastructure to improve connectivity within Trust sites and also facilitate remote working.
- Medical equipment including diagnostic equipment such as X-ray rooms, ultrasound machines, mobile X-ray units, theatre equipment, and endoscopes.
- Investment in capital life cycle required in the PFI buildings.

Capital investment 2019/20 £30.3m



The announcement by the Secretary of State for the Department of Health and Social Care (DHSC) concerning the conclusion of the Shaping a Healthier Future (SaHF) programme and focusing on the NHS Long Term Plan is informing the strategic direction of our capital investment programme for the next five years. The programme will support our clinical and digital strategies to enable transformation and to improve quality and the patient experience in our hospitals and community sites.

Cash and Liquidity

In 2019/20 the Trust received uncommitted revenue loans from DHSC of £92.7m and repaid DHSC uncommitted revenue loans on their maturity totalling £17.8m. The net increase of £74.9m in uncommitted loans borrowing from DHSC enabled the Trust to finance its revenue deficit for the year.

During 2019/20 the Trust received £4.9m in capital loans from DHSC for investment in IT and Radiology facilities and repaid £1.7m in respect of repayment instalments for capital loans taken out in previous years.

The Trust received Provider Sustainability Funding (PSF) of £1.01m relating to performance in the previous year, this amount is excluded from the Trust's adjusted deficit.

The Trust's cash balance at the end of the year was £3.7m and the Trust met its financial duty to manage its overall cash requirement within the External Financing Limit (EFL) set by DHSC and also met its financial duty to contain capital expenditure within the DHSC's Capital Resource Limit (CRL).

The Better Payment Practice Code (BPPC) requires the Trust to aim to pay 95% of undisputed invoices by the due date or within 30 days of the receipt of goods and services or a valid invoice, whichever is later. The Trust paid 92.6% by value of its Non-NHS suppliers within 30 days compared to 91% last year.

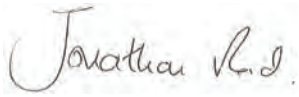
The table below shows the Trust's BPPC performance.

Better payment practice code performance

	2019/20 £000	2018/19 £000	2019/20 number	2018/19 number
Non-NHS payables				
Total non-NHS trade invoices paid in the year	446,001	394,390	142,766	131,266
Total non-NHS trade invoices paid within target	412,797	358,765	115,338	104,840
Percentage of non-NHS trade invoices paid within target	**92.6%**	**91%**	**80.8%**	**79.9%**
NHS payables				
Total NHS trade invoices paid in the year	18,638	13,534	3,514	3,057
Total NHS trade invoices paid within target	17,830	12,342	2,975	2,448
Percentage of NHS trade invoices paid within target	**95.7%**	**91.2%**	**84.7%**	**80.1%**

Going concern

As in previous financial years, the Trust's financial statements have been prepared on the going concern basis – working on the assumption that the Trust will continue the provision of key services in the future, and will continue to have adequate resources to do so. This is in accordance with guidance shared by the Department of Health and Social Care and reflects the availability of cash and capital to support the ongoing requirements of the Trust. The Trust has also considered the key drivers of financial sustainability, including the current financial framework in place, and anticipates having adequate resources to support its operations for the foreseeable future. There are no material uninsured contingent liabilities which could impact on this assumption.



Jonathan Reid
Chief Financial Officer
June 2020

Our staff

Our staff are the Trust's greatest asset and we have continued to invest to improve their working lives and to listen to what matters most to them. At the end of 2019/20 we employed 8,316 staff (7,775 whole time equivalents) from a range of professional groups and support staff.

Equality and diversity

The diversity of our staff continues to reflect the communities we serve, with 64 per cent of our workforce coming from Black, Asian and Minority Ethnic (BAME) backgrounds.

We have a diverse mix of staff from over 100 countries worldwide and our ethnic diversity indicates the richness of the talent across the Trust. Our active BAME and Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) staff networks offer a forum where staff can network, offer each other support, and contribute valuable insight into relevant issues and campaigns.

Our BAME leadership development programme has been a success with several staff being supported to gain promotion into more senior roles by offering dedicated input to help increase resilience and confidence and exposing staff to career enhancing opportunities.

We continued to deliver our pledge to be a flexible employer and offer a range of options for our staff to balance their personal and work lives.

A concerted drive to fill vacancies and retain existing staff means that our vacancy rate has remained stable throughout the year. The Trust was commended by NHS Improvement for the work undertaken to reduce the turnover rate of our nursing staff.

Three quarters of the Trust's workforce are female with 36% in the upper quartile of employee pay. The gender pay gap report, published on the Trust's website, provides detailed information about our gender pay gap and the actions we are taking to reduce it.

Equality, diversity and inclusion (EDI) is at the heart of Trust activities and informs staff behaviours and values. As a key priority for organisational business, the Trust monitors and reports annually on equality diversity and inclusion nationally via the WRES, WDS and the Gender Pay Gap.

Internal oversight is via the EDI steering group which reports to the Trust Workforce and Equality Committee sub-committee of the Trust Board. The Trust also reports on progress on EDI through a range of reports including the annual workforce report published on the Trust website.

Workforce Race Equality Standards (WRES): The trust employs 62% of staff from a BAME background. This is more than the London average of 44.9%. The Trust also has a higher number of BAME staff in AfC bands 1-7 in clinical and non-clinical roles when compared with the wider NHS. Within AfC bands 9 – very senior manager roles, there are no BAME staff (clinical workforce excluding medical doctors). BAME employees are more likely to be

shortlisted for posts (at 1.21) and more likely to go through formal disciplinary processes. However, over the last year this likelihood has reduced as initiatives implemented by the Trust begin to impact. More BAME staff experience bullying harassment and abuse and believe that the Trust does not provide equal opportunities for career progression. The Trust has implemented an action plan through the WRES to address these issues.

Workforce Disability Standard (WDES): In 2019, the Trust commenced reporting on the experience of employees with disability. Our data indicates that only 2% of staff working in the organisation report their disability. This information is gathered at the point of recruitment. Overall, our data indicates that staff with disability have a poorer experience of the workplace when compared with staff without a disability.

Gender Pay Gap: Due to the COVID-19 pandemic, the Government suspended Gender Pay Gap reporting for 2019.

Freedom to Speak Up initiative

The role of Freedom to Speak Up Guardians is to protect patient safety and quality of care, improve the experience of staff and promote learning and improvement. The aim is to foster a positive culture of speaking up and address any barriers that prevent this. The Guardians provide regular quarterly reports to the Trust Board which summarises their work to date and provides details of the number of contacts made and concerns raised in the reporting period. They continue to embed the role into the organisation to support healthcare workers and provide help and advice.

Guardian of Safe Working Hours

The role of the Guardian of Safe Working Hours is to ensure that rotas and working conditions are safe for doctors and patients. The Guardian oversees the work schedule review process and addresses any concerns about hours worked and access to training opportunities. The role reports to the Trust Board and quarterly reports are submitted to the relevant Board committee on issues and themes.

Issues are raised via the exception reporting system, where trainee doctors can raise concerns and record hours of work carried out over and above that which are contracted. Breaches can result in fines for the Trust, which are then invested in making improvements for junior doctors in the workplace.

Junior doctors can comment on and influence these improvements through the Trust's monthly junior doctor forums.

The Trust's success in delivering high quality and compassionate patient care continues to be attributed to the dedication of our staff. In turn, we are committed to ensuring our workforce is well supported and personal development and wellbeing is a major focus for us. The Trust is unique in having a full-time equivalent Guardian of Safe Working Hours role.

Improving staff health and wellbeing

Improving staff wellbeing has been a priority and many initiatives have been introduced to support this objective. This is reflected by staff sickness levels which remained below the national target of four per cent.

An Employee Assistance Programme provides a 24-hour telephone support line for counselling, face to face counselling and advice on subjects including financial, legal, childcare, alcohol and drugs.

An online health portal is also available to staff and their families, providing advice and webinars on health and wellbeing. Quarterly reports are received, and a programme of promotional activities has been carried out through the year.

The Trust also:

- Held a series of health promotion activities which were well attended and supported by local organisations such as gyms to provide advice on the benefits of exercise and discounts for staff.
- Teamed up with on-site contract suppliers, such as Medirest, to promote healthy eating options.
- Offered cholesterol, blood pressure and BMI checks with health advice.
- Provided free eyesight testing on site for staff.
- Participated in the Virgin Global Challenge with over 100 teams across the Trust signed up.

Staff survey 2019

Our annual NHS Staff Survey continues to be important mechanism for engaging with our workforce, and for receiving valuable feedback to improve the workplace and ultimately the care of our patients. This year the survey questionnaire covered six key themes relating to the working environment and staff experience of the workplace:

- Your job.
- Your managers.
- Your health.
- Wellbeing and safety.
- Your personal development.
- Your organisation.

Results in 2019 showed historical improvements in our performance demonstrating that changes the Trust has been making are improving the working lives of our staff. However, we know that there is still much to do to ensure that we build on incremental achievements.

Our response rate and engagement levels

This year 3,671 staff responded to the survey. This represents a response rate of 45% which is above the NHS average of 41%. Survey response rates (or participation rates) are themselves often a measure of staff engagement however does not always tell the full story. Overall staff survey response rates in the NHS have increased since 2015 with the best performing organisations reporting response rates of 76% and the worst 27% in 2019. Average response rates for combined and acute and community Trusts in 2019 was 50%. Although Trust staff survey responses peaked in 2017 (when it was our highest) this is showing an upward turn in 2019. At a divisional level all but three divisions reported responses rates above the Trust rate.

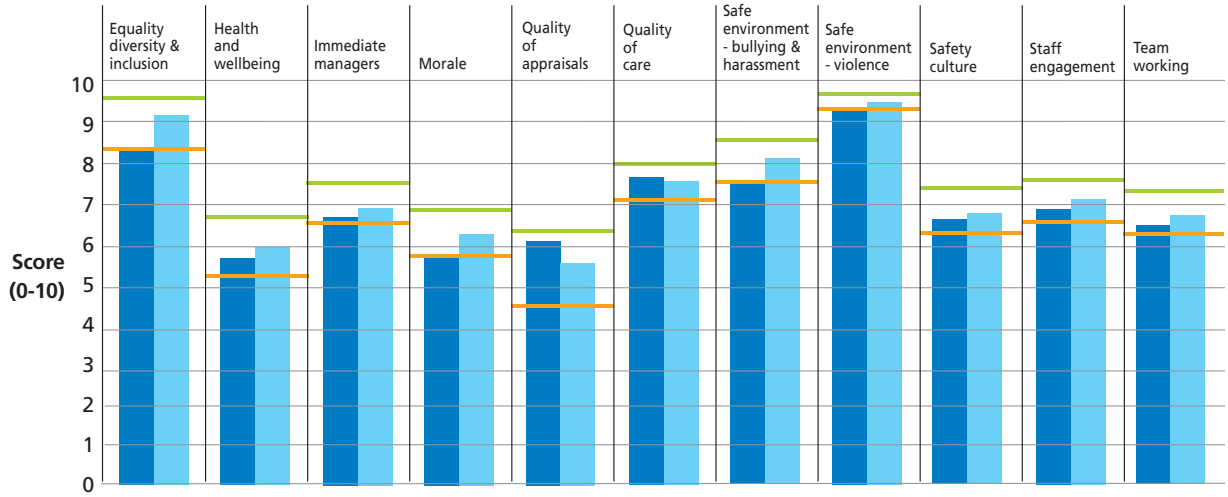
The survey outcomes also provide information on overall staff engagement score, (the 'Employee Engagement Index' score). The score is the product of the combined responses to nine questions relating to three specific domains, namely 'advocacy', 'involvement' and 'motivation'. Over the last two years responses to the 2018 and 2019 survey provided for a Trust engagement score of 6.9 (out of a maximum score of 10). When compared with benchmarked organisations the average engagement scores fell from 7.0-7.1.

Staff Friends and Family questions

The percentage of staff recommending the Trust as a place for treatment was below average at 59% (compared to the benchmarking group average of 72.6% and national NHS average of 71.4%). Equally the percentage of staff recommending the Trust as a place to work is 54% (compared to the benchmarking group average of 64.7% and national NHS average of 63.3%). While this is disappointing, we are using this important feedback to better understand on issues and stimulate valuable conversations and actions for service improvement.

Our performance

Overall, the Trust has demonstrated incremental improvements in our staff survey performance. This year the Trust ranked 10th in the staff survey performance league tables of combined acute community Trusts and 17 out of 21 organisations in historical performance. There are opportunities for continued improvements as the chart below illustrates. This provides a snapshot of our scores across question themes compared with other benchmarked organisations.



	Equality diversity & inclusion	Health and wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - bullying & harassment	Safe environment - violence	Safety culture	Staff engagement	Team working
Best	9.6	6.7	7.5	6.8	6.3	8.0	8.6	9.7	7.4	7.6	7.3
Your org	8.3	5.6	6.6	5.7	6.0	7.6	7.5	9.4	6.6	6.9	6.4
Average	9.2	6.0	6.9	6.2	5.5	7.5	8.2	9.5	6.8	7.1	6.7
Worst	8.3	5.2	6.5	5.7	4.4	7.1	7.5	9.3	6.2	6.5	6.2
Responses	**3,522**	**3,568**	**3,572**	**3,431**	**2,781**	**3,343**	**3,499**	**3,508**	**3,507**	**3,639**	**3,593**

Quality of our appraisals

We continue to perform above average when it comes to staff experience of appraisals. Since 2015 we have had year on year positive feedback from staff on this theme. This year 33% of staff responding to the survey said that appraisals definitely helped improve how they did their job (average trusts 23%) and 45% said that the values were definitely discussed (average trusts 33%).

We believe this sustained improvement has supported increased recruitment and retention. More work is required to increase the number of respondents who say they are having appraisals as we are below the national average of 88%. We anticipate this will improve with the introduction of incremental pay progression linking appraisal compliance with incremental pay from April 2020.

Resources

The results also indicate that when compared with 2018, more staff are saying that there are enough resources in the organisation for them to do their job properly (32%). A historical breakdown by professional group shows a sharp rise between 2018 and 2019 among nursing and healthcare assistants (44.4%) who 'agree; or 'strongly agree' with this question compared with 40.9% in 2015 and a 13% increase between 2018 and 2019 (chart 2). Between 2018 and 2019 there was an increase in positive responses to this question for all professional groups (aside from allied health professionals) including medical doctors, nurses and midwives.

Bullying and Harassment

Disappointingly our survey questions relating to perceived bullying and harassment continue to be of concern, with 17.2% of respondents reporting that they have experienced harassment, bullying or abuse from their manager on at least one occasion (12.3% national average and 11.6% benchmarked Trusts), and 24.3% suggesting they have suffered similar treatment by colleagues (19% national average and 18.5% benchmarked trusts).

The Trust continues to invest in robustly tackling inappropriate behaviours inconsistent with our values. This includes launch of our Bullying Advisor Service, in-house medication service, access to Freedom to Speak Up Guardians and ongoing roll out of our HEART values programmes integrating a bullying and harassment action plan. This will be strengthened by the launch in September 2020 of our behaviour led programme of leadership conferences. Divisions have focused on this area in their local action plans.

Responses are equally discouraging in respect to questions about bullying and abuse from patients and the public with 44% of respondents saying they have experienced bullying and abuse (average Trusts 28%). This is a 2% increase when compared with the previous survey. Preliminary analysis by site and area indicates that hotspot areas of incidents relate to patients with dementia and mental health.

To minimise these behaviours, we have introduced deterrent statements and build on preventative initiatives such as practical training to support staff.

HEART values

The Trust asks staff questions on its HEART values and behaviours. In 2019, these questions were revised slightly to reflect maturing and embedding of the values. Staff response to the survey this year reveals that staff perceptions about behaviours and our values are positive and have remained largely unchanged. What is encouraging is that 78% of staff say that the values have made a difference to their colleagues, patients and workplace.

We are building on this is positive and continue to grow the Trust HEART Ambassadors roles in embedding the values particularly raising awareness of the importance of positive behaviours in the workplace on patient care.

	2017	2018	2019
Staff say they sometimes, often or always demonstrate or put Heart values into practice in your day to day work	N/A	N/A	97%
Staff say the HEART values made a difference to you/ your colleagues and patients/workplace?	N/A	N/A	78%*
Staff say their managers demonstrate the values at work?	86%	86%	86%*
Staff say their colleagues demonstrate the values at work?	93%	94%	93%*

*new questions

Next steps

This year we have focused on highlighting the importance of a meaningful cascade of the survey results across all services and to our staff. We believe this will help improve future survey responses and better engage staff. We have held site-based survey feedback events hosted by members of the executive team and developed divisional action plans to celebrate achievements and address concerns at a local level. We will also:

- Launch organisational wide leadership events – with a focus on kindness and compassion.
- Each Board member to champion one of the nine protected equality and diversity characteristics.
- Continue our "conversations for action" initiative to create better engage with our staff and collectively drive service improvement locally.
- Continue to roll our organisational development engagement plan commitments along with the WRES and WDES action plans.

Education and training

The Trust is a major provider of education training and skills development for doctors, nurses and allied health professionals. This remains a strong recruitment and retention attraction, ensuring our staff have the skills to deliver excellent care.

We also enjoy strong partnerships with local schools and universities delivering award-winning programmes such as Project Search which provides work experience opportunities for young interns with learning disabilities many of whom are now our employees.

Our apprenticeship programme has grown and over the last year and our programmes have expanded to include the nurse associate programme. This has enabled the Trust to increase the skills and competencies of employees to work innovatively in transforming services and caring for patients.

Listening to our patients

No one is more qualified to let us know how we are doing than our patients and their carers. It is important to ensure that all those who use our services can provide feedback about their experience, whether good or bad.

There are several ways in which patients and members of the public can do this:

- Engagement forums such as Healthwatch.
- Stakeholder events.
- Friends and Family Test.
- Care Opinion website.
- Social Media.
- Speaking with the PALs team.
- Writing directly to the Trust.

The feedback gathered from these sources helps to shape the service we offer patients and improve the overall experience for anyone attending the Trust.

Our Patient Advice and Liaison Service (PALS) is available for patients, relatives and visitors to the Trust who may need information, advice or wish to make a comment about any aspect of the services we provide.

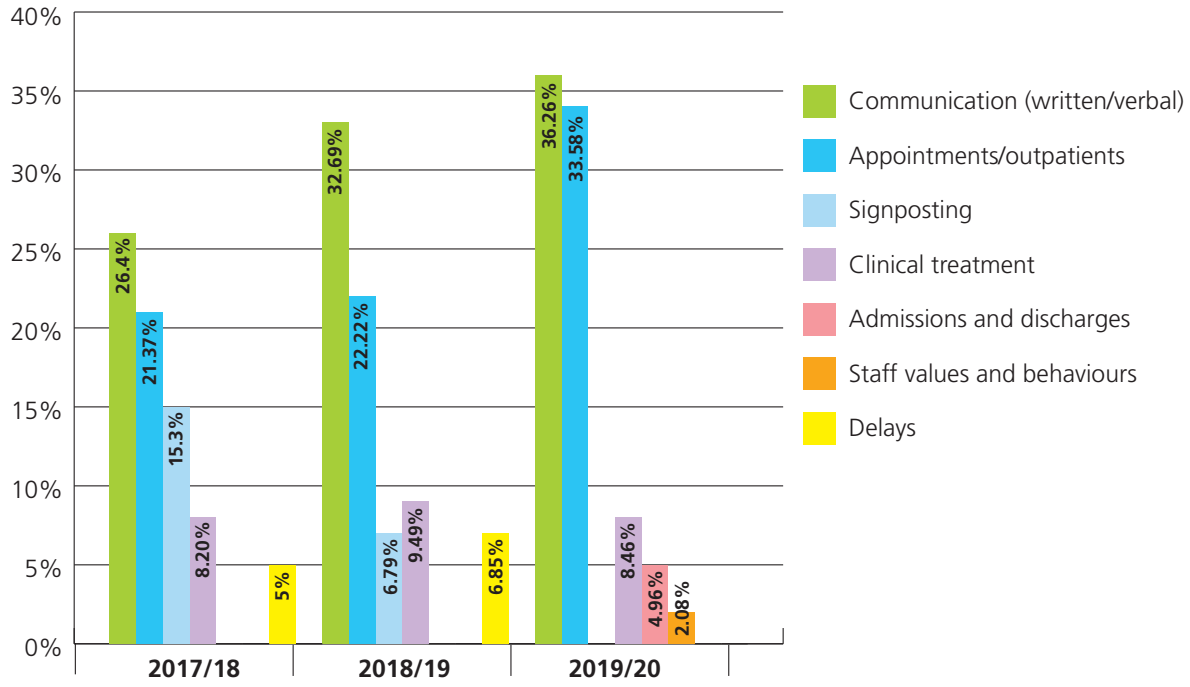
We have members of our PALs team at Northwick Park and Ealing hospital sites and they are available to see people who may want to walk in and speak with them. They are also available over the phone and by email.

The PALs team aim to resolve queries and concerns within 48 hours. This can be done by either initiating direct contact between the enquirer and the department concerned, or where appropriate, relaying information to the enquirer themselves.

If the issues raised are unable to be resolved or if the concerns warrant a more in-depth investigation, then our PALs team may escalate to the Patient Relations team as a formal complaint.

In 2019/20, the PALs team recorded 3,598 enquiries. The table over page outlines the common themes arising from PALs enquiries over the last 3 years. From quarter 2 in 2019/20, we updated the way we record PALS enquiries to the reflect the complaint categories that are reported to NHS Digital.

Common themes arising from PALs enquiries



The way in which we collect this data can now be broken down further. For example, for the appointment/outpatient enquiries, 28.10% of complaints were in relation to appointment cancellations and 26.15% were to do with delays.

For communication, 28.77% of complaints concerned communication with the patient, and 11.83% communicating with relatives and/or carers.

Formal complaints

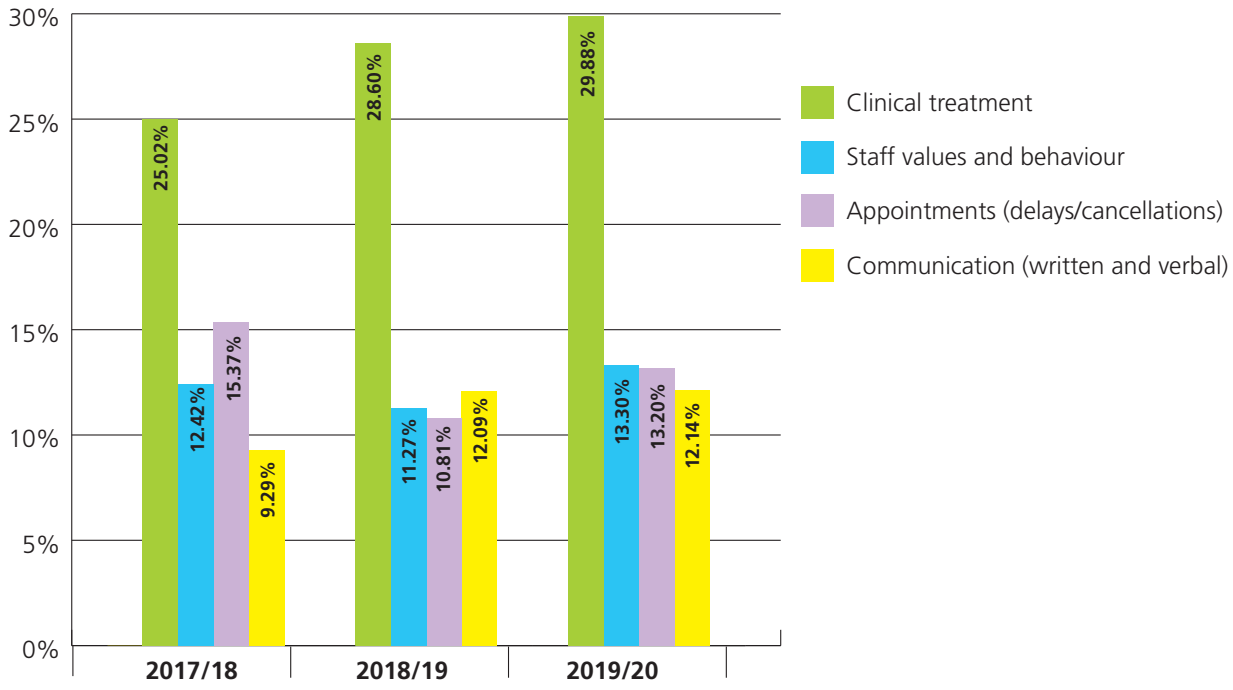
While we always strive to provide the best care that we can, there will always be times when we do get it wrong. We therefore encourage patients, their relatives and loved ones to contact us when this does happen so that we can do our best to put it right.

Our aim is to always try to resolve any concerns or queries as soon as possible, and our Complaints team, along with our colleagues across the Trust, actively try to ensure this happens.

In 2019/20, we received 947 formal complaints, below the 1,091 that we received in the previous year. The reduction in the number of complaints is in part testament to the efforts to resolve issues as they happen. The COVID-19 pandemic that began in mid-March 2020 did also have an impact on the number of formal complaints received during the month, with around 30 less being registered than the monthly average.

We always want to respond to complaints in a timely way, and we provide a date that we aim to reply by in our letters of acknowledgment. During 2019/20 we responded to 69% of complaints in time, which was a 4% improvement on the previous year. Performance in March 2020 was impacted by the COVID-19 pandemic, with this being our lowest performing month of the year.

Most frequent complaint themes by percentage per year:



Parliamentary and Health Service Ombudsman

Following the conclusion of the local resolution process, should a complainant remain unhappy with the outcome of the Trust's investigation, they can refer their complaint to the Parliamentary and Health Service Ombudsman (PHSO) for an independent review.

During 2019/20, the PHSO carried produced 7 final reports. One of these was fully upheld, 5 were partially upheld and one was not upheld.

Compliments

We are always pleased to hear where we have got things right and we ensure that any compliments we receive are shared with the appropriate staff.

A total of 199 compliments were recorded for the year. These were either written directly to the Trust or received on the wards and in our teams and shared with the Patient Relations team.

We also receive feedback through online platforms including Care Opinion, where we again make sure that any kind words about our staff and the care, they have provided are shared with them.

Friends and Family Test

This year 73,470 people gave us feedback using the Friends and Family Test. Of these, 94% said they would recommend our services, which mirrors the total for 2018/19.

98.2% said they were treated with kindness and compassion and with dignity and respect, which is a 1.2% improvement compared with 2018/19. This is a good indication that staff have taken on board and are living the Trust's HEART values.

The table below shows the total number of responses received and recommended rate per service:

	Responses	Recommended
A&E	5,803	90.25%
Outpatient	24,835	94.16%
Inpatient	29,707	95.12%
Maternity	2,864	92.32%
Community	4,256	95.99%

2019/20 has seen us begin work on our Patient Experience Improvement Strategy. We held a successful forum in February 2020 that involved patients and volunteers where key areas of the patient journey were discussed, including outpatient appointments and discharge from an inpatient stay.

From ward to board

Each Trust Board meeting starts with a patient story. This ensures that the patient experience is heard first-hand from the ward to the Board. Consent is first sought from the patient experience team before patients and/or their families are filmed telling us their story.

Patients will often use this as an opportunity to explain how aspects of our care and treatment made them feel and where they feel we could improve our service. Those staff involved in the care of the patient are then invited to present any actions they have taken after hearing the patient story.

Working with patient groups

Whilst we receive a lot of feedback directly from patients and/or their carers, we also work closely with patient groups who are involved with services across the Trust. Among them are:

- Maternity Voices Partnership.
- Ealing Heartlink.
- Inflammatory Bowel Disease (IBD) Patient Panel.
- Inside Out (stoma support) and the Red Lion Group.
- Pulmonary Fibrosis Support Group.

- REAL Group (Rheumatology at Northwick Park Hospital) and the Central Middlesex Rheumatology Group.

We also work very closely with the Healthwatch teams from Brent, Ealing and Harrow. We maintain open lines of communication and meet on a regular basis to discuss feedback, themes and planned service changes. Additionally, we attend Healthwatch forums to represent the Trust and allow our users to raise any queries and provide any necessary updates.

Learning from patient feedback

It is imperative that we learn from the feedback we receive and improve upon the services that we provide to the local community.

Healthwatch regularly visited our services across the Trust to speak with patients. A report from each visit is then provided to the Trust and shared with the relevant services for action to improve the patient experience.

Action plans are generated from formal complaints that are received so that learning can be implemented at individual ward and clinic level or, if appropriate, replicated across other departments.

Where concerns are raised about the performance of an individual, appropriate action is taken by their line manager which could be in the form of refresher training or a period of supervision.

Actions from recommendations made following an independent investigation by the PHSO are also embedded in to practice and discussed at the bi-monthly Patient Experience Executive Committee.

The Trust is committed to hearing the patient voice and using this to shape the services we provide and how care is received. We are reaching out to a variety of patient forums and welcoming feedback of all types to ensure that the patient voice is at the HEART of everything we do.

Signature to the performance report:

Chris Bown
Chief Executive
June 2020

The Accountability Report

Corporate Governance Report

The Directors' Report

1. The Trust Board is accountable, through the chairman, to NHS Improvement and is collectively responsible for the strategic direction and performance of the Trust, and has a general duty, both collectively as a unitary Board, and individually, to act with a view to promoting the success of the organisation. It has overall responsibility for ensuring delivery of safe and effective services in accordance with legislation and the principles of the NHS Constitution.

2. The members of the Trust Board possess a broad range of skills. The executive directors are recruited by the board with a process overseen by the appointments and remuneration committee. The non-executive recruitment is overseen by NHSI who have a specific role in appointing and supporting NHS trust chairs and non-executives. These are public appointments made using powers delegated by the Secretary of State for Health

3. In compliance with the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014, all Trust Board directors have been assessed as being fit and proper persons to be directors of the Trust.

4. The performance of all directors is reviewed in an annual appraisal which forms the basis of their individual development plan: for executive directors, by the chief executive; for non-executive directors and the chief executive by the chairman; and for the chairman, by self-assessment with sign-off by NHS Improvement.

5. During the year there have been a number of changes to board members:

6. Non-Executive Directors:

   Trust Chairman Sir Amyas Morse was appointed on 1st January 2020, replacing Peter Worthington

   Non-Executive Director Andrew Farrell left the Board on 31st July 2019

   Non-Executive Director Neville Manuel joined the Board on 1st June 2019

   Non-Executive Director David Moss joined the Board on 1st August 2019

Executive Directors:

Chief Executive Officer Chris Bown was appointed interim CEO on 30th March 2020, replacing Dame Jacqueline Docherty

Chief Nurse Lisa Knight was appointed on 29th April 2019, replacing Barbara Beal.

Chief Financial Officer Bimal Patel was appointed on 2nd September 2019, replacing Jon Bell on an interim basis.

Chief Financial Officer Simon Crawford was appointed on 2nd March 2020, replacing Bimal Patel on an interim basis.

Chief Operating Officer Arshiya Khan left the Trust on the 31st March 2020 and was replaced by Ellis Pullinger on an interim basis.

Our Board as of 24 June 2020

Chairman

Sir Amyas Morse

Chief Executive Officer

Chris Bown

Non-Executive Directors

Janet Rubin (Vice Chair)

Professor Desmond Johnson

Professor David Taube

Dr Vinetta Bhalla

Andrew van Doorn

Neville Manuel

David Moss

Executive Directors

Simon Crawford, Director of Strategy and Deputy Chief Executive Officer

Dr Martin Kuper, Medical Director and Deputy Chief Executive for Transformation

Lisa Knight, Chief Nurse

Ellis Pullinger, Interim Chief Operating Officer

Jonathan Reid, Chief Financial Officer

Claire Gore, Director of HR and Organisational Development

Mark Trumper, Director of Estates and Facilities

David Searle, Director of Corporate Affairs

Declarations of interest

Trust Board members are required to declare any interests. The register is available on the Trust's website (www.lnwh.nhs.uk).

Personal data related incidents

This is described in more detail in the Annual Governance Statement (see page 45).

Board and Board committee meetings register of attendance

Attendance of Board and Board Committee members at Trust Board meetings and Board Committee meetings for the period 1 April 2019 to 31 March 2020:

Name	Position	Trust Board Meeting	Appointments and Remuneration Committee	Audit Committee	Charitable Funds Management Committee	Finance and Performance Committee	Quality & Safety	Workforce & Equality
		7*	7	7	3	10	9	5
Mr Peter Worthington	Chairman	4/4	4/4		1/2	7/7		
Sir Amyas Morse	Chairman	3/3	2/3			3/3		
Professor David Taube	Non-Executive Director	7	7				6	
Professor Desmond Johnston	Non-Executive Director	2		1				
Mr Andrew Farrell	Non-Executive Director	1/3		3/3			2/2	
Mrs Janet Rubin	Non-Executive Director	6	7			10		5
Dr Vineta Bhalla	Non-Executive Director	7			3	10	8	
Mr Andrew van Doorn	Non-Executive Director	7		7	3			4
Mr David Moss	Non-Executive Director	6/6		5/5			6/6	5
Mr Neville Manuel	Non-Executive Director	5/6		4/5	0	6/8		
Dame Jacqueline Docherty	Chief Executive	6			1	10		
Mr Simon Crawford	Director of Strategy & Deputy Chief Executive	7				10	4	
Dr Martin Kuper	Medical Director	6			1		8	4
Ms Arshiya Khan	Chief Operating Officer	6/7				8/9	7	0
Mr Jon Bell	Chief Financial Officer	2/2			1/1	4/4		
Dr Martin Kuper	Interim Chief Financial Officer	5/6			2/2	5/5		
Mrs Barbara Beal	Interim Chief Nurse						1/1	
Mrs Lisa Knight	Chief Nurse	5					8/8	2
Mr David Searle	Director of Corporate Affairs	7			2			
Ms Claire Gore	Director of HR and Organisational	6				9		4
Mr Mark Trumper	Director of Estates and Facilities	5				7	5	

*A total of 6 Trust Board meetings were scheduled with public agendas. The 7th meeting was an extraordinary Private Board meeting for the purpose of approving the revised financial forecast.

Directors' statement in respect of the annual accounts

The directors have been responsible for preparing this annual report and the associated financial accounts and each director knows of no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and; has taken all the steps that he or she ought to have taken to make himself or herself aware of any such information and to establish that the auditors are aware of it.

Statement of directors' responsibilities in respect of the accounts

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

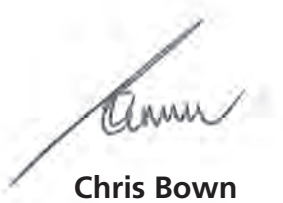
- Apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury.
- Make judgements and estimates which are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors 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 trust's performance, business model and strategy

By order of the Board



Chris Bown
Chief Executive
June 2020

Jonathan Reid
Chief Financial Officer
June 2020

Statement of the chief executive's responsibilities as the accountable officer of the trust

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

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

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

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

Chris Bown
Chief Executive
June 2020

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

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

Capacity to handle risk

Leadership arrangements for risk management are documented in the Risk Management Strategy and Policy, and further supported by the Trust's Strategic Goals objectives and individual job descriptions. As Chief Executive, I have overall responsibility, and delegate to named executive directors and clinical and divisional directors. Risk leadership is further embedded by ownership at a local level by managers taking responsibility for risk identification, assessment and analysis. In addition, the risk management system provides a holistic approach to risk, and terms of reference clearly outline the responsibilities.

All new members of staff are required to attend a mandatory induction that covers key elements of risk management. This is further supplemented by local induction. The organisation provides mandatory and statutory training that all staff are required to attend, and in addition to this, specific training appropriate to individuals' responsibilities as detailed within the Risk Management Strategy and Policy, is also provided. Mandatory and statutory training compliance levels are reported. The Trust seeks to learn from good practice including through the incident reporting procedures, complaints and pro-active risk assessment. This information is shared across the organisation via training, themed learning sessions, revision to guidance and policy, the intranet, newsletters, divisional governance meetings, Trust and directorate reports and team briefing.

At the end of March 2020, the Trust found itself in the vanguard of receiving and treating COVID-19 patients as the pandemic developed towards its later peak. This required the executive team to mount a management, leadership and operational response in order to

ensure capacity to handle the multiple and unique risks posed by such an unprecedented situation. Among these responses was a need to double the critical care beds available for our local community and the formation of an executive "Gold Command" to provide twice daily hands-on leadership and key decision-making to the organisation. This constituted a robust test of the organisation's business continuity preparedness and capacity to handle the inherent risks. As a learning organisation, we will take each opportunity to further develop our plans, such that we can continue to provide care to the highest standards during these unprecedented times.

I am accountable to the Chairman of LNWH for my performance and to NHS Improvement (NHSI) for the performance of the Trust. I lead the Trust's executive team in developing positive relationships with stakeholder partners, including clinical commissioning groups, local authorities, and other partner organisations across Brent, Ealing and Harrow and other north west London boroughs in order to provide high quality patient care within the resources available.

As Chief Executive, I have overall responsibility for ensuring effective risk management arrangements are in place. I have used the Board Assurance Framework (BAF), risk register, internal audit, the Local Counter Fraud Service (LCFS), and external audit to ensure proper arrangements are in place for the discharge of statutory functions, as well as to detect and act upon any irregularities found and to ensure that the Trust is able to discharge its statutory functions in a legally compliant manner.

As Chief Executive, all executive directors' report to me and the executive team is held to account for its performance through regular meetings with me and individual annual performance reviews. Some key aspects of executive portfolios have specific non-executive oversight as indicated in the table below.

Table 1: Accountable roles

Role	Executive lead	Non-executive director lead
Counter Fraud	Chief Financial Officer	Andrew van Doorn
Doctors in Difficulty	Medical Director	Professor David Taube
Emergency Planning	Chief Operating Officer	Dr Vineta Bhalla
End of Life	Medical Director	Professor David Taube
Equality and Diversity	Chief Nurse: Patients Director of Human Resources: Staff	Janet Rubin
Guardian for Safe Working	Medical Director	Dr Vineta Bhalla
Health and Safety	Director of Estates and Facilities	David Moss
Learning from avoidable/ preventable deaths	Medical Director	Professor David Taube
Patient safety	Medical Director and Chief Nurse	Professor David Taube
Safeguarding adults	Chief Nurse	Trust Chairman
Safeguarding children	Chief Nurse	Trust Chairman
Whistleblowing / Freedom to Speak Up	Director of Human Resources	Janet Rubin

The risk and control framework

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

The Risk Management Strategy and Policy is designed and applied using a logical and systematic method of identifying, analysing, evaluating, treating, monitoring, and communicating risks associated with any activity, function or process in a way that will enable the Trust to minimise losses and maximise opportunities. Risk management across LNWH encompasses the culture, processes and structures when realising potential opportunities to reduce the risk of harm to our patients, staff, carers, contractors, visitors, employees and the organisation. LNWH aims to ensure that risk management is integral to the purpose, values and strategic goals of the Trust.

The Risk Management Strategy and Policy is communicated to all employees via the Trust intranet. It is included in the Trust's induction training programme for all new employees, including Board Members, and is also included in all other training programmes, where appropriate. The Quality and Patient Safety Teams deliver risk management training and also include risk management as part of the wider incident reporting and investigating training using DATIX. Quality and Patient Safety collaborate with the Legal and Patient Experience Team, to triangulate information. This provides assurance, enables detection of potential gap in controls or assurance and provides further opportunity to identify risks.

The risk management system is maintained in accordance with the principles and framework contained in the NHS Resolution Safety and Learning Service, the Care Quality Commission's Fundamental Standards and is aligned with the Care Quality Commission's Key Lines of Enquiry (KLOE), including the Well-Led Framework. LNWH continuously self-assesses against KLOE, to enable opportunities to develop and mature the Trust risk appetite.

The Risk and Assurance Committee (RAC) is an executive committee reporting to the Quality and Safety Committee and Trust Board with responsibility for reporting and providing assurance on all aspects of risk management, including the effectiveness of the Risk Management Strategy and Policy to achieve the following:

- Ensure risks and hazards to patients, staff, carers, contractors and visitors are reduced to as low a level as possible creating a safety culture throughout the Trust.
- To ensure a risk management culture is embedded at all levels across the Trust, which contributes towards achieving the aims of a learning organisation.
- In partnership with the Education, Learning and Development Team provide risk awareness-training, for all levels of management within the Trust, and through this training cascade risk awareness to all staff.
- Maintain compliance with statutory and mandatory requirements and with professional regulations.
- Ensure effective management of risks through the application of structured processes, for example, risk assessment, risk mitigation, shared learning.
- To manage risk in partnership with patients, staff, carers, contractors, visitors and other organisations.

- Work in partnership with the NHSR Safety and Learning Service and ensure that Trust policy and guidance is based upon the NHSR Best Practice guidance.
- Ensure a clear escalation pathway dependant on scoring of a risk, which dictates the level of scrutiny a risk is subjected to, from service level governance meetings to the Trust Board.

The Risk and Assurance Committee (RAC) provides executive leadership and scrutiny of risk and quality issues, health and safety, and information governance, and ensures the Trust is meeting its legal and regulatory obligations and associated performance targets. Risks rated at 12 or above, are reported to the RAC, who receive a detailed risk report bi-monthly, in line with the agreed organisational appetite for risk. Each of the Trust's 5 Divisions report into the RAC. The Divisions monitor and scrutinise all risks scored 6 or above, at their monthly Divisional Clinical Governance Boards. All clinical specialities hold clinical governance meetings monthly where they also scrutinise their risks. Speciality leads present at divisional meetings and flag any concerns around progressing actions to mitigate risk. Minutes are held to record actions and discussion relating to associated risk, at the relevant meeting or committee within the Trust's governance reporting structure.

Risks are identified from both internal and external sources which may include but are not limited to:

- A compliance assessment e.g. CQC, NICE, NCEPOD, existing and new national targets, feedback by the NHS Resolution Safer Learning Service.
- An analysis of aggregated data across complaints, claims and incidents identifying trends.
- A complaint.
- A claim, clinical or non-clinical.
- An external assessment, enquiry, national audit findings, CAS alert or report.
- An internal risk assessment, internal audit finding or report.
- An adverse event, including a near miss.
- Clinical audit result.
- Learning derived from the review of patient deaths.
- Local and Divisional risk registers.
- Ongoing performance monitoring and through appraisals.
- Proactive health and safety workstreams e.g. inspections and audit.
- An inquest conclusion.

The COVID-19 pandemic presented a number of emerging risks to the organisation which required a response at executive, management, and operational levels.

At an early stage the organisation assessed the key operational and other risks around infrastructure and staffing e.g. oxygen supply, staffing levels, protection for staff, ITU capacity to enable the Trust to maintain care for the most unwell patients, the requirement to maintain urgent planned and unplanned care pathways e.g. cancer, using new partnerships to support the creation of new approaches to such pathways.

Non-essential meetings were paused to allow maximum resource to be focussed on the demands of the pandemic and risks as they emerged as well as develop risk mitigations such as support for staff, mutual aid to maintain equipment supplies, and new technology to support care and business continuity. In addition, divisions were encouraged to review existing risks to assess the impact if any of the emerging pandemic and reflect these considerations within the risks where appropriate, ahead of the creation of a dedicated, COVID-specific risk register comprising risks specific and unique to the pandemic.

The Board has overall responsibility for ensuring systems and controls are in place, enough to mitigate any significant risks which may jeopardise achievement of the Trust goals. Assurance may be gained from a wide range of sources, but wherever possible it should be systematic, supported by evidence, independently verified, and incorporated within a robust governance process. The Board achieves this, primarily through the work of its assurance committees, through use of audit and other independent inspection, and by systematic collection and scrutiny of performance data to evidence the achievement of the goals.

In Q2 of 2019/20 the Trust Board revised their previous strategic objectives to the new strategic goals and identified strategic risks to align with the Trust goals (table 1). The executive team aligned 12 new strategic risks to link with the Trusts goals. These new strategic risks have superseded the previous BAF risks; these are now closed and linked to the new strategic risks to which they relate. Each new strategic risk has been assigned an executive risk owner and all new strategic risks will be overseen by the Trust Board, Audit Committee and relevant subcommittee of the Board.

The table below shows the link between the new strategic risks and the strategic goals deemed by the Board to have the potential to undermine or prevent delivery of the aligned strategic goal. The table also notes the Executive risk owner for each risk.

Datix	Title	Risk Owner
Goal 1: We want to be recognised for excellent care quality and patient experience		
1038	SR1: Failure to deliver the constitutional Standards	Chief Operating Officer
1039	SR2 (1039). Patient safety risk associated with rising emergency admissions, impacting on flow and unprecedented pressure across the organisation	Chief Operating Officer
1000	SR3: Risk associated with the poor Picker survey results and lack of a robust patient experience agenda	Chief Nurse
Goal 2: We want to engage with our staff to transform services to be excellent consistently		
1043	SR4: Impact of poor staff engagement on service provision	Director of Human Resources
1040	SR5: Risk associated with management arrangements required for visible and effective leadership across all sites	Chief Operating Officer

Goal 3: We want to be a sustainable organisation that plays a positive and externally-facing role and is the first choice for patients, staff and partners.		
1054	SR6: Threat to financial sustainability of the maternity services at NWP	Director of Strategy
1051	SR7: Risk associated with decommissioning of Specialist Services	Director of Strategy
1062	SR8: Risk associated with delivery of financial plan over the next 4 years and eliminating trading deficits	Chief Finance Officer
762	SR9: Risk associated with lack of access to capital for required levels of investment	Chief Finance Officer
1063	SR10 Risk associated with the maintenance of quality and safety whilst delivering significant financial efficiencies	Medical Director
1044	SR11: National Issues Associated with Availability of Trained Staff	Director of Human Resources
1050	SR12: Risk that LNWH clinical strategy is out of date and unsuited to inform critical decisions	Director of Strategy

The Board of Directors, collectively and individually, ensures that systems of internal control and management are in place. The Board receives assurance through scrutiny of the BAF and the receipt of reports to the Board from Board committees. These committees receive exception reports from other sub-committees that closely monitor relevant areas of risk; this includes the risk report, containing all operational Trust risks rated 12+, an overview of escalations in risk scoring since the last report and risks that are overdue for review.

The Trust's governance reporting is managed through the Board's Assurance and Accountability Committee structure.

The actions to address the recommendations from the CQC's well-led review undertaken in August 2019 were incorporated into an action plan that has been regularly reviewed and updated by the Executive team and shared with NHSI in the latter part of the year. The updated Board Assurance Framework for 2019/20 is regularly reviewed by the Board and at relevant committees, with additions to the BAF made as required, in response to the operational or other context.

Care Quality Commission

In July 2019, the CQC visited three of the Trust sites and 7 core services across those sites. The report following the inspection was published in November 2019; our Trust received an overall rating of Requires Improvement. This rating had not changed from the previous inspection

in 2018. Oversight of progress against the CQC action plan is within the governance and monitoring processes with Board Oversight through the Quality and Safety Committee. It is reviewed monthly at a meeting with Executive oversight.

The Trust is fully compliant with the registration requirements of the CQC.

Undertakings given to NHSI

The Trust has given formal undertakings to NHSI (December 2018) to address its failure to comply with the conditions of the provider licence FT4(4)(a) and (b); and FT4(5)(a), (b),(c), (d) and (f), covering in particular finance, operational performance and governance, and quality. The Trust has established an action plan to oversee progress with the undertakings and these are monitored through the Trust Board and the monthly performance oversight meeting between NHS London region (NHS England and NHS Improvement) and the Trust executive. During the year NHSE/I noted that a significant number of the undertakings appeared to no longer require mandating and agreed to work with the Trust to agree their appropriate revisions. The Trust remains subject to regulatory action until NHSE/I is assured that the Trust has complied with these requirements.

The NHS has a key role in responding to large scale emergencies and major incidents. We have in place plans that are fully compliant with the requirements of NHS England Emergency Planning Resilience and Response Framework 2015 and associated guidance.

Roles of Committees

The formal committees of the Board are as follows:

- Appointments and Remuneration Committee.
- Audit Committee.
- Charitable Funds Management Committee.
- Finance and Performance Committee.
- Quality and Safety Committee.
- Workforce and Equality Committee.

Board committees are chaired by nominated non-executive directors. The executive committees are chaired by nominated executive directors and report upwards to provide assurance to the Board committees. All Board committees have a programme of work for the year.

The range of mechanisms available to provide assurance that systems are robust and effective include utilising internal and external audit reports, peer review assessments, management reporting, clinical audit, and the BAF.

Appointments and Remuneration Committee

This committee oversees the process of appointment, remuneration, suspension, termination and succession planning for all executive directors and any other senior management personnel that report directly to the Chief Executive as delegated by the Board. The committee also considers the recommendations for awards under the Clinical Excellence Awards Scheme to the Advisory Committee on Clinical Excellence Awards.

Audit Committee

The Audit Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the clinical and non-clinical activities that support the achievement of the organisation's objectives. The committee primarily utilises the work of the internal and external auditors and other assurance functions. It seeks reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control together with indicators of their effectiveness, including the Quality Account. The Committee worked with the Quality and Safety Committee to review the Quality Accounts and received the external audit report on the data quality.

The Committee has monitored the Board Assurance Framework (including the practice of deep dives into areas of focus) and the Risk Register.

The committee has effective relationships with other committees as part of its integrated approach. It monitors the integrity of the financial statements before submission to the Board including reviewing and approving the Charity Accounts. The Committee receives regular reports on the work and findings of the internal and external auditors (including considering the appointment and performance of the external auditors making recommendations to the Board when appropriate) and local counter fraud specialists.

Charitable Funds Management Committee

The Trust Board acts as Trustee to the London North West Healthcare Charitable Fund and has established a Charitable Funds Management Committee with delegated authority to manage the charitable funds on its behalf. The committee provides oversight, scrutiny and challenge to all aspects of the activities of the fund associated with the Trust and encourages cooperation and optimisation of the use and application of resources wherever practical. The committee ensures that charitable funds are managed and invested properly in accordance with the Charities Act and with the LNWH Standing Financial Instructions (SFIs). The investment policy for 2019-20 was reviewed and confirmed.

Finance and Performance Committee

This committee oversees and evaluates the development of the Trust's financial and performance strategy to deliver the service objectives as set out in the Annual Plan and to ensure delivery of financial and performance targets through a comprehensive financial and performance management control framework.

The committee provides assurance to the Trust Board that the financial strategy, financial policies and efficiency plans effectively support the organisational strategy. It also undertakes, on behalf of the Trust Board, objective scrutiny of the Trust's annual financial plans, long-term financial strategy, financial recovery plan, investment policy, estates strategy and major investment decisions, including those relating to the Trust's estate and information technology. The committee also sought assurance around the quality impact of financial savings based decisions, the controls and implementation of the financial plan, and the implementation of the transformation programmes.

The committee also gives consideration to the workforce implications of its financial plans. The committee scrutinises the development of the Trust's contractual regime including contract portfolios and contracting processes.

Quality and Safety Committee

The primary purpose of the committee is to support the Board in the objective scrutiny and challenge of all aspects of clinical safety, quality, patient experience, clinical effectiveness and outcomes, health and safety, security and fire management, and information governance.

The committee works closely with the Finance and Performance Committee to ensure there is no detrimental impact on the quality and safety of services as a result of financial and operational performance-related decisions and to ensure that related risks are regularly reviewed, updated and escalated to the Audit Committee as appropriate to the risk rating. This committee has oversight of the corporate and organisational risks rated 15+ as escalated to the Trust risk register and for the Board Assurance Framework. The committee provides assurance to the Audit Committee concerning the effective oversight and scrutiny of Trust risks in line with the Risk Management Strategy and Policy.

Workforce and Equality Committee

The committee ensures the Trust has a robust and strategic approach to the recruitment and retention of staff, organisational development and learning and development, and oversees the Equality and Diversity and Health and Wellbeing agendas on behalf of the Trust Board, including seeking assurances relating to plans to improve areas highlighted in the Workforce Race Equality Scheme and the Workforce Disability Equality scheme; the Transformation Programme workstream where it relates to workforce matters. The Committee also receives regular reports from the Guardian of Safe Working.

Board and Board committee effectiveness reviews

Each Board committee reviews its terms of reference annually and makes a summary report to the Board of the range of its work through the year. This process facilitates committee chairs in reviewing the effectiveness of their committee and identifying areas for improvement.

Workforce strategies and staffing systems

The Trust launched its five year People Strategy in 2016, which reflects the key workforce challenges and actions that were required to ensure that the Trust has engaged staff, at the right cost and with the right skills to deliver high quality care to our patients. In May 2019, a review of the achievements against the key actions together with a refresh of action for the next three years was undertaken to ensure that the strategy and actions remain fit for purpose. An action plan to measure progress against the key actions has been developed and was presented to the Workforce Development Committee in September 2019. A draft leadership strategy was developed in late 2019 and presented to the Workforce and Equality Committee and is being finalised for launching across the Trust.

Workforce information is presented to the Trust Board and relevant sub-committees regularly to ensure that the Board has oversight of the key issues. Feedback on the reports is used to improve the data provided.

The Trust's Guardian of Safe Working Hours is designed to reassure junior doctors and employers that rotas and working conditions are safe for doctors and patients. The Guardian oversees the work schedule review process and will seek to address concerns relating to hours worked and access to training opportunities. The Guardian of Safe Working provides regular reports to the Workforce and Equality Committee (formerly to the Patient and Staff Committee), and to the Trust Board.

The workforce strategies and staffing systems are in line with the 'Developing Workforce Safeguards' recommendations.

Freedom to Speak Up

The role of the Guardian is to protect patient safety and the quality of care; improve the experience of our staff; and promote learning and improvement. The aim is to foster a positive culture of speaking up and address any barriers that prevent this.

The Guardians provide regular quarterly reports to the Trust Board which summarises their work to date and provides details of the number of contacts made and concerns raised in the reporting period.

They continue to embed the role into the organisation to support healthcare workers and provide help and advice

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

Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme

regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the scheme are in accordance with the scheme rules, and that members pension scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

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

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

The Trust Board has overarching responsibility for ensuring that the organisation has appropriate arrangements in place to exercise its functions effectively, efficiently and economically, and in accordance with the Trust's principles of good governance.

The Chief Financial Officer has delegated responsibility to determine arrangements to ensure a sound system of financial control. The Trust Board receives regular reports summarising the financial performance of the Trust. In addition, the Finance and Performance Committee, and the Audit Committee have important roles to play in providing assurance to the Trust Board on the arrangements in place to secure economic, efficient, and effective use of resources.

The Finance and Performance Committee receives and scrutinises regular detailed reports on the financial, quality, and performance of the Trust, including updates on the delivery of our Cost Improvement Programme.

The Audit Committee receives and reviews the work and opinions of our internal and external auditors, along with regular reports from our LCFS provider.

The Trust is committed to promoting and maintaining an absolute standard of honesty and integrity, and to eliminating fraud and illegal acts committed within the Trust. It undertakes rigorous investigations and disciplinary action where appropriate and seeks recovery of any losses where possible. The Trust has adopted good practice, as recommended by the NHS Counter Fraud Authority, and has an Antifraud and Bribery policy.

The Trust widely publicises the procedure for staff to report any concerns about potential fraud and corruption. Any concerns raised are investigated by local counter fraud specialists or NHS Protect as appropriate, and all investigations are reported to the Audit Committee and the Integrated Governance Committee.

In November 2019, the CQC published a report following an inspection at the Trust on the Use of Resources. The Use of Resources assessment aims to understand how effectively providers are using their resources to provide high quality, efficient and sustainable care for patients. The assessment team examined the Trust's performance against a set of initial metrics alongside local intelligence from NHS Improvement's day-to-day interactions with the Trust, and the

Trust's own commentary on its performance. The team also conducted a site visit to engage with key staff using agreed key lines of enquiry (KLOEs).

The CQC rated use of resources as requires improvement because, in its view, the Trust does not consistently manage its resources to allow it to meet its financial obligations on a sustainable basis and to deliver high quality care. The approach to identifying and realising efficiency opportunities is not embedded across the organisation. The Trust has agreed an action plan to respond to the issues identified in the CQC, and to strengthen its use of resources.

Information governance

The Trust has not had any serious breaches of data protection to the standard that would mean we would report them to the ICO. In the last financial year, we received communication from the ICO regarding twelve complaints raised by data subjects of the Trust. These were mainly due to delays in response to subject access or freedom of information requests. The Trust did receive a Decision Notice regarding a request for information from an employee which had been an on-going complaint for a few years. We have accepted the decision and are working to improve this process to ensure we do not have a similar incident in the future.

Data quality and governance

The Trust improves data quality through:

- The Trust carries out the Clinical Coding Audit of its clinical coded data in line with Data Security Standard 1.
- Regular review of and compliance with the Trust Data Quality Policy through cleansing, audit and feedback to clinical and non-clinical teams.
- Working closely with clinicians to ensure the accuracy of coded data through regular and ad hoc joint reviews and through an education programme.
- Reviewing the level of risk associated with data quality through the Data Quality Management Group and the Risk and Assurance Committee
- Continuing the data quality assurance programme ensuring key elements of information reporting including data assurance, presentation and validation are delivered within national guidance and standards.
- Validation of 18 week referral to treatment time (RTT) and cancer pathways through audit, validation and education of both clinical and non-clinical teams.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical

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

The Board responded to the onset of COVID-19 by reconsidering the essential governance requirements and to facilitate focus by executive management on the operational challenges whilst ensuring effective governance and assurance. The Board identified the key principles and appropriately amended committee structures and priorities.

The Trust implemented its businesses continuity and incident management plans as COVID-19 was developing, although it was clear that adaptation would be required to meet the sustained pressure that the COVID-19 subsequently declared pandemic was generating. Prompt and effective action was taken to respond as the operational situation and patient demand forecasts developed, with a strengthening of the incident management command structure aligned to meet the requirements of the NHS North West London sector.

The Board has received summaries of the work of its committees during the year and a year-end summary. It has overseen the review of the Board Assurance Framework to better reflect updated objectives and strategic risk and monitors actions to address gaps in control and gaps in assurance.

The Board has seen significant changes in membership during the year and commenced a structured Board development programme to build on board effectiveness and respond to recommendations in the CQC inspection.

The Audit Committee receives and reviews both internal and external audit reports and progress against actions, as well as updates from the local counter fraud specialist and the Trust Executive Team.

The Head of Internal Audit has provided moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently. This is the second highest level of assurance provided by the internal audit function. In forming a view, the Head of Internal Audit took into account that:

- in the 19/20 year the majority of audits provided moderate assurance in both the design and operational effectiveness of controls;
- there were a total of 35 recommendations (High: 1, Medium: 27 and Low: 7) raised in the current year;
- the Trust specifically requested audits into known areas of concern and new areas of risk e.g. CQC Post Inspection Action Plan and Risk Maturity;
- the Trust has been slow in implementing some audit recommendations in the year e.g. GDPR;

- the Trust has been assessed overall in the year by CQC as Requires Improvement but as Good for Caring; and
- the Trust did not deliver its financial plan for 2019/20.

The annual Quality Account describes key priorities the Trust intends to meet during the year ahead and these are subject to consultation with key stakeholders and approval by the Board.

The Trust has a serious incident and incident reporting policy which outlines criteria for the reporting of incidents and uses the Datix risk management web-based system across the organisation. The Trust Board receives a report on incidents at each meeting.

Serious incidents and never events are reported in line with national guidance and deadlines. These are overseen by both the Trust Board and the Quality and Safety Committee on behalf of the Board. The Quality and Safety Committee also monitors progress against action plans related to serious incident reports. The Trust meets regularly with the clinical commissioning groups (CCGs) to discuss serious incident reports and emerging themes and trends where relevant. The Trust responds to feedback from the CCGs on the final reports and actions.

The Quality and Safety Committee receives reports and provides oversight on the national and local clinical audit programmes.

The Trust has participated in all relevant national clinical audits and national confidential enquiries (NCEPOD) listed within the Quality Accounts for Trusts 2019/20. Of the 68 listed, 55 were applicable to the Trust. For both national audits, NCEPOD and NICE Guidance, compliance is monitored and action plans tracked until full assurance has been reached that national recommendations have been put into practice.

The Head of Internal Audit has provided me with an opinion for the 2019/20 financial year covering the areas reviewed during the year. The Head of Internal Audit opinion offers moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently. Moderate assurance is the audit firm's second highest assurance rating, which reflects in the main that there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not effective and a small number of exceptions found in testing of the procedures and controls. The internal audit programme included specific testing and review of key elements of the system of internal control, including risk management. On this basis, I have concluded that the Trust has a reasonable and effective risk management, control, and governance processes in place.

The financial position of the Trust has remained challenging in 2019/20, and the Trust has not reduced its underlying deficit. The Trust did not accept its control total and planned to deliver a deficit of £81.7m. At Month 9, the Trust agreed a revised operational deficit with NHS Improvement and NHS England of £94.3m after adjustments. This was delivered in full. The Trust's external auditors have indicated that they will issue an adverse value for money conclusion for the 2019/20 financial year.

The Trust has accepted its control total for 2020/21. However, the national financial framework is changing in response to the COVID19 pandemic which may lead to changes in the financial regime for the financial year. The Trust will work with stakeholders across North West London and NHS Improvement and England to deliver an agreed financial plan in 2020/21.

Conclusion

In conclusion, as Accountable Officer, my review of the effectiveness of the system of internal control has identified no significant control issues.

Signed

Chris Bown

Chief Executive

June 2020

Signature to the accountability report:

Chris Bown

Chief Executive

June 2020

Remuneration and staff report

Remuneration policy

The purpose of the pay policy is to:

- support the recruitment, retention and motivation of talented and high performing leaders
- secure value for money for the Trust and its stakeholders.

The remuneration package will normally consist of salary and pension contribution. There will be no other element unless specifically approved by the Remuneration Committee. The committee will set and review the level of salary to ensure it is competitive and fair for the role, taking account of:

- information about the market rate for jobs of similar type in NHS trusts of broadly comparable size and challenge
- evidence of recruitment difficulty and retention risk
- assessment of the contribution and track record of the individual.

This salary setting and review will be informed by market data from the NHS (and other sources where relevant), and every third year by independent external advice.

The committee will seek advice and recommendations from the Chief Executive on the salary of directors and other Very Senior Managers (VSMs). The Chief Executive will have no role in setting her/his own salary.

There is no standard provision for performance related pay. However, the committee reserves the right to award bonus payments for exceptional achievement.

The expense payments (taxable) relates to reimbursement of mileage costs at the applicable NHS mileage rate which is in excess of the HMRC rate per mile.

No additional benefits will become receivable by the individuals listed in the event that they retire early.

There will also be regular and annual reviews of performance against plans and agreed objectives. In the case of directors, these will be conducted by the Chief Executive, informed by discussion with the committee. In the case of the Chief Executive, the reviews will be led by the Chair of the Trust, informed by discussion with the committee and other stakeholders. For Very Senior Managers (VSMs), these will be held by the appropriate executive director.

Remuneration Report for Year Ended 31st March 2020 (Audited)

			A	B	C	D	E	F
			Salary	Expense Payments (taxable)*	Performance pay and bonuses	Long term performance pay and bonuses	All pension - related benefits	TOTAL
			(bands of £5000)	(nearest £100)	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)
			£000	£	£000	£000	£000	£000
Executive directors								
Docherty	Jacqueline	Chief Executive	235-240	0	10-15	0	0	250-255
Khan	Arshiya	Chief Operating Officer	160-165	0	30-35	0	65-67.5	260-265
Beal	Barbara	Chief Nurse (to 28/04/19)	15-20	0	0	0	0	0
Knight	Lisa	Chief Nurse (from 29/04/19)	130-135	0	0	0	Note 1	130-135
Kuper	Martin	Medical Director	190-195	0	20-25	0	Note 2	215-220
Bell	Jonathan	Chief Financial Officer (to 31/08/19)	75-80	0	0	0	0	75-80
Patel	Bimal	Acting Chief Financial Officer (02/09/19 to 29/02/20)	70-75	0	0	0	Note 1	130-135
Gore	Claire	Director of Human Resources	155-160	0	0	0	37.5-40	195-200
Crawford	Simon	Director of Strategy and Interim Chief Financial Officer 02/03/20 to 31/03/20	185-190	200	0	0	0	185-190
Searle	David	Director of Corporate Affairs (from 02/04/19)	115-120	0	0	0	0	115-120
Trumper	Mark	Director of Estates and Facilities	145-150	0	10-15	0	0	160-165
Non-executive Directors								
Worthington	Peter	Chairman (to 31.12.2019)	15-20	0	0	0	0	15-20
Morse	Sir Amyas	Chairman (from 01.01.20)	5-10	0	0	0	0	5-10
Rubin	Janet	Non-Executive Director	5-10	0	0	0	0	5-10
Farrell	Andrew	Non-Executive Director (to 31.07.19)	0-5	0	0	0	0	0-5
Van Doorn	Andrew	Non-Executive Director	5-10	0	0	0	0	5-10
Bhalla	Vinetta	Non-Executive Director	5-10	0	0	0	0	5-10
Moss	David	Non-Executive Director (from 01.08.19)	5-10	0	0	0	0	5-10
Manuel	Neville	Non-Executive Director (from 01.06.19)	5-10	0	0	0	0	5-10
Johnson	Desmond	Non-Executive Director	0-5	0	0	0	0	0-5
Taube	David	Non-Executive Director (from 01/11/19)	0-5	0	0	0	0	0-5

Note 1: Lisa Knight and Bimal Patel were not executive directors in 2018/19 and so the real increase in CETV which forms part of the all pension related benefits in column E above is not available for 31/03/19.

Note 2: Martin Kuper had opted out of the NHS Pension scheme during 2018/19 and re-joined the scheme during 2019/20 and therefore the real increase in CETV during the year is not available

Remuneration report for year ended 31 March 2019 (Audited)

			A	B	C	D	E	F
			Salary	Expense Payments (taxable)*	Performance pay and bonuses	Long term performance pay and bonuses	All pension - related benefits	TOTAL
			(bands of £5000)	(nearest £100)	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)
			£000	£00	£000	£000	£000	£000
Executive directors								
Docherty	Jacqueline	Chief Executive	230-235	0	0	0	0	230-235
Khan	Arshiya	Chief Operating Officer	150-155	0	0	0	130-132.5	280-285
Pye	Amanda	Chief Nurse (to 28/02/19)	160-165	0	0	0	70-72.5	230-235
Bell	Jonathan	Chief Financial Officer	180-185	0	0	0	0	180-185
Gore	Claire	Director of Human Resources	125-130	7	0	0	47.5-50	175-180
Crawford	Simon	Director of Strategy	165-170	0	0	0	0-2.5	165-170
Kuper	Martin	Medical Director	185-190	0	0	0	0-2.5	185-190
Adams	Sandra	Director of Corporate Affairs (to 22/02/19)	95-100	0	0	0	0-2.5	95-100
Munn	Gary	Acting Director of Estates and Facilities (from 01/04/19 to 31/01/19)	105-110	0	0	0	0-2.5	105-110
Trumper	Mark	Director of Estates and Facilities (from 01/02/19)	20-25	0	0	0	0-2.5	20-25
Beal	Barbara	Interim Chief Nurse (from 03/07/19)	70-75	0	0	0	0-2.5	70-75
Non-executive Directors								
Worthington	Peter	Chairman	20-25	0	0	0	0	20-25
Rubin	Janet	Non-Executive Director	5-10	0	0	0	0	5-10
Farrell	Andrew	Non-Executive Director	5-10	0	0	0	0	5-10
Van Doorn	Andrew	Non-Executive Director	5-10	0	0	0	0	5-10
Bhalla	Vinetta	Non-Executive Director	5-10	0	0	0	0	5-10
Weerasekera	Ruwan	Non-Executive Director	5-10	0	0	0	0	5-10
Johnson	Desmond	Non-Executive Director	0-5	0	0	0	0	0-5
Taube	David	Non-Executive Director	0-5	0	0	0	0	0-5

Pension report for year ended 31 March 2020 (Audited)

			Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31st March 2020	Lump sum at age 60 related to accrued pension at 31st March 2020	Cash Equivalent Transfer Value at 31st March 2020	Cash Equivalent Transfer Value a t 31st March 2019	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
			(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	£000
Docherty	Jacqueline	Chief Executive	0	0	0	0	0	0	0	0
Khan	Arshiya	Chief Operating Officer	2.5-5	2.5-5	25-30	55-60	506	424	48	0
Knight	Lisa	Chief Nurse	0	0	55-60	140-145	1125	0	Note 1	0
Kuper	Martin	Medical Director	0	0	65-70	160-165	1280	0	Note 2	0
Bell	Jonathan	Chief Financial Officer (to 31/08/19)	0	0	0	0	0	0	0	0
Patel	Bimal	Acting Chief Financial Officer (from 01/09/19 until 29/02/20)	0	0	35-40	75-80	538	0	Note 1	0
Gore	Claire	Director of Human Resources	2.5-5	0-2.5	10-15	0-5	160	112	23	0
Crawford	Simon	Director of Strategy and Interim Chief Financial Officer 01/03/20 to 31/03/20	0	0	0	0	0	0	0	0
Searle	David	Director of Corporate Affairs (from 02/04/19)	0	0	0	0	0	0	0	0
Trumper	Mark	Director of Estates and Facilities	0	0	0	0	0	0	0	0

No CETV is available for J Docherty as she is over 60

As non-executive members do not receive pensionable remuneration, there will be no entries in respect of pensions.

Note 1: Lisa Knight and Bimal Patel were not executive directors in 2018/19 and so the real increase in CETV is not available for 31/03/19.

Note 2: Martin Kuper had opted out of the NHS Pension scheme during 2018/19 and re-joined the scheme during 2019/20 and therefore the real increase in CETV during the year is not available.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement. During the year, the Government announced that public sector pension schemes will be required to provide indexation on the Guaranteed Minimum Pension element of the pension. NHS Pensions has updated the methodology used to calculate CETV values as at 31 March 2020. The impact of the change in methodology is included within the reported real increase in CETV for the year.

Pension report for year ended 31 March 2019 (Audited)

			Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31st March 2019	Lump sum at age 60 related to accrued pension at 31st March 2019	Cash Equivalent Transfer Value at 31st March 2019	Cash Equivalent Transfer Value at 31st March 2018	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
			(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	£000
Docherty	Jacqueline	Chief Executive	0	0	0	0	0	0	0	0
Khan	Arshiya	Chief Operating Officer	5-7.5	7.5-10	20-25	50-55	424	280	136	22
Pye	Amanda	Chief Nurse (to 28/02/19)	2.5-5	0-2.5	40-45	85-90	618	482	111	23
Kuper	Martin	Medical Director	0	0	0	0	0	855	0	0
Bell	Jonathan	Chief Financial Officer	0	0	0	0	0	0	0	0
Munn	Gary	Acting Director of Estates and Facilities (to 31/01/19)	45-47.5	25-27.5	55-60	165-170	1,310	0	0	15
Gore	Claire	Director of Human Resources	0-2.5	0-2.5	5-10	0-5	112	66	44	18
Crawford	Simon	Director of Strategy	0	0	0	0	0	1,577	0	11
Adams	Sandra	Director of Corporate Affairs (to 22/02/19)	0	0	0	0	0	0	0	0
Trumper	Mark	Director of Estates and Facilities (from 01/02/19)	0	0	0	0	0	0	0	0
Beal	Barbara	Interim Chief Nurse (from 03/07/19)	0	0	0	0	0	0	0	0

Notes for 2018/19

No lump sum will be shown for senior managers who only have membership in the 2015 scheme or 2008 Section - J Docherty, C Cayley & J Bell opted out of pension scheme prior to 2017/18. S Crawford both opted out in 2017/18. M Kuper, M Trumper & B Beal opted out immediately after they commenced their employment with LNWH in 2018/19.

No CETV is available for J Docherty & C Cayley as they are over 60

As non-executive members do not receive pensionable remuneration, there will be no entries in respect of pensions.

Fair pay disclosure (Audited)

Reporting bodies are required to disclose the relationship between the salary of the most highly-paid individual in their organisation and the median earnings of the organisation's workforce.

The banded remuneration of the highest paid director in London North West Healthcare in the financial year 2019-20 was 250-255 (230-235 in 2018/19). This was 7.08 (7.40 in 2018/19) times the median salary of the workforce, which was £35,756.61 (31,656.96 in 2018/19).

In 2019/20 one employee received remuneration in excess of the highest paid director.

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

Fair pay disclosure 2019/20 (Audited)

	2019/20
Band of Highest Paid Director Remuneration (£000)	250-255
Median Total	35,756.61
Ratio	7.08
Reporting bodies are required to disclose the relationship between the salary of the most highly-paid individual in their organisation and the median earnings of the organisation's workforce.	
The banded remuneration of the highest paid director in London North West Healthcare in the financial year 2019-20 was £250k - £255k (£230k - £235k in 2018/19). This was 7.08 (7.40 in 2018/19) times the median salary of the workforce, which was £35,756.61 (£31,656.96 in 2018/19).	
In 2019-20 one employee received remuneration in excess of the highest paid director.	
Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.	

Fair pay disclosure 2018/19 (Audited)

	2018/19
Band of Highest Paid Director Remuneration (£000)	230-235
Median Total	31,656.96
Ratio	7.40
Reporting bodies are required to disclose the relationship between the salary of the most highly-paid individual in their organisation and the median earnings of the organisation's workforce.	
The banded remuneration of the highest paid director in London North West Healthcare in the financial year 2018-19 was 230-235 (230-235 in 2017/18). This was 7.40 (7.44 in 2017/18) times the median salary of the workforce, which was £31,656.96 (31,204.45 in 2017/18).	
In 2018-19 one employee received remuneration in excess of the highest paid director.	
Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.	

Staff costs 2019/20 (Audited)

	Permanent £000	Other £000	2019/20 Total £000	2018/19 Total £000
Salaries and wages	382,520	-	382,520	369,842
Social security costs	41,734	-	41,734	40,468
Apprenticeship levy	1,887	-	1,887	1,836
Employer's contributions to NHS pensions	41,365	-	41,365	40,190
Pension cost - other	18,195	-	18,195	20
Other post employment benefits	39	-	39	-
Other employment benefits	-	-	-	-
Termination benefits	108	-	108	201
Temporary staff	-	17,864	17,864	30,816
Total gross staff costs	**485,848**	**17,864**	**503,712**	**483,373**
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	**485,848**	**17,864**	**503,712**	**483,373**
Of which			-	
Costs capitalised as part of assets	**1,480**	**-**	**1,480**	**1,882**

Average number of employees 2019/20 (Audited)

	Permanent Number	Other Number	2019/20 Total £000	2018/19 Total Number
Medical and dental	1,268	195	1,463	1,439
Ambulance staff	-	-	-	-
Administration and estates	1,536	202	1,738	1,779
Healthcare assistants and other support staff	1,288	225	1,513	1,584
Nursing, midwifery and health visiting staff	2,567	473	3,040	3,120
Nursing, midwifery and health visiting learners	19	-	19	9
Scientific, therapeutic and technical staff	900	82	982	1,115
Healthcare science staff	18	1	19	26
Social care staff	-		-	-
Other	-		-	-
Total average numbers	**7,596**	**1,178**	**8,774**	**9,072**
Of which:				
Number of employees (WTE) engaged on capital projects	**22**	**-**	**22**	**21**

Exit packages 2019/20 (Audited)

	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£	Number	£	Number	£	Number	£
Exit package cost band (including any special payment element)								
<£10,000	1	8,000	-	-	1	8,000	-	-
£10,000 - £25,000	7	108,000	5	79,000	12	187,000	-	-
£25,001 - 50,000	2	63,000	4	135,000	6	198,000	-	-
£50,001 - £100,000	2	105,000	7	446,000	9	551,000	-	-
Totals	**12**	**284,000**	**16**	**660,000**	**28**	**944,000**	**-**	**-**

Analysis of Other Departures 2019/20 (Audited)

	Agreements Number	Total value of agreements £
Voluntary redundancies including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	16	660,000
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice*	-	-
Exit payments following Employment Tribunals or court orders	-	-
Non-contractual payments requiring HMT approval**	-	-
Totals	**16**	**660,000**

Exit packages 2018/19 (Audited)

	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£	Number	£	Number	£	Number	£
Exit package cost band (including any special payment element)								
£10,000 - £25,000	1	13,000	1	14,000	2	27,000	-	-
£25,001 - 50,000	1	29,000	1	35,000	2	64,000	-	-
£50,001 - £100,000	3	209,000	-		3	209,000	-	-
Totals	**5**	**251,000**	**2**	**49,000**	**7**	**300,000**	**-**	**-**

Analysis of Other Departures 2018/19 (Audited)

	Agreements Number	Total value of agreements £
Voluntary redundancies including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	-	-
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice*	1	14,000
Exit payments following Employment Tribunals or court orders	1	35,000
Non-contractual payments requiring HMT approval**	-	-
Totals	**2**	**49,000**

Expenditure on consultancy

In 2019/20 the Trust incurred £0.1m (2018/19 £0.4m) of consultancy costs which included procurement support, operational performance and a number of smaller projects across the Trust.

Sickness absence data

Sickness absence data may be accessed via the link below for NHS Digital publications:
https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Staff policies

Staff policies for equal opportunities and sickness absence are in place and have been applied during the financial year:

- for giving full and fair consideration to applications for employment by the Trust made by disabled persons, having regard to their particular aptitudes and abilities
- for continuing the employment of, and for arranging appropriate training for, employees of the Trust who have become disabled persons during the period when they were employed by the Trust
- otherwise for the training, career development and promotion of disabled persons employed by the Trust.

Financial Report

The Financial Report includes the Independent auditor's report and the annual accounts

Independent auditor's report to the Directors of London North West University Healthcare NHS Trust

Report on the Audit of the Financial Statements

Qualified opinion

We have audited the financial statements of London North West University Healthcare NHS Trust (the 'Trust') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

give a true and fair view of the financial position of the Trust as at 31 March 2020 and of its expenditure and income for the year then ended: and

have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020; and

have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for qualified opinion

Due to the national lockdown arising from the Covid-19 pandemic, we did not observe the counting of physical inventories at the end of the year and the Trust did not count all its physical inventories. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities held at 31 March 2020 and their valuation at this date, which have a carrying amount in the Statement of Financial Position of £11,356,000, by performing other audit procedures. Related balances such as drug costs and supplies and services may be materially misstated for the same reason.

Consequently, we were unable to determine whether any adjustment to these amounts were necessary. In addition, were any adjustment to these amounts to be required, the Annual Report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements, which indicates that the Trust incurred an adjusted retained deficit of £94.4 million during the year ended 31 March 2020. The Trust has forecast a deficit of £47.1 million for the financial year commencing 1 April 2020, after a savings requirement of £39.0 million. The Trust has received NHS deficit financing on a monthly basis in 2019/20 and deficit financing will be required for the financial year 2020/21.

These events or conditions, along with the other matters as set out in note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 1.30 to the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of land and buildings as at 31 March 2020. As, disclosed in Note 1.3 to the financial statements, the Trust's independent valuers have stated in their report that they can attach less weight to previous market evidence and published build cost information for comparison purposes, to inform opinions of value. The Trust's valuation as at 31 March 2020 is therefore reported on the basis of a 'material valuation uncertainty'. The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities, which have a carrying amount in the Statement of Financial Position of £11,356,000 at 31 March 2020, and related balances. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2015 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020 and the requirements of the National Health Service Act 2006; and

except for the possible effects of the matter described in the basis for qualified opinion section of our report, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

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

We have nothing to report in respect of the above matters except on 17 May 2019 we referred a matter to the Secretary of State reporting a planned ongoing breach of the breakeven duty in 2019/20 under section 30(a) of the Local Audit and Accountability Act 2014. Additionally, On 22 May 2020 we referred a matter to the Secretary of State under section 30(b) of the Local Audit and Accountability Act 2014 in relation to London North West University Healthcare NHS Trust's ongoing breach of its break-even duty for the three year period ending 31 March 2020. In this letter we also reported a planned ongoing breach of the breakeven duty in 2020/21 under section 30(a) of the Local Audit and Accountability Act 2014.

Responsibilities of the Directors and Those Charged with Governance for the financial statements

The Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements
Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Adverse conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, London North West University Healthcare NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for adverse conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- The Trust's adjusted retained deficit for 2019/20 was £94.4 million, which represented a deterioration in financial performance compared to the Trust's 2019/20 financial plan and forecast outturn of an £81.7 million deficit reported to the Board and submitted to NHS Improvement at the start of the financial year.
- The Trust did not achieve its breakeven duty in 2019/20 and had a cumulative retained deficit of £327.3 million at 31 March 2020.
- Prior to the reforms to the NHS Cash Regime announced in response to the Covid-19 pandemic, the Trust submitted an annual financial plan for 2020/21 which forecasted a further in-year deficit of £47.1 million. This plan included an efficiency savings target for the year of £39.0 million, of which £25.4 million was rated as high risk.

These matters identify weaknesses in the Trust's arrangements for setting a sustainable budget with sufficient capacity to absorb emerging cost pressures. These matters are evidence of weaknesses in proper arrangements for sustainable resource deployment in planning financial finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Responsibilities of the Accountable Officer

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

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(1)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. 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 its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, 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. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing

economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of London North West University Healthcare NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Dossett

Paul Dossett, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

24 June 2020

London North West University Healthcare NHS Trust

Annual accounts for the year ended 31st March 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	643,997	632,159
Other operating income	4	59,259	96,863
Operating expenses	7, 9	(800,062)	(766,137)
Operating deficit from continuing operations		**(96,806)**	**(37,115)**
Finance income	12	209	150
Finance expenses	13	(11,406)	(9,946)
PDC dividends payable		-	(1,650)
Net finance costs		**(11,197)**	**(11,446)**
Other gains	14	498	17,641
Deficit for the year		**(107,505)**	**(30,920)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(858)	(1,395)
Revaluations	19	22,613	4,613
Total comprehensive expense for the period		**(85,750)**	**(27,702)**

Adjusted financial performance deficit - note

The Trust's deficit for 2019/20 was £107,505k.

NHS England and Improvement excludes the impact of certain transactions - impairments, revaluations, capital grants and prior year income in respect of Provider Sustainability Funding - for the purposes of measuring NHS Trusts' financial performance.

After adjusting for these transactions, the Trust's adjusted financial performance deficit for the year is £94,439k as shown in the table below. The table below does not form part of the Statement of Comprehensive Income and represents a note to the accounts.

Adjusted financial performance (control total basis):		
Deficit for the period	(107,505)	(30,920)
Remove net impairments not scoring to the Departmental expenditure limit	14,116	11,801
Remove I&E impact of capital grants and donations	(40)	(1,879)
Remove 2018/19 post audit PSF reallocation (2019/20 only)	(1,010)	
Adjusted financial performance deficit	**(94,439)**	**(20,998)**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	16	15,626	18,398
Property, plant and equipment	17	411,762	391,847
Total non-current assets		**427,388**	**410,245**
Current assets			
Inventories	24	11,356	10,315
Receivables	25	73,622	76,074
Cash and cash equivalents	28	3,727	5,211
Total current assets		**88,705**	**91,600**
Current liabilities			
Trade and other payables	29	(102,798)	(83,697)
Borrowings	31	(342,869)	(156,227)
Provisions	34	(1,819)	(1,927)
Other liabilities	30	(7,376)	(8,748)
Total current liabilities		**(454,862)**	**(250,599)**
Total assets less current liabilities		**61,231**	**251,246**
Non-current liabilities			
Borrowings	31	(49,266)	(159,273)
Provisions	34	(5,329)	(5,001)
Total non-current liabilities		**(54,595)**	**(164,274)**
Total assets employed		**6,636**	**86,972**
Financed by			
Public dividend capital		376,255	370,841
Revaluation reserve		28,169	6,414
Income and expenditure reserve		(397,788)	(290,283)
Total taxpayers' equity		**6,636**	**86,972**

The notes on pages 6 to 50 form part of these accounts.

The financial statements on pages 2 to 5 were approved by the Audit Committee and adopted by the Board on 24th June 2020 and signed on its behalf by

Name	Chris Bown	Jonathan Reid
Position	Chief Executive Officer	Chief Financial Officer
Date	24th June 2020	24th June 2020

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**370,841**	**6,414**	**(290,283)**	**86,972**
Surplus/(deficit) for the year	-	-	(107,505)	**(107,505)**
Impairments	-	(858)	-	**(858)**
Revaluations	-	22,613	-	**22,613**
Public dividend capital received	5,414	-	-	**5,414**
Taxpayers' and others' equity at 31 March 2020	**376,255**	**28,169**	**(397,788)**	**6,636**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**366,103**	**3,196**	**(259,363)**	**109,936**
Prior period adjustment	-	-	-	**-**
Taxpayers' and others' equity at 1 April 2018 - restated	**366,103**	**3,196**	**(259,363)**	**109,936**
Surplus/(deficit) for the year	-	-	(30,920)	**(30,920)**
Impairments	-	(1,395)	-	**(1,395)**
Revaluations	-	4,613	-	**4,613**
Public dividend capital received	4,738	-	-	**4,738**
Taxpayers' and others' equity at 31 March 2019	**370,841**	**6,414**	**(290,283)**	**86,972**

Public dividend capital (PDC)
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to Trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

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

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(96,806)	(37,115)
Non-cash income and expense:			
Depreciation and amortisation	7.1	20,133	15,513
Net impairments	8	14,116	11,801
Income recognised in respect of capital donations	4	(613)	(2,329)
(Increase) / decrease in receivables and other assets		2,634	(17,707)
(Increase) / decrease in inventories		(1,041)	685
Increase / (decrease) in payables and other liabilities		12,312	(4,451)
Increase / (decrease) in provisions		289	601
Net cash flows from / (used in) operating activities		**(48,976)**	**(33,002)**
Cash flows from investing activities			
Interest received		209	150
Purchase of intangible assets		(2,436)	(4,517)
Purchase of PPE and investment property		(22,469)	(15,757)
Sales of PPE and investment property		718	22,250
Receipt of cash donations to purchase assets		613	-
Net cash flows from / (used in) investing activities		**(23,365)**	**2,126**
Cash flows from financing activities			
Public dividend capital received		5,414	4,738
Movement on loans from DHSC		78,117	42,844
Capital element of finance lease rental payments		(184)	(164)
Capital element of PFI, LIFT and other service concession payments		(1,917)	(1,859)
Interest on loans		(4,404)	(3,346)
Interest paid on finance lease liabilities		(64)	(79)
Interest paid on PFI, LIFT and other service concession obligations		(6,389)	(5,817)
PDC dividend (paid) / refunded		283	(2,143)
Net cash flows from / (used in) financing activities		**70,857**	**34,174**
Increase / (decrease) in cash and cash equivalents		**(1,485)**	**3,298**
Cash and cash equivalents at 1 April - brought forward		**5,211**	**1,913**
Cash and cash equivalents at 31 March	28.1	**3,727**	**5,211**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

The Trust incurred an adjusted retained deficit for the year ended 31st March 2020 of £94.4m.

The financial statements have been prepared on a going concern basis. In accordance with IAS 1, management has made an assessment of the Trust's ability to continue as a going concern. For the financial year commencing 1 April 2020, the Trust has forecast a deficit of £47.08m after a savings requirement of £39.0m and this is the plan submitted to NHS England and Improvement (NHSE&I). The Trust has received NHS deficit financing on a monthly basis in 2019/20 and deficit financing will be required for the financial year 2020/21. NHSE&I has supported the Trust's applications for cash deficit support in 2017/18, 2018/19 and 2019/20 and therefore the Board of Directors anticipates that NHSE&I will continue to support the Trust's application for deficit financing support in 2020/21 subject to the normal application approval process.

The Trust repaid interim revenue loans to the DHSC of £17.8m and drew down new interim revenue loans of £92.7m during the year.

In March 2020 the Trust, in common with other acute NHS Trusts, suspended elective patient activity in order to increase clinical capacity for the treatment of patients with the Covid-19 coronavirus. As a result the Trust incurred an unplanned income loss and unplanned additional expenditure in March 2020 for the treatment of Covid-19 patients. The Trust has estimated the total revenue cost of the coronavirus pandemic in 2019/20 was £3.425m. In accordance with DHSC guidance additional non-recurring income of £3.425m receivable from NHS England and Improvement is included in these accounts to offset these unplanned extra revenue costs and so the net impact on the Trust's 2019/20 reported deficit of coronavirus is £nil. The financial impact of the coronavirus emergency on the Trust's financial position will continue into 2020/21 however at the time these financial statements were prepared similar offsetting funding from NHSE&I for 2020/21 has not been confirmed.

On 2 April 2020, the Department of Health and Social Care announced that all DHSC interim revenue and DHSC interim capital loans of NHS Trusts outstanding as at 31 March 2020 will be repaid on 30 September 2020 and these loans replaced with an equivalent amount issued to the Trust as Public Dividend Capital (PDC) on the same day. The effect of these cash transactions will be to convert the Trust's DH interim revenue and DH interim capital loans as at 31 March 2020 totalling £339.7m to Public Dividend Capital (PDC) of £339.7m. PDC is non-repayable and so the conversion of the interim loans to PDC will increase net assets by £339.7m and improve significantly the Trust's Statement of Financial Position. The Trust estimates that the conversion of these loans to PDC will improve its net income and expenditure position by approx £2.5m in 2020/21.

The Sustainability and Transformation plan (STP) provides an opportunity for health and local government organisations in North West London to work in partnership. The North West London STP sets out plans for the health and care system for the next five years. It is an opportunity to transform the way we provide health and social care for our population and to maximise opportunities to provide excellent quality care in the right place and when it is needed. The STP process also provides the drivers to close the funding shortfalls and develop a balanced and sustainable financial system.

Although the factors described above represent material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the 2019/20 Department of Health and Social Care Group Accounting Manual, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. Therefore the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern.

Note 1.3 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 was completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

The timing of payment for goods/services provided by the Trust is dependent on the satisfaction of performance obligations and also credit terms and therefore debtor contract balances at year end will reflect this timing difference between the provision of goods/services and payment for them.

Revenue from NHS contracts

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

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at the year end and this portion of revenue is deferred as a contract liability.

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

Revenue from NHS education and training contracts

The Trust receives revenue from Health Education England for the provision of education and training services for medical, dental and nursing trainees. This income is credited to the accounting period in which the corresponding expenditure on these sevices is charged in accordance with the matching principle.

Revenue from research contracts

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

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset, currently at 21.79%. Last year's rate was 21.89%.

Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)

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

Other income

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

Note 1.4 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

Note 1.5 Expenditure on other goods and services

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

Note 1.6 Property plant and equipment

Recognition
Property, plant and equipment is capitalised where:
• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Measurement
Valuation

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

The Trust engaged Cushman and Wakefield, an external independent body who are RICS qualified practitioners, to carry out a full 5 year revaluation of the Trust's land and buildings including dwellings. The total valuation of the Trust's land and buildings is £371.3m.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the Trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

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

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

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.
Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses
Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.
Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.
Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments
In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.
An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Derecognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met.

• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable i.e. :-

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.
Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

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

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.
The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.
The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	2	86
Dwellings	62	63
Plant & machinery	5	15
Information technology	5	10
Furniture & fittings	5	15

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.7 Intangible assets

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

Internally generated intangible assets
Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.
Expenditure on research is not capitalised.
Expenditure on development is capitalised only where all of the following can be demonstrated:
• the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
• the Trust intends to complete the asset and sell or use it
• the Trust has the ability to sell or use the asset
• how the intangible asset will generate probable future economic or service delivery benefits, e.g., the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
• adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset and
• the Trust can measure reliably the expenses attributable to the asset during development.

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

Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.
Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

Amortisation

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

Useful economic lives of intangible assets

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

	Min life Years	Max life Years
Information technology	-	-
Software licences	5	15

Note 1.8 Inventories
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First In, First Out (FIFO) method.

Note 1.9 Cash and cash equivalents
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.10 Financial assets and financial liabilities
Recognition
Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

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

Classification and measurement
Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure.

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities are classified as subsequently measured at amortised cost.

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

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Financial assets and financial liabilities at fair value through income and expenditure
Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

Contract and other receivables were reviewed as at 31st March 2020 for expected credit losses. Non NHS receivables are adjusted for credit losses based on amounts due greater than 90 days. Other receivables, such as Overseas Visitors Income, are assessed each year end to determine the level of credit losses attributable.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

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

Note 1.11 Leases

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

Note 1.11.1 The Trust as lessee

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

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

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

Operating leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

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

Note 1.11.2 The Trust as lessor
Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

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

Note 1.12 Provisions
The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.51% in real terms.

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 34.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling
The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.13 Contingencies
Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 35 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 35, unless the probability of a transfer of economic benefits is remote.
Contingent liabilities are defined as:
• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.14 Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.
A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated and grant funded assets,
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.
In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

Note 1.15 Value added tax
Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.16 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM* .

Note 1.17 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. Therefore they are subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.
The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.18 Early adoption of standards, amendments and interpretations

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

Note 1.19 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

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

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

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate (1.27%). The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

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

Based on the preparatory work completed before the announcement the implementation of IFRS16 for NHS Trusts had been postponed one year to 1st April 2021, the Trust estimates the impact of IFRS on its accounts will be as follows:

(i) Net operating expenditure will increase by approx £0.4m - after accounting for changes in depreciation, interest payable and operating lease rentals

(ii) Property plant and equipment wil increase by approx £16.2m in respect of newly recognised fixed assets for equipment.

(iii) Borrowings (finance lease creditors) will increase by approx £16.2m in respect of the capital element of the newly recognised finance leases.

Other standards, amendments and interpretations

Note 1.20 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

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Following Treasury's agreement to apply IFRS 10 to NHS Charities from 1 April 2013, London North West University Healthcare has established that as the Trust is the corporate Trustee of the London North West Healthcare Charitable Fund, charity number 1083634, it effectively has the power to exercise control so as to obtain economic benefits.

Total income received by the charity during the period 1st April 2019 to 31st March 2020 was £0.9m which is only 0.1% of London North West University Healthcare NHS Trust's income. There were no substantive legacies or grant income received during this period.

IAS 1, Presentation of Financial Statements, says that specific disclosure requirements set out in individual standards or interpretations need to be satisfied if the information is not material and is reiterated in the NHS Manual for Accounts 2017-18.

In line with IAS 1, the London North West Charitable Funds are *not* consolidated into London North West University Healthcare Trust accounts on the grounds of materiality.

Assets relating to land and buildings were subject to a formal valuation as at 31st March 2020, completed on an "alternate modern equivalent asset" basis. An existing use value alternative was used which assumes the assets would be replaced with a modern equivalent, i.e. not a building of identical design - but with the same service provision as the existing asset. The alternative modern equivalent asset may well be smaller (reduced Gross Internal Area than the existing asset which reflects the challenges healthcare providers face when utilising historical NHS Estate). Under the Trust's alternative modern equivalent asset valuation, the modern alternative hospitals are of the same service potential and in the same locations but on a smaller physical footprint to serve the catchment area of population.

The methodology adopted meets the requirements of International Accounting Standards (IAS) 16; Property, Plant and Equipment and does not deviate from the principles therein.

The Trust has used this valuation in its 2019/20 accounts. The impact of the assessment of the Trust's estate is an overall increase in the valuation as at 31st March 2020 and will result in a depreciation profile that is a more accurate reflection of the useful economic life of the land and buildings.

Note 1.21 Sources of estimation uncertainty

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

Material valuation uncertainty due to Novel Coronavirus (COVID – 19)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets and travel restrictions have been implemented by many countries.

As a consequence economic activity is being impacted in many sectors. As at the valuation date, our independent valuers have stated that they consider that they can attach less weight to previous market evidence and published build cost information for comparison purposes, to inform opinions of value. Indeed, the current response to COVID 19 means that they are faced with an unprecedented set of circumstances on which to base a judgement.

The Trust's valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation of the Trust's land and buildings than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the valuers recommend that the Trust keeps the valuation of its properties under frequent review. The carrying value of the Trust's land and buildings included within Property Plant and Equipment in the Statement of Financial Position as at 31 March 2020 subject to this material valuation uncertainty is £371.26m. For illustrative purposes, a one per cent change in this valuation would result in a change of £3.71m in the carrying value of Property Plant and Equipment reported in the Statement of Financial Position.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. It is included in order to be clear and transparent, that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case

Note 2 Operating Segments

The nature of the Trust's services is the provision of healthcare. Similar methods are used to provide services across all locations, as all policies, procedures and governance arrangements are Trust-wide. As an NHS Trust, all services are subject to the same regulatory environment and standards. Accordingly, the Trust operates as one segment.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	2019/20	2018/19
	£000	£000
Acute services		
Elective income	77,165	74,874
Non elective income	181,006	162,470
First outpatient income	43,112	41,868
Follow up outpatient income	39,415	36,418
A & E income	29,206	25,596
High cost drugs income from commissioners (excluding pass-through costs)	30,540	31,434
Other NHS clinical income	153,491	156,041
Community services		
Community services income from CCGs and NHS England	50,168	69,856
Income from other sources (e.g. local authorities)	10,259	6,405
All services		
Private patient income	4,665	5,080
Agenda for Change pay award central funding*		5,825
Additional pension contribution central funding**	18,195	
Other clinical income	6,775	16,292
Total income from activities	**643,997**	**632,159**

*Additional costs of the Agenda for Change pay reform in 2018/19 was funded by central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The cost of the additional employer contributions in 2019/20 was £18.195m and the corresponding income from NHS England of £18.195m have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2019/20	2018/19
Income from patient care activities received from:	**£000**	**£000**
NHS England	131,227	104,275
Clinical commissioning groups	488,398	491,975
Department of Health and Social Care	970	5,856
Other NHS providers	1,644	2,128
NHS other	59	148
Local authorities	10,259	15,890
Non-NHS: private patients	4,665	5,080
Non-NHS: overseas patients (chargeable to patient)	4,338	2,822
Injury cost recovery scheme	804	1,383
Non NHS: other	1,633	2,602
Total income from activities	**643,997**	**632,159**
Of which:		
Related to continuing operations	643,997	632,159
Related to discontinued operations	-	-

Income from patient care activities includes non-recurring funding of £3.425m from NHS England for the additional expenditure and loss of elective income incurred by the Trust as a direct result of the coronavirus emergency.

Income from patient care activities also includes £18.195m receivable from NHS England in respect of the additional pensions contributions paid on the Trust's behalf and included in staff costs within Operating expenses.

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

	2019/20	2018/19
	£000	£000
Income recognised this year	4,338	2,822
Cash payments received in-year	-	787
Amounts added to provision for impairment of receivables	-	1,198
Amounts written off in-year	23	212

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	3,628	-	**3,628**	4,278	-	**4,278**
Education and training	25,083	-	**25,083**	25,414	-	**25,414**
Non-patient care services to other bodies	3,069		**3,069**	2,712		**2,712**
Provider sustainability fund (PSF)	1,010		**1,010**	38,638		**38,638**
Financial recovery fund (FRF)	-		**-**			
Marginal rate emergency tariff funding (MRET)	-		**-**			
Receipt of capital grants and donations		613	**613**		2,329	**2,329**
Rental revenue from operating leases		11,066	**11,066**		6,957	**6,957**
Amortisation of PFI deferred income / credits		-	**-**		-	**-**
Other income	14,790	-	**14,790**	16,535	-	**16,535**
Total other operating income	**47,580**	**11,679**	**59,259**	**87,577**	**9,286**	**96,863**
Of which:						
Related to continuing operations			**59,259**			**96,863**
Related to discontinued operations			**-**			**-**

Other income includes funding for various projects in addition to income for corporate and estate services provided to third party organisations.

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,372	563
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 5.2 Transaction price allocated to remaining performance obligations

This note is not applicable to London North West University Healthcare NHS Trust.

Note 6.1 Fees and charges

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

This note is not applicable to London North West University Healthcare NHS Trust.

Note 7.1 Operating expenses

	2019/20	2018/19
	£000	£000
Staff and executive directors costs	501,394	481,290
Remuneration of non-executive directors	63	56
Supplies and services - clinical (excluding drugs costs)	82,932	82,134
Supplies and services - general	27,940	28,225
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	66,351	65,051
Inventories written down	370	324
Consultancy costs	120	355
Establishment	7,288	6,919
Premises	26,902	25,920
Transport (including patient travel)	9,042	8,476
Depreciation on property, plant and equipment	14,951	12,071
Amortisation on intangible assets	5,182	3,442
Net impairments	14,116	11,801
Movement in credit loss allowance: contract receivables / contract assets	2,825	783
Change in provisions discount rate(s)	-	9
Audit fees payable to the external auditor		
audit services- statutory audit (inclunding non-recoverable VAT)	95	63
other auditor remuneration (external auditor only)	-	7
Internal audit costs	80	167
Clinical negligence	16,044	18,916
Legal fees	577	453
Insurance	415	478
Research and development	929	1,250
Education and training	1,832	1,990
Rentals under operating leases	4,557	1,954
Redundancy	838	201
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,750	1,708
Car parking & security	1,568	126
Hospitality	47	62
Other	11,854	11,906
Total	**800,062**	**766,137**
Of which:		
Related to continuing operations	800,062	766,137

Other expenditure includes expenditure on IT systems £6.8m, professional fees and project management £1.6m, subscriptions £1.1m and pension provisions £0.8m.

Note 7.2 Other auditor remuneration

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	-	7
Total	**-**	**7**

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2m (2018/19: £2m).

Note 8 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	14,116	11,801
Total net impairments charged to operating surplus / deficit	**14,116**	**11,801**
Impairments charged to the revaluation reserve	858	1,395
Total net impairments	**14,974**	**13,196**

In 2019/20 the Trust commissioned an independent valuer, Cushman and Wakefield, to undertake a five year revaluation of the Trust's land and buildings. The overall impact of the revaluation is to increase the value of land and buildings as at 31st March 2020 by £7.6m overall, comprising an upward revaluation of £22.6m which is credited to the revaluation reserve and an impairment in respect of a reduction of other buildings of £15m. The impairment arises from a change in market prices. For buildings where the balance on the revaluation reserve is sufficent to offset the impairment, £0.9m of the impairment has been charged to the revaluation reserve. For buildings where the balance of the revaluation reserve is not sufficient to offset the impairment, £14.1m has been charged to operating expenses within the Statement of Comprehensive Income (SoCI). This impairment charge of £14.1m is excluded by the Department of Health when measuring the Trust's performance and therefore it is removed from the adjusted financial performance shown on the Statement of Comprehensive Income.

Note 9 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	382,520	369,842
Social security costs	41,734	40,468
Apprenticeship levy	1,887	1,836
Employer's contributions to NHS pensions	59,560	40,190
Pension cost - other	39	20
Termination benefits	108	201
Temporary staff (including agency)	17,864	30,816
Total gross staff costs	**503,712**	**483,373**
Recoveries in respect of seconded staff	-	-
Total staff costs	**503,712**	**483,373**
Of which		
Costs capitalised as part of assets	1,480	1,882

Note 9.1 Retirements due to ill-health

During 2019/20 there were two early retirements from the Trust agreed on the grounds of ill-health (none in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £62k (£nil in 2018/19).

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

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 201**9**, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

Other pension schemes: National Employment Savings Scheme (NEST)

In accordance with pensions auto-enrolment legislation, the Trust automatically enrols employees who do not qualify for the NHS Pensions scheme into the National Employment Savings Trust (NEST). The Trust makes a contribution of 4% of employee pensionable pay into the NEST scheme and the employee makes a contribution of 3% of pensionable pay. This cost is included in operating expenses. The governemt contributes the equivalent of 1% of qualifying earnings to the scheme.

Note 11 Operating leases

Note 11.1 London North West University Healthcare NHS Trust as a lessor

This note discloses income generated in operating lease agreements where London North West University Healthcare NHS Trust is the lessor.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	11,066	6,957
Total	**11,066**	**6,957**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	11,066	6,957
Total	**11,066**	**6,957**

Note 11.2 London North West University Healthcare NHS Trustas a lessee

This note discloses costs and commitments in operating lease agreements where London North West University Healthcare NHS Trust is the lessee.

London North West University Healthcare NHS Trust has entered operating leases as lesses for land, buildings, equipment, cars and printers for various lease terms.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	4,557	1,954
Total	**4,557**	**1,954**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	4,420	3,118
- later than one year and not later than five years;	8,783	6,430
- later than five years.	160	170
Total	**13,363**	**9,718**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	209	150
Total finance income	**209**	**150**

Note 13.1 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	5,023	3,493
Finance leases	64	79
Main finance costs on PFI and LIFT schemes obligations	3,587	3,780
Contingent finance costs on PFI and LIFT scheme obligations	2,801	2,571
Total interest expense	**11,475**	**9,923**
Unwinding of discount on provisions	(69)	14
Other finance costs	-	9
Total finance costs	**11,406**	**9,946**

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

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

Note 14 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	498	21,620
Losses on disposal of assets	-	(3,979)
Total gains on disposal of assets	**498**	**17,641**
Total other gains	**498**	**17,641**

The Trust disposed of additional land on the Northwick Park hospital site in 2019/20 under a revision to an agreement for a larger land sale concluded in 2018/19.

Note 15 Discontinued operations

The Trust did not discontinue any operations in 2019/20.

Note 16.1 Intangible assets - 2019/20

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**30,343**	**853**	**31,196**
Additions	1,758	678	**2,436**
Disposals / derecognition	-	(26)	**(26)**
Valuation / gross cost at 31 March 2020	**32,101**	**1,505**	**33,606**
Amortisation at 1 April 2019 - brought forward	**12,798**	**-**	**12,798**
Provided during the year	5,182	-	**5,182**
Amortisation at 31 March 2020	**17,980**	**-**	**17,980**
Net book value at 31 March 2020	**14,121**	**1,505**	**15,626**
Net book value at 1 April 2019	**17,545**	**853**	**18,398**

Note 16.2 Intangible assets - 2018/19

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**27,867**	**1,549**	**29,416**
Valuation / gross cost at 1 April 2018 - restated	**27,867**	**1,549**	**29,416**
Additions	2,090	548	**2,638**
Reclassifications	386	(392)	**(6)**
Disposals / derecognition	-	(852)	**(852)**
Valuation / gross cost at 31 March 2019	**30,343**	**853**	**31,196**
Amortisation at 1 April 2018 - as previously stated	**9,356**	**-**	**9,356**
Amortisation at 1 April 2018 - restated	**9,356**	**-**	**9,356**
Provided during the year	3,442	-	**3,442**
Amortisation at 31 March 2019	**12,798**	**-**	**12,798**
Net book value at 31 March 2019	**17,545**	**853**	**18,398**
Net book value at 1 April 2018	**18,511**	**1,549**	**20,060**

Note 17.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**29,898**	**326,565**	**4,801**	**540**	**106,371**	**56,503**	**5,614**	**530,292**
Additions	-	11,031	-	4,630	10,957	1,268	-	**27,886**
Impairments	(267)	(18,949)	-	-	-	-	-	**(19,216)**
Revaluations	1,437	16,682	64	-	-	-	-	**18,183**
Disposals / derecognition	-	-	-	-	(695)	-	-	**(695)**
Valuation/gross cost at 31 March 2020	**31,068**	**335,329**	**4,865**	**5,170**	**116,633**	**57,771**	**5,614**	**556,450**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**-**	**86,413**	**47,377**	**4,655**	**138,445**
Provided during the year	-	8,560	112	-	4,019	1,992	268	**14,951**
Impairments	-	(4,242)	-	-	-	-	-	**(4,242)**
Revaluations	-	(4,318)	(112)	-	-	-	-	**(4,430)**
Disposals / derecognition	-	-	-	-	(36)	-	-	**(36)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**90,396**	**49,369**	**4,923**	**144,688**
Net book value at 31 March 2020	**31,068**	**335,329**	**4,865**	**5,170**	**26,237**	**8,402**	**691**	**411,762**
Net book value at 1 April 2019	**29,898**	**326,565**	**4,801**	**540**	**19,958**	**9,126**	**959**	**391,847**

Revaluation of land and buildings 2019/20

In 2019/20 the Trust commissioned an independent valuer, Cushman and Wakefield, to undertake a five year revaluation of the Trust's land and buildings. The overall impact of the revaluation is to increase the value of land and buildings as at 31st March 2020 by £7.6m overall, comprising an upward revaluation of £22.6m which is credited to the revaluation reserve and an impairment in respect of a reduction of other buildings of £15m. The impairment arises from a change in market prices. For buildings where the balance on the revaluation reserve is sufficent to offset the impairment, £0.9m of the impairment has been charged to the revaluation reserve. For buildings where the balance of the revaluation reserve is not sufficient to offset the impairment, £14.1m has been charged to operaing expenses within the Statement of Comprehensive Income (SoCI). This impairment charge of £14.1m is excluded by the Department of Health when measuring the Trust's performance and therefore it is removed from the adjusted financial performance shown on the Statement of Comprehensive Income.

Note 17.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**31,509**	**332,404**	**5,521**	**209**	**103,540**	**52,279**	**5,501**	**530,963**
Additions	-	10,961	-	394	2,829	4,224	113	**18,521**
Impairments	(3,401)	(13,953)	(720)	-	-	-	-	**(18,074)**
Revaluations	2,420	1,020	-	-	-	-	-	**3,440**
Reclassifications	-	8	-	(63)	61	-	-	**6**
Disposals / derecognition	(630)	(3,875)	-	-	(59)	-	-	**(4,564)**
Valuation/gross cost at 31 March 2019	**29,898**	**326,565**	**4,801**	**540**	**106,371**	**56,503**	**5,614**	**530,292**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**1,008**	**-**	**-**	**82,314**	**45,800**	**4,358**	**133,480**
Provided during the year	-	6,009	89	-	4,099	1,577	297	**12,071**
Impairments	-	(4,789)	(89)	-	-	-	-	**(4,878)**
Revaluations	-	(1,173)	-	-	-	-	-	**(1,173)**
Disposals / derecognition	-	(1,055)	-	-	-	-	-	**(1,055)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**86,413**	**47,377**	**4,655**	**138,445**
Net book value at 31 March 2019	**29,898**	**326,565**	**4,801**	**540**	**19,958**	**9,126**	**959**	**391,847**
Net book value at 1 April 2018	**31,509**	**331,396**	**5,521**	**209**	**21,226**	**6,479**	**1,143**	**397,483**

Note 17.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	31,068	251,110	4,865	5,170	25,660	8,038	605	**326,516**
Finance leased	-	-	-	-	297	-	-	**297**
On-SoFP PFI contracts and other service concession arrangements	-	70,736	-	-	-	-	-	**70,736**
Owned - government granted	-	3,309	-	-	-	-	-	**3,309**
Owned - donated	-	10,174	-	-	280	364	86	**10,904**
NBV total at 31 March 2020	**31,068**	**335,329**	**4,865**	**5,170**	**26,237**	**8,402**	**691**	**411,762**

Note 17.4 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019								
Owned - purchased	29,898	245,203	4,801	540	19,320	8,655	855	**309,272**
Finance leased	-	-	-	-	397	-	-	**397**
On-SoFP PFI contracts and other service concession arrangements	-	69,650	-	-	-	-	-	**69,650**
Owned - government granted	-	3,304	-	-	8	-	-	**3,312**
Owned - donated	-	8,408	-	-	233	471	104	**9,216**
NBV total at 31 March 2019	**29,898**	**326,565**	**4,801**	**540**	**19,958**	**9,126**	**959**	**391,847**

Note 18 Donations of property, plant and equipment

The Trust received donations to finance the purchase of capital assets to the value of £0.6m in the year, predominantly from the London North West Healthcare Charity. This value is included in Other non contract operating income (Note 4). This income is removed from the financial performance of the year to arrive at the adjusted retained deficit.

The main projects funded by capital donations were clinical equipment for a vascular unit £0.2m, the re-desgn of gardens at the Meadow House hospice in Ealing £0.1m and a number of refurbishment projects for Paediatric facilities totalling approx £0.1m

Note 19 Revaluations of property, plant and equipment

The Trust's land and buildings were revalued at 31 March 2020 by the Trust's appointed valuers, Cushman and Wakefield, applying the Modern Equivalent Valuation methodology for the valuation.

In 2019/20 the Trust commissioned an independent valuer, Cushman and Wakefield, to undertake a five year revaluation of the Trust's land and buildings. The overall impact of the revaluation is to increase the value of land and buildings as at 31st March 2020 by £7.6m overall, comprising an upward revaluation of £22.6m which is credited to the revaluation reserve and an impairment in respect of a reduction of other buildings of £15m. The impairment arises from a change in market prices. For buildings where the balance on the revaluation reserve is sufficent to offset the impairment, £0.9m of the impairment has been charged to the revaluation reserve. For buildings where the balance of the revaluation reserve is not sufficient to offset the impairment, £14.1m has been charged to operaing expenses within the Statement of Comprehensive Income (SoCI). This impairment charge of £14.1m is excluded by the Department of Health when measuring the Trust's performance and therefore it is removed from the adjusted financial performance shown on the Statement of Comprehensive Income.

Within the total values as at 31 March 2020, £31.1m related to land valued at open market value and £4.9m related to dwellings valued at open market value.

The fair value of Buildings excluding Dwellings is £335.3m

The valuation was undertaken by surveyors who were suitably experienced and qualified members of the Royal Institute of Chartered Surveyors.

The valuation was carried out in accordance with the RICS Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury.

Note 20.1 Investment Property

London North West University Healthcare NHS Trust has no investment property.

Note 21 Investments in associates and joint ventures

London North West University Healthcare NHS Trust has no investments in associates and joint ventures.

Note 22 Other investments / financial assets (non-current)

London North West University Healthcare NHS Trust has no other investments / financial assets (non-current)

Note 22.1 Other investments / financial assets (current)

London North West University Healthcare NHS Trust has no other investments / financial assets (current)

Note 23 Disclosure of interests in other entities

London North West University Healthcare NHS Trust has no interests in other entities.

Note 24 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	5,931	4,890
Consumables	5,297	5,297
Energy	128	128
Total inventories	**11,356**	**10,315**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £66,721k (2018/19: £66,343k). Write-down of inventories recognised as expenses for the year were £370k (2018/19: £324k).

Estimation of inventory stocks £2.4m

Note 25.1 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	73,932	74,816
Allowance for impaired contract receivables / assets	(9,264)	(6,606)
Deposits and advances	-	6
Prepayments (non-PFI)	4,780	4,463
PDC dividend receivable	894	1,177
VAT receivable	3,280	2,218
Total current receivables	**73,622**	**76,074**
Of which receivable from NHS and DHSC group bodies:		
Current	35,768	60,045
Non-current	-	-

Note 25.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**6,606**	**-**	**-**	**5,823**
Allowances as at 1 April - restated	**6,606**	**-**	**-**	**5,823**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			5,823	(5,823)
New allowances arising	2,825	-	803	-
Reversals of allowances	-	-	(20)	-
Utilisation of allowances (write offs)	(167)	-	-	-
Allowances as at 31 Mar 2020	**9,264**	**-**	**6,606**	**-**

Note 25.3 Exposure to credit risk

The Trust has low exposure to credit risk because the majority of the Trust's revenue comes from contracts with other public sector bodies. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Note 26 Other assets

	31 March 2020	31 March 2019
Current	**£000**	**£000**
Total other current assets	**-**	**-**
Non-current		
Total other non-current assets	**-**	**-**

Note 27.1 Non-current assets held for sale and assets in disposal groups

The Trust has no non-current assets held for sale and assets in disposal groups.

Note 27.2 Liabilities in disposal groups

The Trust has no liabilities in disposal groups.

Note 28.1 Cash and cash equivalents movements

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

	2019/20	2018/19
	£000	£000
At 1 April	**5,211**	**1,913**
At 1 April (restated)	**5,211**	**1,913**
Net change in year	(1,484)	3,298
At 31 March	**3,727**	**5,211**
Broken down into:		
Cash at commercial banks and in hand	46	19
Cash with the Government Banking Service	3,681	5,192
Total cash and cash equivalents as in SoFP	**3,727**	**5,211**
Total cash and cash equivalents as in SoCF	**3,727**	**5,211**

Note 28.2 Third party assets held by the trust

The Trust held cash and cash equivalents which relate to monies held on behalf of patients or other parties and in which the Trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020	31 March 2019
	£000	£000
Bank balances	4	4
Total third party assets	**4**	**4**

Note 29.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	36,840	23,502
Capital payables	14,308	8,891
Accruals	17,793	20,159
Receipts in advance and payments on account	268	268
Social security costs	168	549
Other payables	33,421	30,328
Total current trade and other payables	**102,798**	**83,697**
Of which payables from NHS and DHSC group bodies:		
Current	12,391	14,495
Non-current	-	-

Note 29.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2020 £000	31 March 2020 Number	31 March 2019 £000	31 March 2019 Number
- to buy out the liability for early retirements over 5 years	-		-	
- number of cases involved		-		-

Note 30 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	7,376	8,748
Total other current liabilities	**7,376**	**8,748**

Note 31.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from DHSC	341,140	154,126
Obligations under finance leases	203	184
Obligations under PFI, LIFT or other service concession contracts	1,526	1,917
Total current borrowings	**342,869**	**156,227**
Non-current		
Loans from DHSC	593	108,871
Obligations under finance leases	475	678
Obligations under PFI, LIFT or other service concession contracts	48,198	49,724
Total non-current borrowings	**49,266**	**159,273**

On 3 April 2020, NHS England and Improvement announced that all DH interim revenue and DH interim capital loans of NHS Trusts outstanding as at 31 March 2020 will be repaid on 30 September 2020 and the equivalent amount issued to the Trust as Public Dividend Capital (PDC) on 30 September 2020. Public Dividend Capital represents the Secretary of State's equity in the Trust and is not repayable. Therefore all the Trust's DH interim revenue and DH interim capital loans which total £339.7m have been classified above as current borrowings as at 31 March 2020 as they will be repaid on 30 September 2020.

Note 31.2 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2019	**262,997**	**-**	**862**	**51,641**	**315,500**
Cash movements:					
Financing cash flows - payments and receipts of principal	78,117	-	(184)	(1,917)	**76,016**
Financing cash flows - payments of interest	(4,404)	-	(64)	(3,587)	**(8,055)**
Non-cash movements:					
Application of effective interest rate	5,023	-	64	3,587	**8,674**
Carrying value at 31 March 2020	**341,733**	**-**	**678**	**49,724**	**392,135**

On 2 April 2020, the Department of Health and Social Care announced that all DH interim revenue and DH interim capital loans of NHS Trusts outstanding as at 31 March 2020 will be repaid on 30 September 2020 and the equivalent amount issued to the Trust as Public Dividend Capital (PDC) on 30 September 2020. Therefore all the Trust's DH interim revenue and DH interim capital loans which represent £339.7m of the carrying value of the DHSC loans stated above as at 31 March 2020 will be repaid on 30 September 2020.

Note 31.3 Reconciliation of liabilities arising from financing activities - 2018/19

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2018	**219,486**	**-**	**1,026**	**53,501**	**274,013**
Prior period adjustment	**-**	**-**	**-**	**-**	**-**
Carrying value at 1 April 2018 - restated	**219,486**	**-**	**1,026**	**53,501**	**274,013**
Cash movements:					
Financing cash flows - payments and receipts of principal	42,844	-	(164)	(1,859)	**40,821**
Financing cash flows - payments of interest	(3,346)	-	(79)	(3,781)	**(7,206)**
Non-cash movements:					
Impact of implementing IFRS 9 on 1 April 2018	520	-	-	-	**520**
Application of effective interest rate	3,493	-	79	3,780	**7,352**
Carrying value at 31 March 2019	**262,997**	**-**	**862**	**51,641**	**315,500**

Note 32 Other financial liabilities

The Trust has no other financial liabilities.

Note 33 Finance leases

Note 33.1 London North West University Healthcare NHS Trust as a lessor

The Trust has no finance leases in which it is the lessor.

Note 33.2 London North West University Healthcare NHS Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**773**	**1,020**
of which liabilities are due:		
- not later than one year;	251	247
- later than one year and not later than five years;	522	773
- later than five years.	-	-
Finance charges allocated to future periods	(95)	(158)
Net lease liabilities	**678**	**862**
of which payable:		
- not later than one year;	203	184
- later than one year and not later than five years;	475	678
- later than five years.	-	-
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as expense in the period	-	-

The finance leases relate mainly to clinical equipment

Note 34.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2019	**671**	**4,616**	**315**	**371**	**955**	**6,928**
Arising during the year	**72**	**743**	**263**	**257**	**-**	**1,335**
Utilised during the year	(75)	(311)	-	(109)	-	**(495)**
Reversed unused	**(22)**	**-**	**(267)**	**(262)**	**-**	**(551)**
Unwinding of discount	**(9)**	**(60)**	**-**	**-**	**-**	**(69)**
At 31 March 2020	**637**	**4,988**	**311**	**257**	**955**	**7,148**
Expected timing of cash flows:						
- not later than one year;	78	218	311	257	**955**	**1,819**
- later than one year and not later than five years;	316	879	-	-	**-**	**1,195**
- later than five years.	243	3,891	-	-	**-**	**4,134**
Total	**637**	**4,988**	**311**	**257**	**955**	**7,148**

The Pensions early departure cost relates to pension payments for staff retiring early through ill health. These figures are provided by the NHS Pensions Authority. The discount rate for pensions relating to other staff is -0.51% in line with HM Treasury and Department of Health guidelines. Settlements of these claims are determined using statistics provided by The Office of National Statistics (ONS).

Legal Claims refer to Public and employers liability claims and also provisions in relation to ongoing employment cases. The value of these claims will be subject to the relevant judgements or subsequent settlements made by employment tribunals.

The redundancy provision relates to potential management redundancies.

Other provisions relate to the land sale completed in 2018/19 and the legal obligation to provide vacant possession of the site sold in 2020/21.

Note 34.2 Clinical negligence liabilities

At 31 March 2020, £319,872k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of London North West University Healthcare NHS Trust (31 March 2019: £329,395k).

Note 35 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(52)	(52)
Employment tribunal and other employee related litigation	(133)	(214)
Gross value of contingent liabilities	**(185)**	**(266)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(185)**	**(266)**

The contingent liabilities relate to claims managed under the Propery Expenses Scheme (PES) and Liability to Third Parties Scheme (LTPS) on the Trust's behalf by NHS Resolution.

Note 36 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	2,247	-
Total	**2,247**	**-**

Note 37 Defined benefit pension schemes

The Trust does not have any other defined benefit schemes other than the NHS Pensions scheme.

Note 37.1 Changes in the defined benefit obligation and fair value of plan assets during the year

The Trust does not have any other defined benefit schemes other than the NHS Pensions scheme and so there are no changes in any defined benefit obligation.

Note 38 On-SoFP PFI, LIFT or other service concession arrangements

Under the PFI contract, which ends on 16 March 2036, the Trust's PFI provider ByCentral Limited has constructed the Brent Emergency Care and Diagnostic (BECaD) building on the site of Central Middlesex Hospital and provides facilities management for existing and new premises for the duration of the contract. At the conclusion of the contract, ownership of the asset will revert to the Trust. Under IFRIC 12, the asset is treated as an asset of the Trust and is included in the Statement of Financial Position.

Note 38.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2020	31 March 2019
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**84,176**	**89,681**
Of which liabilities are due		
- not later than one year;	4,987	5,505
- later than one year and not later than five years;	20,831	20,449
- later than five years.	58,358	63,727
Finance charges allocated to future periods	(34,452)	(38,040)
Net PFI, LIFT or other service concession arrangement obligation	**49,724**	**51,641**
- not later than one year;	1,526	1,917
- later than one year and not later than five years;	8,192	7,283
- later than five years.	40,006	42,441

Note 38.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2020	31 March 2019
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**118,837**	**126,092**
Of which payments are due:		
- not later than one year;	6,781	7,255
- later than one year and not later than five years;	28,467	27,899
- later than five years.	83,589	90,938

Note 38.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2019/20	2018/19
	£000	£000
Unitary payment payable to service concession operator	**11,711**	**11,428**
Consisting of:		
- Interest charge	3,587	3,780
- Repayment of balance sheet obligation	1,917	1,859
- Service element and other charges to operating expenditure	1,750	1,708
- Capital lifecycle maintenance	1,656	1,510
- Contingent rent	2,801	2,571
Total amount paid to service concession operator	**11,711**	**11,428**

Note 39 Off-SoFP PFI, LIFT and other service concession arrangements

The Trust has no off-SoFP PFI, LIFT and other service concession arrangements

Note 40 Financial instruments

Note 40.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The Trust has a continuing service provider relationship with Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, and therefore the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The 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 Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Liquidity risk

The Trust's operating costs are incurred under contracts with clinical commissioning groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. For the financial year commencing 1 April 2021, the Trust has submitted a plan to NHS England and Improvement for a deficit of £47m, after receiving planned Provider Sustainability Funding (PSF) of £27.7m. The plan requires additional cash support through PDC revenue financing.

Note 40.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	64,668	-	-	**64,668**
Cash and cash equivalents	3,727	-	-	**3,727**
Total at 31 March 2020	**68,395**	**-**	**-**	**68,395**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	68,080	-	-	**68,080**
Cash and cash equivalents	5,211	-	-	**5,211**
Total at 31 March 2019	**73,291**	**-**	**-**	**73,291**

Note 40.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020 under IAS 39	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	341,733	-	**341,733**
Obligations under finance leases	678	-	**678**
Obligations under PFI, LIFT and other service concession contracts	49,724	-	**49,724**
Trade and other payables excluding non financial liabilities	76,094	-	**76,094**
Total at 31 March 2020	**468,229**	**-**	**468,229**

Carrying values of financial liabilities as at 31 March 2019 under IAS 39	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	262,997	-	**262,997**
Obligations under finance leases	862	-	**862**
Obligations under PFI, LIFT and other service concession contracts	51,641	-	**51,641**
Trade and other payables excluding non financial liabilities	79,019	-	**79,019**
Total at 31 March 2019	**394,519**	**-**	**394,519**

Financial assets and financial liabilities are held at amortised cost. The difference between carrying value and fair value is immaterial.

Note 40.4 Maturity of financial liabilities

	31 March 2020	31 March 2019
	£000	£000
In one year or less	418,963	235,245
In more than one year but not more than two years	1,833	57,064
In more than two years but not more than five years	7,242	55,954
In more than five years	40,191	46,256
Total	**468,229**	**394,519**

Note 40.5 Fair values of financial assets and liabilities

Note 41 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Bad debts and claims abandoned	36	25	112	221
Stores losses and damage to property	117	370	78	324
Total losses	**153**	**395**	**190**	**545**
Special payments				
Ex-gratia payments	27	9	22	14
Total special payments	**27**	**9**	**22**	**14**
Total losses and special payments	**180**	**404**	**212**	**559**
Compensation payments received		-		-

The Stores losses and damage to property of £370k in 2019/20 includes damage to an electricity generator on the Northwick Park hospital site and damage to property at Ealing hospital due to fire. The Trust is pursuing insurance claims for both incidents.

Note 42 Gifts

There were no gifts made in 2018/19 or 2019/20.

Note 43 Related parties

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with London North West University Healthcare NHS Trust.
The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example :

The significant transactions were with NHS Brent CCG, NHS Ealing CCG, NHS Harrow CCG, NHS Barnet CCG, NHS Hillingdon CCG, Health Education England and NHS England.

Imperial Health Partners
Dame Jacqueline Doherty, the Trust's Chief Executive until 30th March 2020, was also a member of the board of Imperial College Health Partners during 2019/20. The Trust incurred transactions with Imperial College Health Partners during 2018/19 and so Imperial Health Partners were disclosed as a related party organisation of the Trust's in the 2018/19 accounts. Invoices to the value of £121k were received and paid in 2018/19 however no monies were outstanding as at 31/03/19. There were no transactions between the Trust and Imperial Health Partners in 2019/20.

London North West Healthcare Charity
The Trust has also received revenue and capital payments from a number of charitable funds, of which the Trustees are also members of the Trust board. The amounts due or to be paid at the end of the financial year are;

	Receipts from Related Party	Amounts due from Related Party
	£000	£000
London North West Healthcare Charity	200	178

The Charity also donated non-current assets to the Trust totalling approx £0.6m relating to garden re-design and a number of works to improve paediatric facilities.

Note 44 Transfers by absorption
There are no transfers by absorption.

Note 45 Prior period adjustments
There are prior period adjustments.

Note 46 Events after the reporting date
On 2 April 2020, the Department of Health and Social Care announced that all DH interim revenue and DH interim capital loans of NHS Trusts outstanding as at 31 March 2020 will be repaid on 30 September 2020 and the equivalent amount issued to the Trust as Public Dividend Capital (PDC) on the same day. This announcement represents an adjusting post balance sheet event because all the Trust's DH interim revenue and DH interim capital loans which total £339.7m as at 31 March 2020 were required to be re-classified as current liabilities in Note 31 Borrowings as a result of the announcement. There is no other impact on these accounts. The Trust estimates that the conversion of these loans to PDC will improve its net income and expenditure position by approx £2.5m in 2020/21.

Note 47 Final period of operation as a trust providing NHS healthcare
This note is not applicable

Note 48 Better Payment Practice code

Non-NHS Payables	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Total non-NHS trade invoices paid in the year	142,766	446,001	131,266	394,390
Total non-NHS trade invoices paid within target	115,338	412,797	104,840	358,765
Percentage of non-NHS trade invoices paid within target	80.8%	92.6%	79.9%	91.0%
NHS Payables				
Total NHS trade invoices paid in the year	3,514	18,638	3,057	13,534
Total NHS trade invoices paid within target	2,975	17,830	2,448	12,342
Percentage of NHS trade invoices paid within target	84.7%	95.7%	80.1%	91.2%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 49 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2019/20 £000	2018/19 £000
Cash flow financing	82,915	42,261
External financing requirement	**82,915**	**42,261**
External financing limit (EFL)	83,226	44,740
Under / (over) spend against EFL	**312**	**2,479**

Note 50 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	30,322	21,159
Less: Disposals	(685)	(4,361)
Less: Donated and granted capital additions	(613)	(2,329)
Charge against Capital Resource Limit	**29,024**	**14,469**
Capital Resource Limit	29,024	18,620
Under spend against CRL	**-**	**4,151**

Note 51 Breakeven duty financial performance

	2019/20 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(94,439)
Add back income for impact of 2018/19 post-accounts PSF reallocation	1,010
Breakeven duty financial performance surplus / (deficit)	**(93,429)**

Note 52 Breakeven duty rolling assessment

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(24,935)	(88,245)	(61,098)	(38,597)	(20,998)	(93,429)
Breakeven duty cumulative position	(24,935)	(113,180)	(174,278)	(212,875)	(233,873)	(327,302)
Operating income	346,730	666,125	681,059	701,443	729,022	703,256
Cumulative breakeven position as a percentage of operating income	(7.2%)	(17.0%)	(25.6%)	(30.3%)	(32.1%)	(46.5%)

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, London North West University Healthcare NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

The Trust did not meet its breakeven duty in 2019-20.

The NHS Five Year Forward view sets out a vision for the future of the NHS. The Trust's clinical strategy and plans form part of a five-year Sustainability and Transformation Plan (STP) which the Trust is formulating with local commissioners, GPs, social services and other partners. The aim of this STP is to improve the health and wellbeing of people across North West London through a vision of a proactive model of care which will reduce the costs of meeting the care needs of the local population to enable the system to be financially, as well as clinically, sustainable.

The Trust commissioned an external review to gain an insight into how strategic, structural and operational factors have each contributed to the Trust's deficit position. As a result of this review, the Trust is working with NHS England and Improvement in developing a five year financial recovery plan to address strategic and operational factors with the aim of closing the gap between the current financial position and the financial recovery position.

Our Trust covers:

- Central Middlesex Hospital
- Ealing Hospital
- Northwick Park Hospital
- St. Mark's Hospital
- Community services across Brent, Meadow House Hospice and the Willesden Community Rehabilitation Hospital

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