North West Boroughs Healthcare
NHS Foundation Trust

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Annual Report and Accounts 1 April 2019 to 31 March 2020

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

Contents

Performance Report

1. Performance overview

1.1. Purpose

The performance overview aims to provide a short summary with sufficient information to understand the organisation, our purpose, the key risks to the achievement of our objectives and how we have performed during the year.

1.2. Chief Executive's statement

This report sets out how we deliver high-quality mental health, learning disability and community services to service users and patients across the boroughs we serve.

It celebrates our key in-year successes and acknowledges where our performance has not met targets set, why and how we plan to address this.

During 2019/20, we have made significant progress against the six strategic priorities we set out in our strategy for 2019-2022.

In February 2020, we were delighted to receive confirmation from the Care Quality Commission that we had maintained our overall rating of 'Good' following an inspection of five of our core services which took place during October and November 2019.

During the year, we have seen changes to the structure and responsibilities of our Trust Board. In March 2020, following the retirement of our Chief Nurse and Deputy Chief Executive, the chief nurse responsibilities were split between two new roles – Executive Director of Nursing and Governance and Executive Director of Nursing and Quality. In addition, the Chief Operating Officer responsibilities were extended to include Deputy Chief Executive. We also welcomed a new non-executive director in September 2019.

Our positive culture is one of the things we believe sets us apart from other organisations and is something we are very proud of. This year, a team charter toolkit to support managers to embed the Trust values, behaviours and cultures within their teams was introduced.

We have progressed with our plans to deliver services differently and now have 21 people with lived experience of using services employed in peer support worker roles to help improve the experience of other patients.

We are committed to ensuring community and mental health services are delivered in a joined up way and, throughout the year, have played an active role in place-based healthcare systems, working in partnership with clinical commissioning groups, partner trusts and local authorities to shape the future of healthcare for our communities.

During 2019/20, we had a turnover of approximately £203 million (£186 million in 2018/19). We delivered a surplus before impairments and transfers of £84,000 (£2,000 deficit in 2018/19).

In the Annual Report and Accounts, you will see we have met our quality regulatory ratings and achievement against our 2019/20 quality priorities is reported.

During the year, we made a significant decision about the future of the Trust.

Since September 2017, our Trust Board and Council of Governors have been discussing the long term future direction and sustainability of our organisation. They recognise that, in coming years, growing financial challenges are likely to put the quality and safety of patient care at risk; which is something we will not allow to happen.

Our financial position is currently stable and patient care is being delivered safely. However, in order to prevent any potential impact on quality of patient care in the future, we are doing the sensible thing and taking action now.

In September 2019, our Trust Board and Council of Governors made a recommendation to NHS Improvement for our Trust to be acquired by Mersey Care NHS Foundation Trust. This decision was reached to make sure the services we currently provide will continue to be delivered in a high-quality and safe way in the future.

This recommendation acknowledges our Wigan, Bolton and Greater Manchester mental health services sit within the geographical footprint of the Greater Manchester Health and Social Care Partnership. The future arrangements for our Wigan and Greater Manchester services are subject to a decision by Wigan Borough Clinical Commissioning Group. This decision was yet to be confirmed at the time of publication.

We believe this will provide long-term benefits for our staff and patients.

Simon Barber, **Chief Executive**
North West Boroughs Healthcare NHS Foundation Trust
22 June 2020

1.3. About us

Formed in 2002, the Trust achieved foundation trust status on 1 March 2010 to become 5 Boroughs Partnership NHS Foundation Trust.

On 1 April 2017, we became North West Boroughs Healthcare NHS Foundation Trust. The name change was a result of significant growth during the previous year, extending the geography in which we deliver services. The new name enables all our staff to identify with the organisation regardless of where they work.

We deliver a range of health services across a population of more than 3.5 million people to support our local communities to live life well. These include community-based physical health services, as well as mental health and learning disability services.

We deliver community and inpatient mental health services across Halton, Knowsley, St Helens, Warrington, Wigan and Bolton. And provide physical health services for children and adults in Halton, Knowsley, Sefton and St Helens

We also provide a range of specialist services across the North West, including specialist inpatient services, services for people with vulnerabilities within the criminal justice system across Cheshire and Greater Manchester, and an integrated anti-stalking service in Halton and Warrington.

We employ around 4,000 staff across a range of professions and we are committed to integrating mental health and physical health services to deliver whole person care which supports our service users with all aspects of their health and wellbeing.

Our last comprehensive inspection by the Care Quality Commission took place in 2019 and we are proud to be rated as 'Good'.

Our purpose

Our Trust Board and Council of Governors have defined our overall purpose as:

> *'We will take a lead in improving the wellbeing of our communities in order to make a positive difference throughout people's lives.'*

Our strategic priorities

Approved by our Trust Board in March 2018, our strategy for 2018-2021 set out the direction and priorities for our organisation for the next three years.

Our strategic priorities are:

- We will deliver **quality, safe and efficient services** with a highly skilled and motivated workforce.
- We will deliver **whole person care** through targeted growth.
- We will retain our **values and culture**.
- We will engage with our communities and staff to **deliver services differently**.
- We will play an active role in **place-based care systems** to maintain a whole person care focus and high clinical standards.
- We will grow and develop the Trust at scale, being seen as an **equal partner in any system-wide collaboration**.

With input from our Council of Governors and senior leaders, during 2019/20, the strategy has been reviewed and updated for 2020-2023. The strategic priorities remain fit-for-purpose.

While North West Boroughs Healthcare will no longer exist as an entity after the conclusion of the transaction, the improvements we are making now will continue to be important after the transition. Our commitment to quality and safety for our patients and staff remains our main focus and, during the transition, we will work with Mersey Care and any other acquiring organisations within Greater Manchester to make sure their future ambitions reflect and meet the needs of our patients, service users, carers and staff.

The 2020-2023 strategy is available on our website: www.nwbh.nhs.uk/strategy

Our objectives

We set objectives at the start of each year to enable us to deliver our strategy. Our annual objectives for 2019/20 can be found on the Trust website: www.nwbh.nhs.uk/strategy

Our values

Our values reflect the things that matter to us and are evidenced in the way we do things and how we behave:

- We value people as individuals ensuring we are all treated with **dignity and respect**.
- We value **quality and** strive for **excellence** in everything we do.
- We value, encourage and recognise everyone's **contribution and feedback**.
- We value open, two-way communication, to promote a **listening and learning** culture.
- We value and **deliver on** the **commitments** we make.

Our behaviours

Our Trust behaviours represent how we want to interact with one another.

Our Culture of Care

Our Culture of Care puts a clear focus on delivering high-quality care for our patients, service users and carers. This is how we have chosen to implement NHS England's 6Cs – care, compassion, commitment, courage, communication and competence – which we believe don't just apply to our nursing staff, but to every member of staff.

How it all fits together

Our structure and business model

Our Trust is structured around the boroughs in which we deliver services. Beneath our Trust Board, within operational services, we have borough leadership teams for each of our boroughs. During 2019/20, this comprised:

- Halton and Specialist Services
- Knowsley
- Sefton
- St Helens
- Warrington
- Wigan, Bolton and Greater Manchester

Corporate and support services sit separately and wrap around the borough operational structure.

The majority of the services we provide are commissioned by clinical commissioning groups and local authorities within our footprint. In addition, some of our specialist services are commissioned by NHS England, local police and crime commissioners and Health Education England.

A number of our services are delivered in partnership with other NHS, third sector and private sector organisations. This strengthens our ability to deliver whole person care, integrating physical and mental health services wherever possible.

We play an active role in the place-based care systems within our footprint, as well as the wider Integrated Care Systems across Greater Manchester and Cheshire and Merseyside – Greater Manchester Health and Social Care Partnership and Cheshire and Merseyside Health and Care Partnership.

1.4. Going concern disclosure

See notes to the accounts, starting on page 105.

Accountability Report

The Chief Executive, as the accounting officer, has approved the contents of the following accountability report, which includes:

- Directors' Report
- Remuneration Report
- Staff Report
- NHS Foundation Trust Code of Governance Disclosures
- NHS Oversight Framework
- Statement of Accounting Officer's Responsibilities
- Annual Governance Statement

Simon Barber, **Chief Executive**
North West Boroughs Healthcare NHS Foundation Trust
22 June 2020

Directors' Report

1. Our Trust Board

Our Trust Board has responsibility for strategic development, approving policy and monitoring performance. This includes ensuring the delivery of effective financial stewardship, high standards of clinical and corporate governance and promoting effective relations with the local community we serve.

The Board collectively considers that it is appropriately composed with a balanced spread of expertise to fulfil its function and the terms of licence. The Chairman and non-executive directors meet the independence criteria laid down in the NHS Foundation Trust Code of Governance.

Our Executive Leadership Team provides organisational leadership and takes appropriate action to ensure we deliver our strategic and operational objectives. It maintains arrangements for effective governance throughout the organisation; monitors performance in the delivery of planned results; and ensures corrective action is taken when necessary.

There were 10 Trust Board meetings held during 2019/20 (there was no meeting in August or December).

Names and roles of those who made up our Trust Board during 2019/20 are below.

Name	Title
Simon Barber	Chief Executive
Gail Briers	Chief Nurse and Deputy Chief Executive (until February 2020)
John Heritage	Chief Operating Officer and Deputy Chief Executive (change to job title March 2020)
Joanne Hiley	Director of Nursing and Quality (from March 2020)
Tracy Hill	Director of Strategy and Organisational Effectiveness
Joanne McDonnell	Director of Nursing and Governance (from March 2020)
John McLuckie	Chief Finance Officer
Professor Sandeep Ranote	Medical Director
Helen Bellairs	Chairman
Innes Arnold	Non-Executive Director (from September 2019)
Jonathan Berry	Non-Executive Director
Tricia Kalloo	Non-Executive Director
Stephen McAndrew	Non-Executive Director
Mike Tate	Non-Executive Director
Alison Tumilty	Non-Executive Director

2. Declarations of interest

A register of interests for Trust Board members is available on our website at: www.nwbh.nhs.uk/trust-board

3. Treasury cost allocation and charging guidance

The Trust has complied with the HM cost allocation and charging policy in setting its prices.

4. Political donations

The Trust has not made any political donations during 2019/20 (also none in 2018/19).

5. Better Payment Practice Code

Under the Better Payment Practice Code, the Trust aims to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust is also an approved signatory to the Prompt Payment Code.

The table below shows our level of compliance.

	2019/20		2018/19	
	Number	£000	Number	£000
Total non-NHS trade invoices paid in the year	21,293	26,506	20,671	24,660
Total non-NHS trade invoices paid within target	20,239	25,572	19,679	23,508
Percentage of non-NHS trade invoices paid within target	95%	97%	95%	95%
Total NHS trade invoices paid in the year	1,690	21,698	935	14,029
Total NHS trade invoices paid within target	1,618	21,019	897	13,767
Percentage of NHS trade invoices paid within target	95%	97%	96%	98%
Total invoices paid in the year	22,983	48,204	21,606	38,689
Total invoices paid within target	21,857	46,591	20,576	37,275
Percentage of invoices paid within target	95%	97%	95%	96%

6. Interest payments

During the reporting year, there were no claims for interest made against the Trust under the Late Payment of Commercial Debts (Interest) Act 1998. There were also no claims during 2018/19.

7. Patient care

The Trust has had foundation trust status since March 2010, and working in partnership has always been a key part of our strategy.

Over the last 12 months, we have continued to work in partnership with the clinical commissioning groups and local authorities covering the areas where we provide services.

We work in partnership with NHS providers across Cheshire, Merseyside and Greater Manchester to develop and deliver a range of mental health and community services. In addition, we work with a range of other partners within the criminal justice system,

including the police as well as education and a range of third sector partners.

We are part of two planning footprints – Greater Manchester (for our services in Wigan, Bolton and across Greater Manchester) and Cheshire and Merseyside (for our services in Halton, Knowsley, Sefton, St Helens and Warrington).

7.1 Quality

The Trust is committed to continuous improvement across all our services. Through our Quality Strategy for 2019-2022 (in the process of being updated for 2020-2023), we have identified areas where further development is needed to achieve this.

In October and November 2019, the Care Quality Commission carried out an inspection and unannounced targeted inspections of five of our core services. The reports were published in February 2020, when we were rated ‘Good' overall across all five domains of safe, effective, caring, responsive and well-led. This includes an uplift from ‘Requires improvement’ for responsive from the previous inspection.

Our Quality Strategy continues to place quality and safety at the heart of what we do. High-quality, compassionate care is central to our Trust’s strategic priorities and we are committed to ensuring delivery of community and mental health services is joined up.

During 2019/20, our Quality Strategy has raised the profile of the quality agenda across the Trust, resulting in implementation of a number of quality improvement initiatives and encouraged reflection and dedicated focus on the areas we still wish to improve.

This has included significantly increasing the uptake of staff taking part in and recording clinical supervision, with 15,700 supervisions captured throughout the year, as well as embedding ‘always events’ methodology into our quality improvement processes to identify which things which should always happen for every patient, every time

7.2 National and local commissioning priorities

Throughout 2019/20, the Trust has attended quality, safety and safeguarding meetings with commissioners to provide assurance about standards of care and service delivery in all boroughs where we are directly commissioned to provide services. This has included Halton, Knowsley, Sefton, St Helens, Warrington and Wigan.

For our children’s 0-19 services, we have delivered assurance to public health commissioners and the relevant local authorities.

In addition, the Trust has delivered a number of services under sub-contract arrangements, including those with St Helens and Knowsley Teaching Hospitals NHS Trust and Mersey Care NHS Foundation Trust.

The quality, safety and safeguarding meetings provide the opportunity for the Trust to provide assurance and enter into constructive dialogue with commissioners and stakeholders about core issues relating to the quality and safety of service delivery.

At the meetings, we also ensure the contracts are aligned to the achievement of national and local quality standards and targets; that robust systems for contract monitoring of clinical quality performance indicators are in place; identify new developments, opportunities and threats relating to quality for consideration within the contracting

process; and agree clinical quality performance indicators, CQUINs and service development and improvement plans for future contract years.

The Trust has robust quality governance arrangements in place which support our quality initiatives.

The Trust's achievements against the 2019/20 quality priorities is set out in the Annual Governance Statement.

7.3 Responding to external reports

External reports are monitored and reviewed by the Quality Committee which has delegated authority from the Trust Board. Where recommendations are made following external reports, the Trust benchmarks against the reports and develops action plans for any areas where deficits are identified. These action plans are reported to the Quality Committee until assurance has been received that all actions have been completed. External reports specific to the Trust are managed and monitored through the same process.

7.4 Progress towards locally-agreed targets and key quality improvements

The borough leadership teams have engaged in leadership development activity and have been key participants in drafting the Trust's strategic priorities. These priorities, alongside our clinical strategies, make sure services are designed around and developed to meet the needs of the population.

8. Fees and charges

The Trust did not levy any income generation fees or charges in 2019/20 or 2018/19.

9. Income disclosures

The Trust has met Section 43(2) of the NHS Act 2006 which requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes.

Information about the impact other income received has had on the Trust's provision of goods and services for the purposes of the health service in England, as required by Section 43(3A) of the NHS Act 2006, can be found in the notes to the accounts, starting on page 105.

Remuneration Report

1. Annual remuneration statement

This statement has reference to senior managers employed by the Trust. Senior managers are defined as: the Chairman, the Chief Executive, non-executive directors and executive directors.

For the year 2019/20, the Remuneration Committee determined that it would follow national guidance issued in January 2020 to pay a consolidated increase of 1.32 per cent payable from 1 April 2019, plus a one-off non-consolidated cash lump sum of 0.77 per cent (this is commensurate with the percentage increase paid to those at the top pay point of Agenda for Change pay band 9 for 2019/20).

The Medical Director would also receive a similar action on the 0.4 WTE of her role. The remainder is under the Consultant Contract rules.

The Remuneration Committee also agreed to the same uplift for staff with personal contracts.

During 2019/20, the Remuneration Committee made the post of Chief Operating Officer substantive from 1 August 2019. This role was later extended to incorporate the responsibilities of the Deputy Chief Executive.

The Remuneration Committee agreed a further 12-month secondment for the Chief Finance Officer.

To replace the Chief Nurse and Deputy Chief Executive who retired on 28 February 2020, the Remuneration Committee agreed the post of Chief Nurse would be filled by two post holders on a job share agreement for a 13-month secondment to end on 31 March 2021.

As from 2017/18, performance-related pay is no longer used or offered as part of the remuneration package.

Helen Bellairs, **Chair of Remuneration Committee**

2. Senior managers' remuneration policy

Table one on page 18 shows the following components of the remuneration policy for senior managers.

Salary and fees: This is annual basic pay. This is a spot salary and therefore is not subject to a maximum amount.

Other remuneration: This payment is in respect of duties outlined with the executive director role. This only applies to our Medical Director.

Performance-related bonuses: As noted above, performance-related pay is no longer used or offered as part of the remuneration package.

Taxable benefits: Additional tax benefits.

Pension-related benefits: This shows the annual increase in pension entitlement determined in accordance with the HM Revenue and Customs method.

2.1. Remuneration policy

Excepting one post-holder, all staff employed by the Trust below executive director level are covered by the nationally agreed and negotiated NHS Agenda for Change pay system and the associated terms and conditions of employment.

Senior managers – as defined above – are employed on a personal contract and their remuneration is governed by the Remuneration Committee. All other terms and conditions are consistent with Agenda for Change.

2.2. Senior managers paid more than £150,000

During this period, one senior manager was paid more than £150,000. The Remuneration Committee satisfied itself, following consideration of market value, that this level of remuneration is reasonable.

2.3. Non-executive directors

The Chairman and non-executive directors' remuneration is determined by the Nominations and Remuneration Committee of the Council of Governors. Following the publication of national guidance, the committee agreed to continue at current levels of remuneration for 2019/20 for all non-executive directors, including the Chairman.

2.4. Service contract obligations

The Trust has no service contract obligations to report.

2.5. Policy on payment for loss of office

Notice periods for senior managers' contracts are determined by the Remuneration Committee as part of the process of recruitment. Currently, the Chief Executive and all substantive executive directors are on six months' notice. In the eventuality of a senior manager's loss of office, the Chief Executive (for executive directors) or the Chairman (for the Chief Executive) may alter, postpone or disallow any individual payment they deem appropriate. These actions must be supported by the Remuneration Committee.

2.6. Statement of consideration of employment conditions elsewhere in the Trust

The Trust made changes to the composition of some executive director and senior manager portfolios resulting in, one seconded director being made substantive, a further year's extension to one post holder and two interim executive directors being appointed to the Board to replace the Chief Nurse who retired.

The 2019/20 executive director and senior manager pay award was determined by agreeing to use the recommendation from NHS Improvement regarding executive directors. Therefore, there was no consultation with employees. This is commensurate with the percentage increase paid to those at the top pay point of Agenda for Change pay band 9 for 2019/20.

3. Annual report on remuneration

3.1. Service contracts

For the Chief Executive and executive directors who have served during the year, the date of their service contract, the unexpired term, and details of the notice period is disclosed below.

Details of the Chairman and non-executive directors' service contracts are included within the NHS Foundation Trust Code of Governance Disclosures, starting on page 36.

Executive director	Date appointed to Trust Board	Tenure	Notice period
Simon Barber, Chief Executive	1 December 2007	Permanent	Six months
Gail Briers, Chief Nurse and Deputy Chief Executive	20 June 2011 - retired on 28 February 2020	Permanent	Six months
John Heritage, Chief Operating Officer and Deputy Chief Executive	4 June 2018 - made substantive on 1 August 2019	Permanent	Six months
Joanne Hiley, Executive Director of Nursing and Quality	1 March 2020	13-month fixed term secondment - ends 31 March 2021	One month
Tracy Hill, Director of Strategy and Organisational Effectiveness	1 July 2011	Permanent	Six months
Joanne McDonnell, Executive Director of Nursing and Governance	1 March 2020	13-month fixed term secondment - ends 31 March 2021	One month
John McLuckie, Chief Finance Officer	17 July 2018	Second 12-month fixed term secondment - ends 17 July 2020	Three months
Professor Sandeep Ranote, Medical Director	1 April 2018	Permanent	Six months

3.2. Remuneration Committee

During 2019/20, the Remuneration Committee comprised the Chairman, Helen Bellairs, and non-executive directors – Alison Tumilty, Tricia Kalloo, Jonathan Berry, Stephen McAndrew, Mike Tate and Innes Arnold.

The committee met seven times during the period 1 April 2019 to 31 March 2020 and was quorate. Full details of attendance are included within the NHS Foundation Trust Code of Governance Disclosures, starting on page 36.

The committee is supported by the Deputy Director of Human Resources and Organisational Development, who is able to provide market movement and benchmark

data to the committee. In addition, the committee receives independent data about executive salaries and employment benefits. The Chief Executive also attends the committee in an advisory capacity, except when discussing his own remuneration or other terms of service.

3.3. Expenses

During 2019/20, 10 executive and non-executive directors claimed a total of £9,472 in expenses. In the previous reporting year, 14 directors claimed a total of £10,221 in expenses.

Details relating to expenses claimed by governors during 2019/20 are included in the NHS Foundation Trust Code of Governance Disclosures, starting on page 36.

Details of senior managers' salaries and allowances and senior managers' pension benefits can be found in the tables on the following pages.

3.4. Fair pay multiple

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director or member of their organisation and the median remuneration of the organisation's workforce. The fair pay multiple disclosures below have been subject to audit.

The banded remuneration of the highest paid director in the financial year 2019/20 was £205,000 to £210,000 (£200,000 to £205,000 in 2018/19). This was 7.3 times (7.5 in 2018/19) the median remuneration of the Trust workforce, which was £29,535 in 2019/20 (£28,050 in 2018/19). The median calculation is based on the full-time equivalent staff of the Trust at the reporting end date (31 March 2020) on an annualised basis.

In 2019/20, no employees received remuneration in excess of the highest paid director (also none in 2018/19).

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

Table 1 – senior managers' salary and allowances (the following table has been subject to audit)

Name and title	1 April 2019 to 31 March 2020						1 April 2018 to 31 March 2019					
	Salary and fees	Other remuneration	Performance related bonuses*	Taxable benefits	Pension related benefits	Total	Salary and fees	Other remuneration	Performance related bonuses	Taxable benefits	Pension related benefits	Total
	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £2,500) £000	(bands of £5,000) £000
Helen Bellairs, Chairman	45 - 50					**45 - 50**	45 - 50					**45 - 50**
Simon Barber, Chief Executive [5]	205 - 210				47.5 - 50	**250 - 255**	200 - 205				32.5 - 35	**235 - 240**
Mike Tate, Non-Executive Director (from 1 September 2018) [3]	10 - 15					**10 - 15**	5 - 10					**5 - 10**
Jonathan Berry, Non-Executive Director	10 - 15					**10 - 15**	10 - 15					**10 - 15**
Tricia Kalloo, Non-Executive Director	10 - 15					**10 - 15**	10 - 15					**10 - 15**
Brian Marshall, Non-Executive Director (until 30 June 2018)							0-5					**0-5**
Alison Tumilty, Non-Executive Director	15 - 20					**15 - 20**	15 - 20					**15 - 20**
Innes Arnold, Non-Executive Director (from 9 September 2020)	5 - 10					**5 - 10**						

Name and title	1 April 2019 to 31 March 2020						1 April 2018 to 31 March 2019					
	Salary and fees	Other remuneration	Performance related bonuses*	Taxable benefits	Pension related benefits	Total	Salary and fees	Other remuneration	Performance related bonuses	Taxable benefits	Pension related benefits	Total
	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £2,500) £000	(bands of £5,000) £000
Stephen McAndrew, Non-Executive Director (from 1 July 2018) [3]	10 - 15					**10 - 15**	5 - 10					**5 - 10**
Professor Sandeep Ranote, Medical Director (from 1 April 2018) [1]	35 - 40	140 - 145			62.5 - 65	**240 - 245**	35 - 40	140 - 145			30 - 32.5	**205 - 210**
Gail Briers, Chief Nurse and Deputy Chief Executive (until 29 February 2020)	125 - 130				0	**125 - 130**	135 - 140				0	**135 - 140**
Tracy Hill, Director of Strategy and Organisational Effectiveness	135 - 140				527.5 - 530	**665 - 670**	135 - 140					**135 - 140**
John McLuckie, Chief Finance Officer (from 17 July 2018) [3]	130 - 135				312.5 – 315	**445 - 450**	75 - 80				0 - 2.5	**75 - 80**
John Heritage, Chief Operating Officer (from 4 June 2018) [3]	140 - 145				125 - 127.5	**265 - 270**	90 - 95				0	**90 - 95**

Name and title	1 April 2019 to 31 March 2020						1 April 2018 to 31 March 2019					
	Salary and fees	Other remuneration	Performance related bonuses*	Taxable benefits	Pension related benefits	Total	Salary and fees	Other remuneration	Performance related bonuses	Taxable benefits	Pension related benefits	Total
	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £2,500) £000	(bands of £5,000) £000
Joanne Hiley, Executive Director of Nursing and Quality (from 1 March 2020) [4]	5 - 10				25 - 27.5	**30 - 35**						
Joanne McDonnell, Executive Director of Nursing and Governance (from 1 March 2020) [4]	5 - 10				132.5 - 135.0	**140 - 145**						

	1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019
Highest paid director's total remuneration (bands of £5,000) £000	210 - 215	200 - 205
Median total remuneration	29,535	28,050
Ratio [2]	7.3	7.5

[1] These payments relate to clinical duties rather than Trust Board director responsibilities.

[2] The Trust is required to disclose the ratio between the mid-point of the banded remuneration of the highest paid director and the median remuneration of the Trust's staff. The median calculation is based on the full-time equivalent staff of the Trust at the reporting end date on an annualised basis.

[3] The payments are calculated pro rata based on time served on Trust Board in financial year 2018/19.

[4] The payments are calculated pro rata based on time served on Trust Board in financial year 2019/20.

[5] The Chief Executive's salary in the main remuneration table is disclosed net of salary sacrifice deductions. However, for the fair pay multiple (ratio) calculation, gross salaries are used to ensure that the calculation is on a like-for-like basis.

Table 2 – pension benefits (the following table has been subject to audit)

Name and title	Real increase in pension at pension age	Real increase in lump sum at pension age	Total accrued pension at age at 31 March 2020	Lump sum at pension age related to accrued pension at 31 March 2020	Cash equivalent transfer value at 31 March 2020	Cash equivalent transfer value at April 2019	Real increase in cash equivalent transfer value	Employer's contribution to stakeholder pension
	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	£000	£000	£000	£000
Simon Barber, Chief Executive	2.5 - 5	(0 - 2.5)	35 - 40	55 - 60	664	585	35	30
Professor Sandeep Ranote, Medical Director	2.5 - 5	0 - 2.5	45 - 50	95 - 100	756	676	44	20
Gail Briers, Chief Nurse and Deputy Chief Executive	(0 - 2.5)	(0 - 2.5)	65 - 70	205 - 210	1,562	1,500	7	18
Joanne Hiley, Executive Director of Nursing and Quality	0 - 2.5	(0 - 2.5)	20 - 25	45 - 50	347	321	0	1
John McLuckie, Chief Finance Officer	12.5 - 15	35 - 37.5	50 - 55	120 - 125	1,028	694	301	18
John Heritage, Chief Operating Officer	5 - 7.5		20 - 25		243	150	73	18
Joanne McDonnell, Executive Director of Nursing and Governance	5 – 7.5	12.5 – 15.0	20 - 25	50 - 55	434	307	9	1
Tracy Hill, Director of Strategy and Organisational Effectiveness	22.5 - 25	60 - 62.5	45 - 50	110 - 115	912	321	563	20

The Trust contributed £126,000 to the pension scheme of the above directors during 2019/20, (£115,000 in 2018/19).

As non-executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive directors.

NHS Pensions is still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related cash equivalent transfer values (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.

Simon Barber, **Chief Executive**
North West Boroughs Healthcare NHS Foundation Trust
22 June 2020

Staff Report

The Trust recognises the challenges an ever-changing NHS landscape alongside financial pressure brings, not only to its service delivery, but also to its workforce. The Trust acknowledges its greatest resource and the key to future success is its people, who enable provision of the best possible care to patients and service users.

1. Number of male and female employees

A breakdown of male and female employees at 31 March 2020 in the following categories is outlined in the table below:

- Directors – Trust Board, including Chief Executive and Chairman
- Other senior managers – band 8a and above
- Employees, including consultants

	Male	Female	Total
Directors	7	8	**15**
Senior managers	65	241	**306**
Employees	575	3,100	**3,675**
TOTAL	**647**	**3,349**	**3,996**

2. Analysis of staff costs (the following table has been subject to audit)

	2019/20 Total £000	2019/20 Permanently employed £000	2019/20 Other £000	2018/19 Total £000	2018/19 Permanently employed £000	2018/19 Other £000
Salaries and wages*	**126,062**	**107,362**	**18,700**	119,488	102,330	17,158
Social security costs	**11,122**	**10,271**	**851**	10,745	9,914	831
Apprenticeship Levy	**775**	**775**	**0**	789	789	0
Employer contributions to NHS Pension Scheme	**14,702**	**13,577**	**1,125**	14,179	13,082	1,097
Employer contributions paid by NHSE on provider's behalf (6.3%)	**6,417**	**5,926**	**491**	0	0	0
Other post-employment benefits	**0**	**0**	**0**	0	0	0
Termination benefits	**0**	**0**	**0**	256	256	0
Agency / contract staff	**4,733**	**0**	**4,733**	3,687	0	3,687
Total gross staff costs	**163,811**	**137,911**	**25,900**	149,144	126,371	22,773
Less income in respect of staff costs netted off expenditure	**0**	**0**	**0**	0	0	0
Total staff costs	**163,811**	**137,911**	**25,900**	149,144	126,371	22,773
Of the total above:						
Costs capitalised as part of assets	**54**	**54**	**0**	51	51	0
Analysed into operating expenditure:						
- Employee expenses – staff	**162,818**	**139,385**	**23,433**	147,748	124,975	22,773
- Employee expenses – executive directors	**939**	**939**	**0**	1,089	1,089	0
- Redundancy	**0**	**0**	**0**	256	256	0
- Special payments	**0**	**0**	**0**	0	0	0
Total employee benefits excluding capitalised costs	**163,757**	**140,324**	**23,433**	149,144	126,371	22,773

* Salaries and wages exclude non-executive directors as per annual reporting guidance for NHS foundation trusts.

3. Analysis of staff numbers (the following table has been subject to audit)

	2019/20			2018/19		
	Total Number	**Permanent Number**	**Other Number**	Total Number	Permanent Number	Other Number
Medical and dental	**154**	**76**	**78**	153	84	69
Administration and estates	**764**	**698**	**66**	796	728	68
Healthcare assistants and other support staff	**236**	**232**	**4**	232	231	1
Nursing, midwifery and health visiting staff	**1,976**	**1,721**	**258**	1,961	1,716	245
Nursing, midwifery and health visiting learners	**18**	**18**	**0**	11	11	0
Scientific, therapeutic and technical staff	**662**	**602**	**60**	637	585	52
Social care staff	**0**	**0**	**0**	0	0	0
Agency and contract staff	**0**	**0**	**0**	0	0	0
Bank staff	**0**	**0**	**0**	0	0	0
Other	**6**	**6**	**0**	6	6	0
Total	**3,820**	**3,354**	**466**	3,796	3,361	435
Of the above:						
Number engaged on capital projects	**1**	**1**	**0**	1	1	0

4. Sickness absence

Our annual cumulative sickness and absence figure for the calendar year 2019 (1 January to 31 December 2010) remains above our target of five per cent, at 6.56 per cent, which is up from 6.31 per cent the previous year. Quarterly statistics are detailed in the table below, followed by a more detailed breakdown of staff absence.

Quarter	Period	Absence percentage	Criteria
Four (2018/19)	January – March 2019	6.31%	12-month cumulative percentage April 2018 to March 2019
One (2019/20)	April – June 2019	6.35%	12-month cumulative percentage July 2018 to June 2019
Two (2019/20)	July – September 2019	6.37%	12-month cumulative percentage October 2018 to September 2019
Three (2019/20)	October – December 2019	6.56%	12-month cumulative percentage January 2019 to December 2019

	Calendar year 2019
Days lost (long-term)	61,309
Days lost (short-term)	21,001
Total days lost	**82,310**
Total staff years	3491.3
Average working days lost	23.58
Total staff employed as at 31 December 2019 (headcount)	3,923
Total staff employed as at 31 December 2019 with no absence (headcount)	1,390
Percentage of staff with no sick leave	35.4%

Attendance data is analysed corporately and provided to the Trust Board on a monthly basis. Senior People and Organisation Development business partners horizon-scan for sickness hot spots to commission targeted interventions from human resource advisors. These include attendance management clinics, case conferences, and training on policies and procedures.

People Services also now reviews all absence at stage two and above to ensure all boroughs are correctly managing attendance in a timely way. This is a borough-led process with support from People Services.

Further work to support preventative initiatives has been developed by our Occupational Health Team, with the continued rollout of both a mindfulness course and our Healthcare People Management Association award-winning stress management course, to prevent absence and to support those on long-term absence back in to the workplace.

5. Staff policies and actions

As outlined below, a significant amount of work has taken place during 2019/20, with a continued focus on equality and diversity as well as staff engagement.

Equality, Diversity and Inclusion Workforce Strategy

In line with our three-year Equality, Diversity and Inclusion Workforce Strategy and supporting action plan, we have continued our commitment to take equality, diversity and inclusion into account in everything we do.

In 2019, the Trust supported local Pride events, sponsoring Wigan Pride. Representatives from the Trust attended the Pride events in St Helens, Liverpool, Manchester and Wigan to promote our organisation as an inclusive and diverse employer.

We also successfully launched the national NHS Rainbow Badge initiative, with 38 per cent of staff having pledged their support to supporting the LGBT+ community.

The Trust took part in its first Stonewall Workplace Equality Index, which will enable a report and action plan to be developed and shared in 2020/21 and provide a benchmark for the Trust to improve upon.

Employee network

We have continued to champion a number of events across the Trust, celebrating success stories and promoting education of events highlighted within an annual employee network calendar. In 2019/20, these included LGBT History Month, National Apprentice Week, Ramadan, Easter, Diwali and Dementia UK's 'Time for a Cuppa'.

Building on our previous work to develop an employee network, during 2019/20, we agreed a structure to roll out four new employee networks for staff, to be launched this year. These focus on black and minority ethnic groups, LGBT+, women and disability.

The introduction of these focused networks for staff will enable us to build on the foundations of the Trust's inclusion work to date.

Workforce Race Equality Standard (WRES)

In 2015, the Workforce Race Equality Standard reporting became mandatory within the NHS contract. It was introduced to enable staff from black and minority ethnic backgrounds to have equal access to career opportunities and receive fair treatment in the workplace. The Trust NHS Workforce Race Equality Standard and action plan for 2019/20 can be viewed at: www.nwbh.nhs.uk/key-documents

Gender pay gap

In September 2017, new Equality Act Regulations were published which require public sector organisations with more than 250 staff to publish their gender pay gap. This requirement is one of the Equality Act's 2010 Public Sector Equality Duties. The calculation is based on all staff, including bank staff, and on their net pay. The data in the latest analysis relates to the financial year 2018/19 and is for those who were employed on 31 March 2019. This can be viewed at: www.nwbh.nhs.uk/key-documents

Disability Confident

The Trust is a level 2 Disability Confident Employer and has begun work to develop towards level 3 during 2020/21. The Disability Confident scheme supports employers to make the most of the talents disabled people can bring to the workplace. The accreditation demonstrates the Trust is serious about equal opportunities for disabled people.

Staff development

Having skilled, motivated, well-supported and developed staff is our greatest assurance that we can provide the necessary care to our patients and communities. If we put our staff first, they will take good care of our patients. As such, we offer a range of initiatives in addition to our core and statutory development offer as outlined below.

In 2019/20, Health Education England Upskilling money has been used to support a range of development opportunities, including Diabetes Awareness Training, Visual Impairment Training, Coaching for a Safer Culture, Unconscious Bias and Minute Taking Training. In addition, the money has been used to train staff who will deliver further training on Suicide Prevention and Positive Behaviour Support.

Coaching culture

The Trust's award-winning approach to developing a coaching culture aims to embed coaching across the Trust to improve performance and to enable individuals to take personal accountability, encourage them to take responsibility, make their own decisions and take action leading to improved outcomes for staff, patients and service users. To date, almost 670 people leaders have been through the Trust's in-house coaching conversations programme since its inception, this is an increase of 63 additional people managers during 2019/20.

Performance Development Review and Maximising Your Potential Conversations Framework

Our existing Performance Development Review practice supports our coaching conversations culture, placing an emphasis on our Trust values to align the process more appropriately with talent and succession.

A 'maximising your potential' matrix enables the line manager and employee to have a structured discussion about both performance delivery and the behaviours exhibited in delivering objectives. This part of the review process also feeds into the Trust's succession planning framework to identify those individuals who are ready for their next role or further developing within the organisation should opportunities arise.

During 2019/20, the Trust achieved 85 per cent compliance with the number of staff who had taken part in a Performance Development Review.

Talent and succession

A key focus of our People Strategy 2019-2021 and Annual People Pan for 2019/20 was the implementation and development of a Talent Management Framework, with a view to this helping us to spot talent for the future and ensuring we have short, medium and long term succession plans. This review will help us be more informed about what we have from a people perspective (knowledge, skill, capability and aspirations of our staff) against what we need to deliver in our strategic plans, where the gaps are and what plans we need to put in place to support and grow our staff.

During 2019/20, the Trust continued its ongoing commitment to review and update succession plans in borough and corporate teams at band 8a and above. The Trust reviewed and identified succession plans for all band 8a and above roles within all directorates and have identified band 7 staff who have the capabilities, behaviours and aspirations to step up to the next level or take on a broader, more complex role.

In May 2019, the Trust hosted a session with our executive leaders, reviewing talent and succession plans for their direct reports and their roles.

Empowering leaders programme

In September 2018, executive directors commissioned the development of a leadership programme. A four-day pilot empowering leaders programme was delivered in early 2019. Following analysis and redesign of the programme, the Trust ran three cohorts of team managers and team leaders during 2019/20 to continue to build leadership capability within the Trust. There is executive commitment to continue ongoing investment in this section of the workforce.

Staff retention

The Trust continues to work within the framework of NHS Improvement Retention Support Programme. This is a targeted, clinically-led programme with NHS Improvement's central workforce team providing direct support to trusts whose leaver rates are higher than the mean rate within the regional trust peer group. The purpose of the programme is to increase the focus on retention and reduce variation across these trusts.

In the last 12 months, we have seen considerable improvement in retention rates amongst allied health professionals; the staff group where the trust was initially identified as an outlier.

Alongside the rest of the NHS and as a key recommendation of the interim people plan, it is widely recognised that too many staff choose to leave employment in the NHS for a wide range of reasons and the analysis of those reasons has been examined within the Trust. The analysis told us that staff needed more support in balancing their work life balance; they want to work for a compassionate employer; they want more opportunities for development and career progression within the Trust; and they want to ensure they feel safe undertaking their role, with adequate resources.

As a result of this analysis, the Trust has trialled self-rostering to allow inpatient staff greater flexibility in the hours they work; reviewed and implemented changes to key policies in the management of concerns; gained executive approval for the introduction of new staff networks for protected characteristics to ensure the development of a more inclusive culture; promoted compassionate leadership through leadership development and coaching; implemented a clear strategy for talent management and succession planning and agreed a new staffing model for inpatient units which increases available staffing headcount.

Occupational health

The service provides high-quality, evidence-based occupational health services which promote and protect the health and wellbeing of all staff, ensuring they are fit to deliver safe, effective and efficient patient care.

During the year, the service led a successful, effective and efficient seasonal flu vaccination campaign, achieving the 80 per cent CQUIN target set by NHS England. It also offered a variety of health and wellbeing initiatives, including a Why Weight programme, and coordinated a strong team presence at the NHS Games.

The service leads on work as part of NHS Improvement's health and wellbeing programme which aims to support attendance of staff through analysing and improving the health of the workforce. The service continues to work within its accreditation of the Safe Effective

Quality Occupational Health Service (SEQOHS) standards, which it fully meets. The service also meets national quality standards through the delivery of six core services:

- Prevention – the prevention of ill-health caused or exacerbated by work.
- Timely intervention – staff have access to short term early intervention psychological and musculoskeletal therapies.
- Rehabilitation – processes which enable staff to remain in work or return to work after ill-health or injury.
- Health assessments for work – fitness for work, specific medicals and risk assessments.
- Promotion of health and wellbeing – healthy and well-motivated staff can have a positive impact on an organisation. The service supports workplace health by taking steps to help staff improve their own general health and wellbeing at work through providing activities such as Pilates, yoga, weight management and access to gym facilities.
- Teaching and training – educating and supporting managers to support themselves and their staff and assisting managers to support staff to remain in work.

The Occupational Health and Wellbeing service offers a self-referral pathway for most of its services.

Countering fraud and corruption

The Trust is committed to reducing fraud, bribery and corruption in the NHS and will seek the appropriate disciplinary, regulatory, civil and criminal sanctions against fraudsters and, where possible, will attempt to recover losses.

The Trust has a policy for dealing with suspected fraud and other fraudulent acts, dishonesty or damage to property involving employees, contractors, consultants, vendors and other internal and external stakeholders. The policy aims to provide a guide for staff and managers on what fraud is in the NHS, what everyone's responsibility is to prevent fraud, bribery and corruption, how to report it and its intended outcomes.

The procedure sets out the responsibilities and actions which will be taken by the Trust, managers and staff if they suspect theft, fraud, bribery or corruption has taken place.

The Trust also has a Local Counter Fraud Specialist who staff may contact confidentially if they suspect a fraudulent act. The Trust has a good relationship with the Mersey Internal Audit Agency counter fraud representative who has provided training to the People Services team in 2019/20, and which will continue as required. There is mandatory counter fraud training for all staff as part of induction and through e-learning.

6. Staff engagement

The NHS Staff Survey provides an opportunity for staff to provide feedback on their experience of working in our Trust and provides evidence of where things are going well and where there are potential areas for improvement.

We believe good two-way communication and engagement helps us to engage effectively with our people. We listen to our staff and their views. Our aim is for internal communications to be open and honest, trusted, timely (where possible, staff will be the first to know), accessible, engaging and concise.

The staff survey represents one of the ways in which we engage with staff to seek their feedback. Other mechanisms include:

Core brief
This monthly session sees the Chief Executive sharing important current and forthcoming issues from around our Trust with senior leaders, prompting discussion and feedback in relation to these. These messages are then cascaded to all staff through face-to-face team briefings delivered by managers and team leaders.

Ask Your Leaders Anything
Ask Your Leaders Anything provides staff with an online channel to put questions directly to senior leaders.

Safety walkabouts
These are carried out by executive and non-executive directors on a regular basis across all services and wards. With a focus on safety, these visits offer staff an opportunity to discuss any concerns or issues they may have with a member of the Trust Board. They are also an opportunity for staff to highlight any successes or examples of good practice. Feedback received during safety walkabouts is reported monthly to all Board members.

Staff side
The Trust regularly consults with staff and staff side representatives on a range of matters, including organisational change, TUPE transfers and policy changes. The governance structure for this includes the Trust's Partnership Forum – a forum to agree all changes to policies and, in the main, agrees changes to organisational structures – and the Local Negotiating Committee (LNC) for medical and dental staff. The Chief Executive also hosts a Joint Consultation Negotiating Committee on a quarterly basis which includes staff side and union representation as well as members of the Executive Leadership Team.

7. NHS Staff Survey
The NHS Staff Survey is conducted annually. From 2018 onwards, the results from questions are grouped to give scores in 10 indicators. The indicator scores are based on a score out of 10 for certain questions, with the indicator score being the average of those.

The survey was sent to all our staff through a mix of online and paper surveys. The response rate to the 2019 survey among Trust staff was 38 per cent (2018: 44 per cent).

It is important to note the window in which the national survey was open for completion was during October and November; this coincided with the Trust's announcement to review its strategic direction as a standalone organisation.

Scores for each indicator, together with that of the survey benchmarking group (mental health / learning disability / community), are presented below.

	2019/20		2018/19		2017/18*	
	Trust	Benchmarking group	Trust	Benchmarking group	Trust	Benchmarking group
Equality, diversity and inclusion	9.3	9.1 **	9.3	9.2	7%	11%
Health and	6.1	6.1	6.2	6.1	3.86	3.70

	2019/20		2018/19		2017/18*	
wellbeing						
Immediate managers	7.2	7.2	7.2	7.2	3.96	3.89
Morale	6.1	6.3	6.1	6.2	3.96	3.93
Quality of appraisals	5.4	5.7	5.3	5.5	3.07	3.10
Quality of Care	7.4	7.4	7.4	7.4	3.82	3.68
Safe environment – bullying and harassment	8.4	8.2	8.3	8.2	18%	20%
Safe environment – violence	9.6	9.5	9.5	9.5	85%	88%
Safety Culture	6.7	6.8	6.8	6.8	3.78	3.71
Staff engagement	7.0	7.1	7.0	7.0	3.87	3.79

** Questions asked were scored either on a percentage basis or on a scale of 1-5.*
*** Above average*

Responses

In summary, the Trust theme scores for 2019 are in line with the sector average for nine out of 10 scores, with one being significantly better.

It is important to note that these scores are reported as benchmarked scores 'best' 'average' and 'worst' against 32 similar organisations (sector – combined mental health, learning disability and community trusts) and do not give us a positional score.

There are no statistically significant changes to any of the key themes for 2019

8. Future priorities

A number of development areas have emerged from the 2019 NHS Staff Survey results and, to support these recommendations, we will develop a staff engagement plan with timescales, success measures and responsibility for staff engagement at all levels of the organisation – senior leaders, managers and staff.

The Trust's recommended next steps for 2020/21 are:

- Refocus what engagement means for our organisation to support the co-creation of an approach and plan which will support staff to remain safe, resilient and ready them for the next phase of organisational transition.

- As in previous years, a focused action plan will be jointly agreed with the Communications Team, ensuring associated actions are aligned to the Trust strategic direction and opportunities for ongoing engagement with staff are maintained.

9. Trade union facility time disclosures

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The purpose of these regulations is to promote transparency and allow for public scrutiny of facility time. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data about the amount and cost of facility time within their organisation.

Data relating to the year from 1 April 2018 to 31 March 2019 has been published on our website: www.nwbh.nhs.uk/key-documents

Data relating to 2019/20 will be published on our website by 31 July 2020.

10. Consultancy expenditure

The Trust has spent £81,000 in total on external consultants during 2019/20, compared with £115,000 during 2018/19. These costs have covered specialist skills required to deliver our new information management reporting system and to support business development and growth.

11. Off-payroll engagements

All Trust Board-level appointments are on-payroll. The Trust only uses off-payroll engagements where there is a genuine commercial requirement to allow the Trust to buy in specialist skills on a short-term basis for which no in-house expertise exists and for which we would have no long-term or ongoing requirement.

Disclosures relating to off-payroll engagements are included in the following tables.

The table below shows all off-payroll engagements as of 31 March 2020 for more than £245 per day and which last for longer than six months.

Number of existing engagements at 31 March 2020	0
Of which:	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

All existing off-payroll engagements have at some point been subject to a risk-based assessment in line with the updated IR35 guidelines.

The table below shows all new off-payroll engagements, or those which reached six months in duration between 1 April 2019 and 31 March 2020 for more than £245 a day and which last for longer than six months.

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

The table below shows off-payroll engagements of Board members and/or senior officers with significant financial responsibility between 1 April 2019 and 31 March 2020.

Number of off-payroll engagements of board members and/or senior officers with significant financial responsibility during the financial year	0
Number of individuals that have been deemed 'board members and/or senior officers with significant financial responsibility'. This figure includes both off-payroll and on-payroll engagements.	15

12. Exit packages

The following disclosures and tables relating to exit packages have been subject to audit.

There were no compulsory redundancies in 2019/20 with no cost.

Staff exit packages 2019/20 (the following table has been subject to audit)

	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
Exit package cost band (including any special payment element)	**Number**	**£000s**	**Number**	**£000s**	**Number**	**£000s**	**Number**	**£000s**
<£10,000	0	0	0	0	0	0	0	0
£10,001 – £25,000	0	0	0	0	0	0	0	0
£25,001 – £50,000	0	0	0	0	0	0	0	0
£50,001 – £100,000	0	0	0	0	0	0	0	0
£100,001 – £150,000	0	0	0	0	0	0	0	0
£150,001 – £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

2018/19 figures are available within the Annual Accounts.

Exit packages: other (non-compulsory) departure payments – 2019/20 (the following table has been subject to audit)

	2019/20	2019/20	2018/19	2018/19
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	0	0
Exit payments following employment tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval	0	0	0	0
Total	**0**	**0**	**0**	**0**
Of which, non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

NHS Foundation Trust Code of Governance Disclosures

North West Boroughs Healthcare NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance – most recently revised in July 2014 – is based on the principles of the UK Corporate Governance Code issued in 2012.

During 2019/20, the Trust further embedded the systems and assurances which underpin the Provider Licence, the Risk Assessment Framework, NHS Oversight Framework and the Code of Governance.

Performance and effectiveness of the Trust Board continues to be evaluated against actions established from an internal review against the NHS Improvement and Care Quality Commission well-led framework in support the Board's commitment to continual improvement. The Trust has received substantial assurance in the Head of Internal Audit Opinion, proving that there is a good system of internal control designed to meet the organisation's objectives.

1. Our Trust Board

Our Trust Board has responsibility for strategic development, approving policy and monitoring performance. This includes ensuring the delivery of effective financial stewardship, high standards of clinical and corporate governance and promoting effective relations with the local community we serve.

The Board collectively considers that it is appropriately composed with a balanced spread of expertise to fulfil its function and the terms of licence. The Chairman and non-executive directors meet the independence criteria laid down in the NHS Foundation Trust Code of Governance.

Annex 6 of the Trust's constitution – Standing Orders for the Practice and Procedure of the Council of Governors for North West Boroughs Healthcare NHS Foundation Trust – defines the process for resolving any disagreements between the Council of Governors and the Trust Board. Our constitution can be found on our website: www.nwbh.nhs.uk/key-documents

Our Executive Leadership Team provides organisational leadership and takes appropriate action to ensure we deliver our strategic and operational objectives. It maintains arrangements for effective governance throughout the organisation; monitors performance in the delivery of planned results; and ensures corrective action is taken when necessary.

There were 10 Trust Board meetings held during 2019/20 (there was no meeting in August or December). The Trust Board meeting on 30 March 2020 was held virtually via Skype due to social distancing restrictions as a result of Covid-19. Individual attendance is disclosed in the following tables. Where directors were not eligible to attend due to their start or leaving date or date they joined the Trust Board, this is indicated with N/A (not applicable).

Trust Board attendance – executive directors

Board member	29/04/19	28/05/19	24/06/19	29/07/19	30/09/19	28/10/19	27/11/19	27/01/20	24/02/20	30/03/20
Simon Barber, Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gail Briers, Chief Nurse and Deputy Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
John Heritage, Chief Operating Officer	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
Joanne Hiley, Executive Director of Nursing and Quality	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓
Tracy Hill, Director of Strategy and Organisational Effectiveness	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Joanne McDonnell, Executive Director of Nursing and Governance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓
John McLuckie Chief Finance Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
Sam Proffitt, Chief Finance Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Professor Sandeep Ranote, Medical Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Trust Board attendance – non-executive directors

Board member	29/04/19	28/05/19	24/06/19	29/07/19	30/09/19	28/10/19	27/11/19	27/01/20	24/02/20	30/03/20
Helen Bellairs Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Innes Arnold Non-Executive Director	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓
Jonathan Berry Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tricia Kalloo Non-Executive Director	✓	✓	✓	✓	✓	×	×	✓	✓	×
Stephen McAndrew Non-Executive Director	✓	✓	✓	✓	✓	✓	×	✓	✓	✓
Michael Tate Non-Executive Director	×	✓	✓	✓	✓	✓	×	✓	✓	✓
Alison Tumilty, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

1.1. The Trust Board for the period 1 April 2019 to 31 March 2020 comprised:

Simon Barber, Chief Executive

Simon joined as Chief Executive on 1 December 2007. He has extensive commercial experience obtained through working as Finance Director and Commercial Director in a number of industries including utility supply, advertising, retail, telecommunications and manufacturing. Simon joined the NHS in 2006 to use his skills within the public sector. Simon is qualified at postgraduate level as an executive and business coach and a graduate of the European Health Leadership Programme at INSEAD. He is on the System Management Board for the Cheshire and Merseyside Health and Care Partnership and a member of the Provider Federation Board, part of the Greater Manchester Health and Social Care Partnership. He has previously worked at a national level supporting NHS England's programme to transform care for people with learning disabilities. Simon is a patron of the mental health charity State of Mind Sport.

Helen Bellairs, Chairman

Helen has worked in or with the NHS for 50 years. She started her NHS career as a nurse cadet and has more than 18 years' experience operating as an executive director and chief executive. She has also worked as an independent management consultant with acute and community providers and commissioners. Helen took on the role of Chairman on 17 May 2017. Helen was previously a non-executive director and served as a member of the Audit Committee, Remuneration Committee and Quality Committee.

Our executive directors are:

Gail Briers, Chief Nurse and Deputy Chief Executive (retired)

Gail was appointed as Chief Nurse and Deputy Chief Executive on 26 November 2018. Before this, she was Chief Nurse and Executive Director of Operational Clinical Services. Gail started out at Winwick Hospital, Warrington, as a nursing assistant 36 years ago. Since then, she worked in a variety of services including adults, learning disabilities, older people and forensics. Gail was responsible for professional leadership for nurses, allied health professionals and psychological therapists across the Trust. She held the Executive Lead Nurse role at Trust Board, and overseen executive management and leadership of the Trust's Quality Strategy and Integrated Governance. Gail retired from the Trust on 28 February 2020.

John Heritage, Chief Operating Officer and Deputy Chief Executive

John joined the Trust Board as Director of Transformation and Partnership in July 2018 and had responsibility for new business, strategic partnerships to support the delivery of new models of care and service delivery, and our estates function. In October 2018, John became Chief Operating Officer with Board-level responsibility for Operational Services, People Services, Estates and Business Development. On 1 March 2020, John also became Deputy Chief Executive. John is a governor of St Helens and Knowsley Colleges and an honorary senior lecturer in the School of Health and Society at Salford University, where he contributes to undergraduate and postgraduate programmes for health and care leaders. He is also a leadership fellow at St George's House, Windsor Castle.

Joanne Hiley, Executive Director of Nursing and Quality

Joanne joined the Trust in 2017 as Clinical Director of Operations and Integration, having worked for more than 20 years in various health and social care settings. A paediatric nurse by background, Joanne has gained experience within acute trusts, community services, clinical commissioning groups and local authority. She also holds various

leadership and coaching qualifications and completed an MSc within the NHS leadership academy in 2016. In March 2020, Joanne was appointed to our Trust Board as Executive Director of Nursing and Quality, and is responsible for: operational service delivery; quality and performance standards; service improvement and transformation; clinical leadership; and quality at the Trust.

Tracy Hill, Director of Strategy and Organisational Effectiveness

Tracy was appointed Director of Strategy and Organisational Effectiveness on 1 April 2015. Before this, she was Director of People and Integrated Governance and, previously, Director of Human Resources and Organisational Development. She is a fellow of the Chartered Institute of Personnel and Development and a qualified executive and business coach. Whilst retaining her executive role in leading the development of our organisational strategy, Tracy now has responsibility for leading the programme of work determining the future of Trust services. Tracy is the Chair of Trustees for Early Break, a specialist treatment and support charity providing information and support for children and young people who use drugs or alcohol.

Joanne McDonnell, Executive Director of Nursing and Governance

Joanne first started working at the Trust's predecessor organisation as a ward manager in 1999. She has held numerous titles within the organisation, progressing from Modern Matron to Head of Nursing and Assistant Director of Integrated Governance. Throughout this time, she held many external roles, including honorary lecturer at a local university. In 2014, she left the Trust to take up post as the Senior Nurse for Mental Health and Learning Disabilities at NHS England in their national Nursing and Midwifery Team. Joanne returned to the Trust in 2018 as Deputy Director of Nursing and Governance and became Executive Director of Nursing and Governance in March 2020.

John McLuckie, Chief Finance Officer

John joined the NHS as a graduate trainee in 1988 after graduating from Hull University. In 1991, John became a full member of the Chartered Institute of Public Finance Accountants and has worked in the NHS provider sector within acute, community, mental health and learning disability services. John began working at our Trust in 2004, becoming Chief Finance Officer in July 2018, with Board-level responsibility for finance and performance.

Professor Sandeep Ranote

On 1 April 2018, Sandeep was appointed as our Medical Director with responsibility for medical and pharmacy services within our Trust. Sandeep has worked at our Trust since 2006 as a Consultant Child and Adolescent Psychiatrist leading young people's eating disorder services and as Director of Clinical Networks before taking on the role as Medical Director. Her published research includes perinatal neuroimaging and eating disorders. She has been clinical advisor to The National Children's Museum 'Eureka' and currently sits on the Royal College of Psychiatrists' Eating Disorder and Child and Adolescent Faculty executive committees; is a member of the Xenzone National Digital Advisory Board; is a Trustee of the SICK Festival (creative arts Eating Disorder association) and BEAT Eating Disorders Voluntary Community and Social Enterprise (National Eating Disorders Association). Sandeep was appointed as Professor of Mental health at the University of Chester in 2018 and the University of Salford in 2019.

Our non-executive directors are:

Innes Arnold

Innes is our most recently appointed non-executive director, joining the Trust in September 2019, following a period as a public governor for St Helens since 2018. With more than 31 years of corporate management experience in the retail service sector, Innes' career has always had a focus on meeting the needs of the public. Since taking early retirement, Innes also became a professional rugby league match official. Innes is a member of the Quality Committee, Audit Committee and Remuneration Committee.

Dr Jonathan Berry

Jonathan was a GP for 31 years and has had an active career in service redesign. In particular, he led work to improve integration between health services and to drive up standards of care in community and GP services. Jonathan is an experienced non-executive director in the NHS and commercial sector and ran his own consultancy business. He joined our Trust Board in November 2017. Jonathan became the Senior Independent Director in July 2018. Jonathan is a member of the Quality Committee and is also the non-executive lead for quality and safety; reporting deaths; and the champion for physical health community services

Tricia Kalloo

Tricia is currently Chief Executive and owner of Wellness International Limited, an occupational health service provider. Tricia is a qualified mental health first aider and a qualified cognitive behavioural therapist and coach. She previously worked in healthcare in the USA before moving to Antigua, where she became Director of Finance and Administration for the Eastern Caribbean Civil Aviation Authority. Tricia was appointed as a non-executive director in June 2017, and has chaired the Quality Committee since November 2017. Tricia was appointed as Vice Chairman from 1 September 2018. She is a member of the Audit Committee and from February 2019 became the non-executive lead for the medical disciplinary process.

Alison Tumilty

Alison has a wealth of experience in senior financial roles, including Manchester Airport Group, Unite PLC and Your Housing Group. Alison is the Chair of Rochdale Borough wide Housing, a mutual housing provider. Alison also spent more than five years as Deputy Chief Executive of Rathbone Training, a nationwide charity supporting disadvantaged young people to gain skills and training to help them to move into independent living and paid employment. Alison was appointed as a non-executive director in September 2015 and has chaired the Audit Committee since January 2018. Alison is the non-executive lead for Freedom to Speak Up.

Stephen McAndrew

Stephen was appointed in July 2018, as a non-executive director for the Trust.
Stephen is currently the Director of NHS Services at Specsavers, responsible for the development and delivery of commissioned services and government relations. Stephen served for 10 years as a non-executive director, vice chair and senior independent director at Cheshire and Wirral Partnership NHS Foundation Trust. Stephen is a member of the Audit Committee.

Mike Tate

Mike was appointed non-executive director in September 2018. He has worked in the NHS for 38 years, is a qualified accountant and has been a director of finance for nine years.

Mike is retired from his role as Chief Finance Officer and Director of Commissioned Services in a Clinical Commissioning Group. Mike is a member of the Quality Committee, Audit Committee and Remuneration Committee, and is the non-executive lead for the Mental Health Act.

The terms of office for our non-executive directors are outlined below.

Non-executive director	Term commenced	Term ends
Helen Bellairs (Chairman)	17 May 2017	16 May 2020
Alison Tumilty	24 September 2018	23 September 2021
Tricia Kalloo	2 June 2017	1 June 2020
Jonathan Berry	16 November 2017	15 November 2020
Stephen McAndrew	1 July 2018	30 June 2021
Michael Tate	1 September 2018	31 August 2021
Innes Arnold	9 September 2019	8 September 2022

Non-executive directors' appointments may be terminated on performance grounds or for contravention of the qualification criteria set out in the constitution with the approval of three quarters of the Council of Governors, or by mutual consent for other reasons. There is no provision for compensation for early termination or liability on the Trust's part in the event of termination.

The process for appointment of the Chairman and non-executive directors is agreed by the Council of Governors' Nominations and Remuneration Committee. In summary, the process includes: a review of the balance of skills, knowledge and experience on the Trust Board; preparation of the role description and person specification; agreement of a suitable process of open competition to identify potential candidates; agreement of a shortlisting and interview process; and finally, a recommendation to the Council of Governors on the appointment.

1.2. Remuneration Committee

This committee advises Trust Board on the appropriate remuneration and terms of service for the Chief Executive and other executive directors. It is concerned with all aspects of salary and provisions for other benefits, including arrangements for termination of employment and other contractual terms.

Its responsibilities are to:

- Be advised of, monitor and evaluate the performance of the executive directors.
- Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments, taking account of employment law and national guidance as is appropriate.
- Have responsibility for the ratification of appointments of directors. This requires the Chief Executive to be invited to attend the committee for those agenda items related to appointments of directors.
- Ensure executive directors are fairly rewarded for their individual contribution to the Trust. Proper regard must be given to the Trust's circumstances; size; difficulty of the job as benchmarked against other organisations; individual performance; and provision of any national guidance and arrangements for such staff as appropriate.

The performance of the executive directors is evaluated by the Chief Executive. The performance of the Chief Executive and non-executive directors is evaluated by the Chairman on an annual basis. The performance of the Chairman is evaluated by the Senior Independent Director, having sought input from directors and governors on an annual basis.

Member	29/04/19	10/07/19	29/07/19	08/08/19	10/09/19	27/01/20	24/02/20
Helen Bellairs, Chairman	✓	✓	✓	✓	✓	✓	✓
Alison Tumilty, Non-Executive Director	✓	✓	✓	✓	x	✓	✓
Tricia Kalloo, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓
Jonathan Berry, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓
Stephen McAndrew, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓
Michael Tate, Non-Executive Director	✓	x	✓	✓	✓	✓	✓
Innes Arnold, Non-Executive Director	N/A	N/A	N/A	N/A	✓	✓	✓

1.3. Quality Committee

The Quality Committee is a committee of the Trust Board which has delegated responsibilities, specifically regarding the quality and safety of the services provided by the Trust. The committee provides leadership on quality and provides assurance to the Trust Board on the effectiveness of Trust arrangements for quality, ensuring there is a consistent approach throughout the Trust, specifically in the areas of safety, effectiveness and patient experience.

The committee ensures there is good quality governance in place around the quality of care within the Trust through the following eight principles:

1. Ensuring that the fundamental standards of quality and safety (as determined by CQC's registration requirements) are at a minimum being met by every service that the organisation delivers
2. Ensuring that the organisation is striving for continuous quality improvement and outcomes in every service
3. Ensuring that every member of staff that has contact with patients, or whose actions directly impact on patient care, is motivated and enabled to deliver effective, safe and person-centred care
4. Ensuring required standards are achieved
5. Investigating and taking action on sub-standard performance

6. Planning and driving continuous improvement
7. Identifying, sharing and ensuring delivery of best-practice
8. Identifying and managing risks to quality of care

Tricia Kalloo, Non-Executive Director, chaired the committee between 1 April 2019 and 31 March 2020.

The committee met on 11 occasions between 1 April 2019 and 31 March 2020. In addition to executive and non-executive directors, the committee also includes co-opted roles as determined by the terms of reference. Details of the executive and non-executive directors' attendance are disclosed in the following table. Where members were not eligible to attend due to their start or leaving date or the date they joined the committee, this is indicated with N/A (not applicable).

Quality Committee attendance

	10/04/19	08/05/19	11/06/19	10/07/19	14/08/19	11/09/19	09/10/19	13/11/19	11/12/19	12/02/20	11/03/20
Gail Briers, Chief Nurse and Deputy Chief Executive	✓	✓	✓	✓	×	✓	✓	×	×	×	N/A
Professor Sandeep Ranote, Medical Director	✓	✓	×	×	×	×	×	×	×	✓	✓
John Heritage, Chief Operating Officer	✓	✓	✓	✓	✓	✓	✓	✓	×	×	✓
Joanne Hiley, Executive Director of Nursing and Quality	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓
Joanne McDonnell, Executive Director of Nursing and Governance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓
Tricia Kalloo, Non-Executive Director	✓	✓	×	✓	✓	✓	✓	✓	×	✓	✓
Dr Jonathan Berry, Non-Executive Director	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓
Michael Tate, Non-Executive Director	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	✓
Innes Arnold, Non-Executive Director	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓

1.4. Audit Committee

The Audit Committee is responsible for reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical) which supports the achievement of the organisation's objectives. It achieves this by reviewing the adequacy of:

- All risk and control related disclosure statements, together with any accompanying head of internal audit opinion, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board.
- The underlying assurance processes (including the function of committees) that indicate the degree of achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements. This will include a regular deep dive into the control and mitigation action relating to strategic or significant operational risks recorded in the risk register within the Risk Assurance Framework.
- The Trust's annual clinical audit programme and ensuring outcomes result in service improvement.
- The policies for ensuring compliance with relevant regulatory, legal and Code of Conduct requirements, performing an oversight role in relation to registers where interests, hospitality and partnerships are recorded.
- The policies and procedures for all work related to fraud and corruption as set out in the NHS Counter Fraud Authority Standards for Providers (published April 2012) and as required by the NHS Counter Fraud Authority and the revised NHS Contract.

Alison Tumilty chaired the committee between 1 April 2019 and 31 March 2020.

Full membership and details of attendance at meetings is disclosed in the following table. Where members were not eligible to attend due to their start or leaving date or the date they joined the committee, this is indicated with N/A (not applicable).

	10/04/19	11/06/19	14/08/19	09/10/19	11/12/19	12/02/20
Alison Tumilty, Non-Executive Director	✓	✓	✓	✓	✓	✓
Tricia Kalloo, Non-Executive Director	✗	✓	✓	✓	✗	✓
Stephen McAndrew, Non-Executive Director	✓	✓	✓	✓	✓	✓
Michael Tate, Non- Executive Director	✓	✓	✓	✓	✓	✓
Innes Arnold, Non-Executive Director	N/A	N/A	N/A	✓	✓	✓

There was also an extra-ordinary meeting held on 22 May 2019 to approve the Annual Report and Accounts for the financial year 2018/19.

In discharging its responsibilities in 2019/20, the committee considered the following matters in relation to the financial statements, governance and compliance:

Governance and compliance

- The committee received a risk management update at each meeting. The committee also requested a risk challenge session whereby responsible officers for high-risk areas were required to present progress against mitigations and actions. The committee offered challenge where appropriate and facilitated support where required.
- The committee received regular updates on the register of interests and the gifts and hospitality register. Any material or regular entries in the gifts and hospitality register were challenged to ensure acceptance was appropriate.

Clinical audit

- The annual clinical audit plan was reviewed and approved at the April 2019 Audit Committee meeting, with progress updates provided during 2019/20.

Financial matters and reporting

- The external auditor annual plan for 2019/20 was presented and approved by the committee in February 2020. The Trust's annual accounts timetable and plan was also presented to this meeting. At the subsequent meeting, elevated risk areas relevant to the statutory accounts were discussed and agreed together with a revised audit timetable.
- The annual accounts for 2018/19, including the auditor's report to those charged with governance, were reviewed at the extra-ordinary meeting on 22 May 2019 and approved on 23 May 2019.
- Aged debt, salary overpayments and losses were reviewed and challenged throughout the year.
- The waivers register was presented periodically during 2019/20 for review. The committee provided scrutiny and challenge as appropriate.
- In December 2019, the committee received and approved the Trust's Charitable Funds Annual Report and Accounts for 2018/19.

Fraud

- The Trust's counter fraud service is provided by Mersey Internal Audit Agency. The counter fraud annual plan for 2019/20 was agreed at the April 2019 Audit Committee meeting. This plan covered the four strategic areas set out by the NHS Counter Fraud Authority: strategic governance; inform and involve; prevent and deter; and hold to account. During 2019/20, updates on progress against the plan were provided.
- A number of counter fraud investigations were instigated during 2019/20. Progress and outcomes were reported to the committee.
- During 2019-20, updates on progress against the Standards for Providers action plan were reviewed. An updated self-assessment was submitted at each meeting during the year.

1.5. Internal audit function

The Trust's internal audit contract was reviewed during 2018/19; a three-year contract was awarded to Mersey Internal Audit Agency, who provided the function for 2019/20 from 1 April 2019. The services provided are fully compliant with the NHS internal audit standards. An assigned a named director with Mersey Internal Audit Agency is responsible for the management and coordination of the internal audit service to the Trust.

A significant role of the internal auditor is to provide an annual opinion on the overall adequacy and effectiveness of our risk management, control and governance processes.

This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee to provide a reasonable level of assurance. Regular progress reports against this plan have been presented to the Audit Committee throughout 2019/20.

1.6. External audit

The Trust's external audit contract was subject to a competitive tender process during 2018/19. The process was undertaken in accordance with procurement regulations and the Trust's constitution, requiring involvement and approval by the Trust's Council of Governors. For the year 2019/20, Grant Thornton LLP were the Trust's external auditors.

The Audit Committee has assessed the effectiveness of the external audit service through the quality of their audit findings and management responses; their continuing challenge; their focused reporting; and their discussions with both management and the Audit Committee.

1.7. Auditor independence and objectivity

Grant Thornton issued the following statement with regard to independence and objectivity:

"Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers) relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

"We confirm there are no significant facts or matters that impact on our independence as auditors that were are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we, as a firm, and each covered person, confirm we are independent and are able to express opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

"We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Trust."

1.8. Additional director responsibilities

Our Executive Director of Nursing and Governance and our Medical Director are also owners / directors of private companies, included on the Trust's Register of Interests.

1.9. Register of interests

Registers of interests for both Trust Board members and our Council of Governors are available on our website.

- Trust Board: www.nwbh.nhs.uk/trust-board
- Council of Governors: www.nwbh.nhs.uk/council-of-governors

The Chairman has had no other significant commitments or any that have changed during the reporting year.

2. Our Council of Governors

Governors have responsibility for the following decisions:

- Appointing the Chairman
- Appointing the non-executive directors
- Approving the appointment of the Chief Executive
- Removing the Chairman and non-executive directors
- Agreeing non-executive directors' terms and conditions
- Approving changes to the constitution

Governors' responsibilities include:

- Holding the non-executive directors individually and collectively to account for the performance of the Board
- Appointing and removing auditors
- Receiving the Annual Report and Accounts
- Being consulted on proposed changes and providing feedback on the future direction of the Trust
- Representing the interests of members and the public.

The governors have not exercised their power under paragraph 10C of schedule 7 of the NHS Act 2006 to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the Trust's performance of its functions or the directors' performance of their duties. They have not proposed a vote on the Trust's or directors' performance during the reporting year. However, our Chairman and/or Chief Executive were in attendance at the meetings in order to develop an understanding of the views of the governors and members.

There is an open invitation from the governors to Trust Board members, both executive and non-executive directors, to attend the Council of Governor's meetings.

During 2019/20, our nominated lead governor was Chris Whittle.

During the reporting year, 13 governors claimed a total of £1,618.20 in expenses. In the previous reporting year, 18 governors claimed a total of £1,685.95 in expenses.

Our Council of Governors met seven times during the period 1 April 2019 to 31 March 2020. The meeting held on 18 March 2020 was held virtually due to social distancing restrictions as a result of Covid-19.

Attendance of governors is detailed in the following table. Where governors were not eligible to attend due to their start or leaving date, this is indicated with N/A (not applicable).

Public, staff and appointed governors	03/06/19	12/07/19	21/08/19	10/09/19	06/11/19	29/01/20	18/03/20
Helen Bellairs, Chairman	✓	✓	✓	✓	✓	✓	N/A
Jim Sinnott – Public, Warrington, Elected	✓	✓	✓	×	✓	×	✓
Irene Harris – Public, Warrington, Elected	N/A	N/A	N/A	N/A	N/A	N/A	×
Andy Jones – Public, Halton, Elected	×	×	✓	✓	✓	×	×
Edward Rawlinson – Public, Halton, Elected	N/A	N/A	N/A	N/A	N/A	N/A	×
Chris Coffey – Public, St Helens, Elected	×	×	✓	×	×	×	×
Colin Pearson – Public, St Helens, Elected	✓	✓	✓	✓	✓	✓	✓
Innes Arnold – Public, St Helens, Elected	✓	✓	✓	N/A	N/A	N/A	N/A
Alan Griffiths – Public, St Helens, Elected	✓	✓	×	✓	×	✓	×
Chris Whittle – Public, Knowsley, Elected	✓	✓	✓	✓	✓	✓	×
Paul Davies – Public, Knowsley, Elected	×	×	×	×	N/A	N/A	N/A
Iain Yates – Public, Knowsley, Elected	×	×	×	×	×	×	✓
Joe Nixon – Public, Knowsley, Elected	×	✓	×	✓	✓	×	✓
Richard Short – Public, Wigan, Elected	×	×	×	×	✓	×	×
Sheila Ratcliffe – Public, Wigan, Elected	×	N/A	N/A	N/A	N/A	N/A	N/A
James Watson – Public, Wigan	N/A	N/A	N/A	N/A	N/A	N/A	✓
John Battersby – Public, Sefton, Elected	✓	✓	✓	✓	✓	✓	✓
Victor Hudson Foulds – Public, Sefton, Elected	✓	✓	✓	✓	✓	✓	✓
Denis McFarland – Public, Other, Elected	×	×	×	✓	✓	✓	✓
Lisa Martin – Staff, Allied Health Professional, Elected	×	✓	×	✓	✓	✓	×
Julie Moss – Staff, Allied Health Professional, Elected	✓	✓	✓	✓	✓	✓	×
Kevin Redmond – Staff, Nursing, Elected	×	✓	×	✓	×	✓	✓
Jason O'Flaherty – Staff, Nursing, Elected	×	✓	✓	✓	✓	✓	✓

Public, staff and appointed governors	03/06/19	12/07/19	21/08/19	10/09/19	06/11/19	29/01/20	18/03/20
Louise McKay – Staff, Supporting Services, Elected	✓	✓	×	✓	✓	✓	✓
Chris Peake – Staff, Supporting Services, Elected	×	×	×	×	×	×	N/A
Mike Crawford – Staff, Support Services, Elected	×	✓	×	✓	N/A	N/A	N/A
Paul Corns – Staff, Support Services	N/A	N/A	N/A	N/A	N/A	N/A	✓
Phil King, Staff, Support Services	N/A	N/A	N/A	N/A	N/A	N/A	✓
Narender Dhillon - Staff, Medical, Elected	✓	×	×	✓	×	×	✓
Jane Neve – Staff, Managers (8A and above), Elected	✓	✓	✓	✓	✓	×	✓
Councillor Marie Wright – Halton Council, Appointed	×	×	×	×	×	×	×
Councillor Pat Wright – Warrington Council, Appointed	×	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Ian Moncur, Sefton Council, Appointed	✓	×	×	×	×	×	✓
Councillor Jim Moodie, Wigan Council, Appointed	✓	×	×	×	×	×	×
Councillor Rebecca Knowles – Warrington Council, Appointed	N/A	×	×	✓	×	×	×
Ann Cunliffe – Staff Side Chair, Appointed	×	×	×	×	✓	×	✓

The following governors started their terms of office from 1 March 2020:

- Edward Rawlinson – Public, Halton
- Irene Harris – Public, Warrington
- James Watson – Public, Wigan
- Paul Corns – Staff, Support Services
- Phil King – Staff, Support Services

Public and staff governors are appointed for a term of three years. Should a governor resign mid-term, a governor may be appointed to serve the remaining duration of the term. Owing to the fact that some of the governors are service users and carers themselves, we accept some governors cannot attend when they are unwell or have pressing carer responsibilities. Governors are asked to notify us of this.

In addition to governors, the above meetings were attended by Trust Board members as follows:

3 June 2019
- Simon Barber, Chief Executive
- John McLuckie, Chief Finance Officer
- Stephen McAndrew, Non-Executive Director

12 July 2019
- Jonathan Berry, Non-Executive Director

21 August 2019
- N/A

10 September 2019
- Innes Arnold, Non-Executive Director
- Simon Barber, Chief Executive
- Jonathan Berry, Non-Executive Director
- Gail Briers, Chief Nurse and Deputy Chief Executive
- John Heritage, Chief Operating Officer
- Tracy Hill, Director of Strategy and Organisational Effectiveness
- Tricia Kalloo, Non-Executive Director
- Stephen McAndrew, Non-Executive Director
- John McLuckie Chief Finance Officer
- Michael Tate, Non- Executive Director

6 November 2019
- Simon Barber, Chief Executive
- Tricia Kalloo, Non-Executive Director

29 January 2020
- Tracy Hill, Director of Strategy and Organisational Effectiveness
- Alison Tumilty, Non-Executive Director

18 March 2020
- Simon Barber, Chief Executive

2.1. Committees

The committees of the governors are supported by directors (both executive and non-executive) and/or other managers from the Trust.

2.1.1. Membership and Communications Committee

The remit of the committee is to oversee the delivery of the Membership Strategy and to ensure effective communication with the membership of the Trust. The committee meets twice each year. Attendance is detailed in the following table. Where committee members were not eligible to attend due to their start or leaving date, this is indicated with N/A (not applicable).

Governor	21/08/2019	04/03/2020
Innes Arnold	✓	N/A
Chris Coffey	✓	×
Andy Jones	✓	×
Colin Pearson	✓	✓
Jim Sinnott	✓	✓
Chris Whittle	×	×
Julie Moss	✓	×
John Battersby	✓	✓
Victor Foulds	✓	✓
Jason O'Flaherty	×	✓
Louise McKay	×	✓
Denis McFarland	×	✓
Lisa Martin	×	✓

2.1.2. Nominations and Remuneration Committee

The Council of Governors has established a committee known as the Nominations and Remuneration Committee. The committee met four times during the period 1 April 2019 to 31 March 2020. The membership is made up of the Chairman, Helen Bellairs, plus three members of the Council of Governors and the lead governor. The committee is supported by the Chief Executive, Company Secretary and Deputy Director of Human Resources and Organisational Development. Attendance is outlined in the following table:

Governor	15/05/2019	08/08/2019	20/08/2019	29/01/2020
Helen Bellairs, Chairman	✓	✓	✓	✓
Chris Whittle, Lead Governor	✓	×	✓	✓
Innes Arnold	✓	×	×	N/A
Colin Pearson	✓	✓	✓	✓
Denis McFarland	✓	×	×	×
John Battersby	✓	×	×	✓
Victor Hudson Foulds	✓	✓	✓	✓
Iain Yates	✓	×	×	×

In addition, the Senior Independent Director also attends and chairs the meeting for matters relating to the appointment, performance and remuneration of the Chairman.

The Trust does not use an external search consultancy for advertising non-executive appointments; it does use a recruitment consultant to carry out preliminary interviews as part of the appointment processes.

The remit of the committee is to:

- Regularly review the composition of non-executive directors on the Board, to reflect the expertise and experience required, and to make recommendations to the Council of Governors. This will include periodic consideration of information prepared for the Board, reviewing the independence, skills and experience required for non-executive directors to ensure the appropriate experience, expertise and balance.

- To evaluate the balance of skills, knowledge and experience on the Board, to prepare a job description and person specification for the role and capabilities required for a particular appointment of a non-executive director, including the Chairman.
- To identify suitable candidates to fill non-executive director posts through a process of open competition.
- To make recommendations to the Council of Governors as to the appointment of non-executive directors, including the Chairman.
- To evaluate and report to the Council of Governors on the performance of the Chairman and non-executive directors, including their retention or removal as appropriate.
- To consider and make recommendations to the Council of Governors as to the remuneration, allowances and other terms and conditions of office of the Chairman and non-executive directors.

2.1.3. Governors' Assurance Committee

The Council of Governors has established a committee known as the Governors' Assurance Committee which meets twice a year. Attendance is detailed in the following table. Where committee members were not eligible to attend due to their start or leaving date or the date they joined the committee, this is indicated with N/A (not applicable).

Governor	15/05/2019	09/12/2019
Chris Whittle	✓	✓
Victor Hudson Foulds	✓	✓
John Battersby	✓	✓
Iain Yates	✓	✓
Colin Pearson	✓	✓
Innes Arnold	✓	N/A
Alan Griffiths	x	✓
Jason O'Flaherty	x	✓
Julie Moss	x	✓

The committee is accountable to the Council of Governors and is responsible for:

- Gaining understanding and evidence to review the Governors' Assurance Framework to support the governors to hold the non-executive directors to account for the performance of the Board.
- Receiving a report of the auditor on the annual accounts for onward presentation to the Council of Governors.
- Receiving a report from the Audit Committee and the Quality Committee to support the governors to hold the non-executive directors to account for the performance of the Board.
- Receiving a report for approval, from the Audit Committee, on the appointment of the Trust's external auditors.
- Receiving an annual report on the effectiveness of the Trust's system of internal control, in the form of the Head of Internal Audit Opinion.
- Assurance on the Quality Accounts process throughout their annual cycle.

3. Membership of our foundation trust

As a foundation trust, we have a membership to give local people a say in how we respond to the specific needs of the population we serve. Our membership is made up of both staff and the public.

Members of our Trust can:

- Receive information about the Trust and be consulted on plans for future development of our Trust and services
- Elect representatives to serve on the Council of Governors
- Stand for election to the Council of Governors

It has been one of our aims to develop a membership which enables varying levels of participation according to the needs and degree of involvement of individual members.

Anyone who is a member of the public can become a member of the Trust, providing they are aged 14 or over. Members of the public constituency must complete a membership form and submit it to the Company Secretary's office.

The boundaries for determining membership are set in line with local authority boundaries. Public members at 31 March 2020 are shown below.

Constituency	Number of members
Halton	767
Knowsley	663
Sefton	401
St Helens	891
Warrington	1,268
Wigan	1,096
Other areas	899
Total	**5,985**

Trust staff are automatically members, but may opt out if they wish. On 31 March 2020, there were 4,127 staff members.

The staff constituency is sub-divided into the following classes:

- Allied health professionals (qualified)
- Managers (band 8 or above)
- Medical staff
- Nursing staff (qualified)
- Supporting services (including nursing assistants, healthcare workers and administrators)

Maintenance of the membership numbers is managed as part of the Trust's Membership Strategy.

We communicate regularly with members, patients and the public using a range of communication methods and feedback channels. These include:

- Trust website – www.nwbh.nhs.uk
- Social media – Twitter and Facebook
- Direct membership emails

- Reflect publication, our service user, carers and members' magazine
- Annual members' meeting and involvement scheme events
- Service user and carer forums
- Attendance at the Trust Board meetings held in public

Governors and members attend a range of events such as Disability Awareness Day, our annual service user and carer involvement event, Ignite Your Life, and our Annual Members' Meeting. They also attended regular service user and carer forums before the forums were paused in January 2020, pending a review to ensure they continue to meet the needs of our communities.

In addition, in September 2019, we held a joint Trust Board and Council of Governors away day to further develop the Trust's strategy and annual plan. This provided the opportunity for the Council of Governors to contribute the views of members and the public and, for appointed governors, the body they represent, to contribute to the forward plan and Trust Strategy for 2020-2023.

Directors are encouraged to attend meetings of the Council of Governors, the annual members' meeting and other engagement events to develop an understanding of the views of governors and members.

Meaningful engagement with our membership base is an ongoing priority for the Council of Governors and an area they continue to develop. Our Membership Strategy identifies activities to further develop two-way communication between governors and the wider membership.

Our governors have also attended meetings in their local areas, including dementia support groups, carers' groups, Healthwatch and veterans' group meetings, as well as local community events. This enables governors to share views about areas of particular interest and new developments at the Trust.

Foundation trust members can find out who their governor is on the membership section of our website: www.nwbh.nhs.uk/council-of-governors

Members can contact their governor by calling the Membership Office on 01925 664 803 or emailing ftmembership@nwbh.nhs.uk – marking it for the attention of their governor.

NHS Oversight Framework

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

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

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

Segmentation

The Trust has been segmented according to the level of support required across the five themes and has been segmented as '1', requiring the lowest level of oversight.

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

Finance and use of resources

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

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

Statement of the Chief Executive's responsibilities as the accounting officer of North West Boroughs Healthcare NHS Foundation Trust

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

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

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

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

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

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

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

Simon Barber, **Chief Executive**
North West Boroughs Healthcare NHS Foundation Trust
22 June 2020

Annual Governance Statement

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of North West Boroughs Healthcare NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in North West Boroughs Healthcare NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

3.1 Risk management governance arrangements

I, as a member of the Trust Board, and where appropriate through delegation to the Audit Committee and Quality Committee, which report to the Trust Board, provide leadership and strategic direction to the risk management processes.

The day-to-day responsibility for the risk management process is in the portfolio of the Executive Director of Nursing and Governance. The support for the Quality Committee is provided by the Executive Director of Nursing and Quality.

The Trust has two sub-committees of the Board which have remits relating to risk – the Audit Committee and the Quality Committee.

The Audit Committee has a role in satisfying itself that all aspects of governance and risk management are appropriate and effective. Day-to-day responsibility for support to the Audit Committee, as well as the management of financial and information risks, is in the portfolio of the Chief Finance Officer.

The Audit Committee gives assurance to the Trust Board that it has satisfied itself that the governance arrangements are functioning as required, and the risk management

arrangements are robust. It also satisfies itself that the Trust's resources (financial, workforce and estates) are being effectively managed. The Audit Committee receives assurance through reports from the executive team, the internal and the external auditors, and other external bodies.

The Audit Committee is chaired by a Non-Executive Director, who has knowledge and experience relevant to that committee. The Quality Committee is also chaired by a Non-Executive Director who has a wealth of commercial knowledge of boards and governance. Additionally, other Non-Executive Directors (listed later in this report) are members.

The role of the Audit Committee includes the review of the adequacy of the risk management systems and policy. To enable this, the committee receives regular monitoring reports about the management of strategic risks. They also provide verification to the Trust Board on the systems in place for the management of risk within the Trust.

The Quality Committee oversees aspects of risk which impact on quality. The Quality Committee receives updates from each Borough leadership team outlining quality and safety learning within each of the borough's. In the event that additional assurance in relation to learning outcomes is required the Quality Committee may request a deep dive by exception.

At each of its ten meetings during the year, the Trust Board receives an update on all serious incidents and inquests which have occurred.

The Trust's Quality, Safety, Safeguarding and Governance Group is chaired by the Executive Director of Nursing and Governance and Executive Director of Nursing and Quality. This meeting is made up of Deputy and Assistant Clinical Directors from both corporate and operational services. The meeting receives escalated information from the Boroughs relating to risks and serious incidents across the Trust. Specific risks from the Quality, Safety, Safeguarding and Governance Group are escalated to the Trust Board through the Executive Leadership Group report. Additionally, exception reports are made to highlight any areas for escalation, or of concern.

Borough quality and safety meetings are in operation and incorporate items and topics from the Trust Quality, Safety, Safeguarding and Governance Group (incidents, risks, themes, lessons learned) as standing agenda items. Relevant items of concern or good practice from the Borough meetings are escalated and shared through monthly reporting to the Trust Quality, Safety, Safeguarding and Governance Group.

The Clinical Leadership Group meets monthly and is made up of the senior clinical leads across the Trust and chaired by the Medical Director. The Clinical Leadership Group provides professional leadership, clinical advice and specific clinical responses and management action for implementation to mitigate risks. This group has scrutiny over the quality and safety aspects of the cost improvement schemes and reviews the quality and equality impact assessments on services.

The group has the authority to reject schemes which have a significant detrimental impact on clinical services. This is reported to the Quality Committee, providing assurance to the committee that the process for measuring the impact on quality within the cost improvement process is robust. The Group reports to Board via the Executive Leadership Group report.

Nine sub-groups report to the Executive Leadership Group:

- Workforce Strategy Group
- Clinical Leadership Group
- Quality, Safety, Safeguarding and Governance Group
- Transformation and Efficiency Strategy Group
- Brexit Assurance Group
- Joint Consultative and Negotiation Committee
- Operations Group
- Executive Capital Group
- Executive Performance Group

Two sub-groups report directly to Board:

- Digital Programme Board
- Covid-19 Gold Command (set up in response to managing the pandemic in March 2020)

These sub-groups are shown more clearly on the governance structure diagram in section seven of this Annual Governance Statement. Each of the nine sub-groups operates within a defined remit aligned to terms of reference and provides a summary report from each meeting, on a monthly basis to the Executive Leadership Group. A single output report from the Executive Leadership Group, in turn, is then produced and provided to the Trust Board, on a monthly basis to provide clear governance accountability, transparency, escalation and assurance.

3.1.1 Leadership

As the Accountable Officer and Chief Executive of the Trust, I take lead responsibility and accept accountability for ensuring a sound system of internal control and a robust assurance framework is in place. The organisational management structure illustrates the Trust's commitment to effective governance, including the risk management processes.

The delegated responsibility for the coordination of risk management sits with the Executive Director of Nursing and Governance, who is supported by the Medical Director, Chief Finance Officer, Chief Operating Officer, Executive Director of Nursing and Quality and Executive Director of Strategy and Organisational Effectiveness, who are responsible for overseeing risk management activities within their individual areas of responsibility.

The Risk Policy defines risk governance and risk management structures across the Trust. This is underpinned by a Risk Management Procedure which further describes the devolvement and accountabilities within each Borough and directorate.

The breadth and depth of experience on the Trust Board is clearly reflected in the way important decisions are developed, challenged and achieved. Strategic planning and decision-making is carried out by the full Trust Board, without compromising the required independence and challenge of the Non-Executive Directors as appropriate.

Within the period 1 April 2019 to 31 March 2020, there has been one change in personnel of Non-Executive Directors; Mr Innes Arnold was appointed on 9 September 2019.

The governance structures in place are effective in ensuring the Trust Board agenda is aligned to risks and directs attention to areas for involvement, scrutiny and decision-making.

The Executive Director of Strategy and Organisational Effectiveness is responsible for leading strategy within the Trust, taking account of external and internal influences including national strategy, local needs and the Trust's competitors' plans.

Independent assurance on our systems and processes is received through the Trust's internal auditors Mersey Internal Audit Agency. There have been nine governance-related audits undertaken in 2019/20, as follows:

- Cost Improvement Programme – Substantial assurance
- Data Security and Protection Toolkit – Substantial assurance
- Clinical Supervision – Substantial assurance
- Learning from Deaths – High assurance
- Pressure Ulcer Care Packages – Moderate assurance
- Sickness Management – Moderate assurance
- Complaints – Substantial assurance
- Conflicts of Interest – Substantial assurance
- Board Assurance Framework review – Substantial assurance

3.1.2 Risk management accountability

The Trust's Risk Management Policy and Procedure sets out the overall aims for risk management across the Trust, delivered through an annual work plan against a set of specific risk management objectives:

Objective 1: Ensure effectiveness of the risk management system and incident management systems across the Trust.
Objective 2: Improve operational management and accountability of risk management.
Objective 3: Improve dissemination of actions and lessons learned from incidents and risks.
Objective 4: Improve service delivery and patient safety.
Objective 5: Ensure compliance with statutory and regulatory requirements.

The Risk Management Policy and Procedure describes the structured and systematic approach to the management of all risk across financial, clinical, non-clinical, strategic and project risk management. The Risk Management Policy sets out both the collective responsibilities of the Trust Board and its committees, and individual responsibility of the Chief Executive, Directors and all levels of staff across the Trust.

The Trust's Audit Committee seeks assurance that the risk management process is comprehensive, effective, complies with regulatory requirements and is fit for purpose by taking independent objective advice through the appointment of internal auditors. The committee also approves the Annual Governance Statement.

The Trust Board receives an Assurance and Risk Report at alternate meetings to review the identification, evaluation and control of organisational financial, clinical and non-clinical risk, and the risks against the achievement of the Trust strategic objectives and high-level objectives. Detailed reporting mechanisms for risk management are included later in this statement.

3.1.3 Staff education and development

Induction

The principles of risk management are included as part of the mandatory corporate induction, covering an introduction to a wide range of topics including subjects such as risk, governance, health and safety, fire awareness, handling complaints, equality and diversity, safeguarding children and adults, patient and public involvement and human resource issues for all staff.

Induction is extended for clinical staff to include clinical skills such as basic life support and breakaway techniques. Also included is training on the electronic care records system and the care planning approach process. The Trust training needs analysis identifies additional risk-based training is available to staff as appropriate to their duties.

Statutory, core and developmental training

This is available to all staff groups within the training programmes as stated within the Trust's Core and Statutory Training Policy. In addition to the statutory and core training schedule, staff are further developed based on the outcomes of their performance and development review, leading to the development of a personal development plan.

Incident management

During 2019/20, we have continued to improve our serious incident process, through a phased approach to improvement. The Corporate Patient Safety Panel chaired by the Executive Director for Nursing and Quality continues to oversee learning generated from Trust wide serious incident reporting and investigation.

Local Patient Safety Panels are well established and operational in all Boroughs to ensure local ownership of investigations, and lessons learned. A serious incident and learning standard operating procedure has been developed and implemented to ensure a consistent approach to the management of serious incidents.

Ongoing developments are monitored through the Trusts Phase II Patient Safety Improvement Plan with updates provided to the Trust Quality Committee via the Integrated Governance Safety report.

Policy and procedures

A range of clinical and non-clinical policies and procedures guided by statutory duty, legislative requirements and best practice guidelines are available to staff in electronic format on the intranet to assist them in managing risk. All policies and procedures undergo equality analysis impact assessment in relation to training, equality and diversity, and safeguarding. A system is in place to ensure due process has been followed before policies are ratified by the Audit Committee.

Quality and safety learning

A Corporate Patient Safety Panel consisting of the Executive Director for Nursing and Quality, the Deputy Director of Operational Services, the Associate Medical Director for Quality and Safety, Pharmacist expert, Psychological Lead and the Assistant Clinical Directors from each Borough meets on a weekly basis.

The panel provides assurance to the Trust's Quality Committee on the measures in place to ensure patient safety through reporting, investigation and learning from patient safety incidents. The panel reviews 72-hour reviews in response to serious incidents to ensure

remedial actions to prevent reoccurrence have been taken and to determine next steps for investigation and shared learning; the Corporate Patient Safety Panel also approves serious incident investigation reports and receives assurance on the implementation of localised action plans.

A communications plan for the sharing of thematic lessons from incidents is in place with regular updates shared through Trust-wide channels on a regular basis.

The Trust is proud to be a learning organisation and is continually striving to improve through a culture of openness and transparency. The Trust has invested a quality priority to strengthen learning through positive family engagement. A steering group named 'Kinnect' has been established to oversee this work stream.

The Quality Committee receives updates from Borough leadership teams outlining quality and safety learning within each of the borough's. In the event that additional assurance in relation to learning outcomes is required, the Quality Committee may request exception reports.

4. Risk and control framework

4.1 Risk management strategy

Our Risk Management Policy describes the way the Trust identifies and develops risks, together with the risk tolerance of the organisation; that is, the level of risk the Trust is willing to accept. This is determined by how much loss the Trust is prepared to accept, combined with the cost of correcting errors.

The Risk Management Policy describes how risks are developed and managed from strategic risks at Trust Board level, corporate risks in corporate services, to operational risks at borough and team level.

If risks are properly assessed and managed, this can help set all priorities for NHS organisations, teams and individuals, and improve decision-making to reach a balance of risk, benefit and cost. The Trust Board utilises a 'risk universe' approach to identify strategic risks which plots risks against two axis – 'stable and known' through to 'changing and new' and also 'internal' through to 'external'.

The risks identified in the risk universe for 2019/20 were categorised as:

- High or strategic risk areas
- Other risks requiring additional focus in year
- Routine systems and risks which require periodic review

The 'risk universe' is intended to be a dynamic risk tool with the opportunity to add and remove risks as appropriate and as agreed by Trust Board. The risk universe and plans for development of a new risk group, reporting to Quality, Safety and Safeguarding and Governance Group were discussed at the Audit Committee and Trust Board Development Day session led by one of the Non-Executive Directors and the Chief Executive in 2019/20.

The high-level or strategic risk areas are considered by the Trust Board and, in order to mitigate these risks, high-level objectives for the coming year are agreed. All risks

appearing within the ‘risk universe’ are reflected and managed through the risk register.

4.2 Risk management policy

The Trust’s risk management policy informs how the organisation provides care and conducts business by seeking to reduce the likelihood and severity of adverse events, ensuring that lessons are learned when they do arise informing the allocation of resources to their mitigation. The overall aim of risk management is to ensure high-quality healthcare services are delivered with safety, and health/wellbeing of services users, carers and staff, at the forefront of everything we do.

The policy describes the assurance processes in place through clear reporting structures which ensure risk management systems across the Trust are embedded and effective. The Trust takes an integrated approach to managing risk, whether financial, organisational, clinical or non-clinical, within systems which are open and transparent and demonstrate sound governance.

4.3 Risk management process

In pursuit of implementing effective risk management processes across the Trust, the Risk Management Policy and Procedure is the overarching process for managing all risk within a single framework. The Risk Management Policy and Procedure detail the strategic framework for identification, evaluation, analysis, treatment, control, monitoring and review of risks, within a single Trust-wide risk register.

The Risk Management Procedure provides associated step-by-step guidance on what to do following identification of a potential risk and the process of risk management.

The risk management process begins with the identification of risks throughout the Trust. Risks are identified through a number of sources, including risk assessment, audit, incidents, complaints, safety alerts, external reviews and inspection, emerging financial and environmental risks, and compliance with statutory and regulatory requirements.

The Trust’s risk grading matrix has been adopted from the ISO31000:2009 Risk Management, Risk Assessment Guidelines and is also the model recommended in the National Patient Safety Agency – A Risk Matrix for Managers; (2008).

The methodology used is a consequence and likelihood matrix which facilitates the evaluation and prioritisation of risks within the management decision-making process. The risk grading matrix is available at Appendix 1.

The Risk Management Policy clearly describes the process, accountability and authority to manage risk within the Trust.

The Trust Board receives a bi-monthly integrated assurance and risk report, which summarises the risk register whilst focussing on the Board Assurance Framework reporting and risks identified to the Trust strategy. This provides the Trust Board with an overarching view of the organisational risks with a regular risk management report to fully consider the risks to achieving the Trust’s high-level objectives.

The Trust Board also receives regular reports on the current status and management of risks within the Trust via the Audit Committee who scrutinises risks further. The Audit Committee receives at each meeting, reports on the current status and management of all risks within the Trust.

On a monthly basis, risks are reviewed at the borough quality and safety meetings, involving Trust Assistant Clinical Directors. Risk movement and control is monitored monthly by the borough quality and safety meetings, where emerging risks, accountabilities for risk control and risk movement are discussed with escalation to the Trust Quality, Safety, Safeguarding and Governance Group. Risk movement and control for the Trust's high-level risks are also monitored and discussed monthly at Trust Board. The Trust accepts some risks cannot be completely eliminated, but may be managed and minimised.

The Board Assurance Framework presented to the Trust Board on a bi-monthly basis contains details of all significant risks scored 15 and above, with limited or fair controls for scrutiny and challenge by the Trust Board.

4.4 Quality governance arrangements

4.4.1 Care Quality Commission

The Trust is expected to maintain its registration with the Care Quality Commission to undertake the regulated activities it provides. The Trust is routinely visited by the Care Quality Commission, including the Mental Health Act Commission, as part of its programme of inspections.

The Trust continually assesses itself against the fundamental standards, reporting monthly as part of the performance report. Assurances are provided through the clinical quality assurance cycle which incorporates the following three areas:

- **Peer Reviews** – a programme of internal inspections of teams undertaken by peer groups of staff, against the standards of quality and safety and Trust policy.

- **Safety walkabouts** – visits undertaken by executive and non-executive directors. A total number of safety walkabouts undertaken between April 2019 and March 2020 was 35 visits. Following each of these a report of the visit was included as feedback to the Board meeting at the end of each month. Any recommendations for the team visited were discussed with that service and improvements if required were made.

- **Continuous clinical improvement** – a review of outcomes from the above elements which identify areas for improvement. These are either carried out at a local level within teams, or on a Trust-wide basis and inform the quality agenda for the Trust.

During 2019/20, there have been a total of 15 inspections of the Trust by the Care Quality Commission not including the Well-led inspection. Of these, 12 were unannounced Mental Health Act monitoring inspections.

In addition, there were two Joint Targeted Area Inspections within children's services and one joint Ofsted and Care Quality Commission visit focused on Special Educational Needs and Disability (SEND). Monitoring of the progress against the overarching Care Quality commission action plan is through the Quality Committee on behalf of the Trust Board.

The table below details the inspections undertaken by the Care Quality Commission during 2019/20.

Month of visit	Ward/area visited and borough	Type of visit	Areas covered
April 2019	Sefton	Ofsted and Care Quality Commission joint SEND (Special Educational Needs and Disability) Inspection (revisit)	Joint inspection in Sefton to decide whether the local area has made sufficient progress in addressing the areas of significant weakness detailed in the written statement of action (WSOA) required on 29 December 2016. Ofsted and CQC joint inspection of local areas' effectiveness in identifying and meeting the needs of children and young people who have special educational needs and/or disabilities.
May 2019	Sheridan Ward, Warrington	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
May 2019	Austen Ward, Warrington	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
July 2019	Halton	Joint targeted Area Inspection (JTAI) of Children's Services by Ofsted, Care Quality Commission (CQC), HMI Constabulary and Fire and Rescue Services (HMICFRS) and HMI Probation (HMIP)	Joint inspection of the multi-agency response to children experiencing or at risk of exploitation, including sexual and criminal exploitation, in Halton.
May 2019	Weaver Ward, Halton	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital

Month of visit	Ward/area visited and borough	Type of visit	Areas covered
June 2019	Iris Ward, St Helens	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
June 2019	Taylor Ward, St Helens	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
August 2019	Coniston Ward, Knowsley	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
September 2019	Grasmere Ward, Knowsley	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
September 2019	Rydal Ward, Knowsley	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
September 2019	Byron Ward, Warrington	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital

Month of visit	Ward/area visited and borough	Type of visit	Areas covered
September 2019	Sefton	Joint Targeted Area Inspection (JTAI) of Children's Services By Ofsted, Care Quality Commission (CQC), HMI Constabulary and Fire Rescue services (HMICFRS), HMO Probation (HMIP)	Joint inspection of the multi-agency response to abuse and neglect of children in Sefton. This included a 'deep dive' focus on the response to children's mental health.
October 2019	Priestner's Unit, Wigan	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
November 2019	Parsonage Unit, Wigan	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital
November 2019	Sovereign Unit, Wigan	Mental Health Act Commissioner Visit Routine unannounced	Detention in hospital

Following the Well-Led and core services inspections undertaken by the Care Quality Commission between 21 October 2019 and 26 November 2019 the Trust has been rated as 'Good' overall for the third consecutive time and are now rated 'Good' across all five domains of 'Safe', 'Effective', 'Caring', 'Responsive', and 'Well-led'; this includes an uplift in the rating of 'Requires Improvement 'to 'Good 'for the domain of 'Responsive'.

Ten of the 12 core services are rated as 'Good' with a rating of 'Requires Improvement' for Wards for people with a learning disability or autism and Mental health crisis services and health based places of safety.

The formal report was published on 20 February 2020 and the Trust received requirement notices in relation to 12 breaches of regulatory requirements across four core services:

- Wards for people with a learning disability or autism
- Mental health crisis services and health based places of safety
- Forensic inpatient services
- Specialist community health services for children and young people

A Report of Actions was submitted to the Care Quality Commission on 25 March 2020 outlining actions the Trust would take to ensure compliance with the regulations.

An action plan was developed and actions implemented to address the breaches; this is monitored on a regular basis by the Trust Quality, Safety, Safeguarding and Governance Group. The Trust Quality Committee also receives quarterly updates in order to be assured of compliance.

Ratings	
Overall trust quality rating	Good
Are services safe?	Good
Are services effective?	Good
Are services caring?	Good
Are services responsive?	Good
Are services well-led?	Good

Improvements and Areas of Outstanding Practice

The report highlights positives including:

- Effective leadership across the organisation.
- Clear vision, values and behaviours at the heart of all work within the organisation.
- Clear five-year plan to provide high-quality care and financial stability.
- Values-based culture which is positive and open.
- Effective governance structures, systems and processes.
- Systems in place to identify learning from incidents, complaints and safeguarding alerts and make improvements.
- Enough nursing staff, who know patients and receive training to keep them safe.
- Wards safe, clean, well-equipped, well furnished, well maintained and fit for purpose.
- Staff assess the physical and mental health of all patients.
- Staff support patients to make decisions on their care themselves.
- All services treat patients with compassion and kindness.
- Involve patients in care planning and actively seek their feedback on the quality of care.
- Staff felt respected, supported and valued.
- Mental Health Act administration and compliance.
- Strong focus on quality.
- Digital improvements and access to information – high-quality clinical records.

Improvements have been recognised in a number of areas, particularly our older people's wards, with Kingsley Ward singled out for two areas of outstanding practice.

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

4.4.2 NHS Improvement's Quality Governance Framework

The Trust Board is confident and assured that it will continue to comply fully with NHS Improvement's Well-Led Framework.

4.4.3 Quality of our data

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

The Trust attaches a high level of importance to data quality and believes it is a foundation for the delivery of quality care, good patient experience, the delivery of cost-effective services and assists with clinical decision-making.

The Trust has a Data Quality Policy and Procedure and has three schemes in place which are contributing to data quality improvements across the Trust:

- Rollout of an electronic patient record / clinical information system to all services across all boroughs
- Data quality improvement plan
- Information management platform

During 2019/20, the following key quality improvement deliverables were achieved:

- Rollout of the information management platform which enables the combination of a wide range of information in one central, robust system; supporting greater insight into Trust services.
- A data quality audit process was introduced to review key performance indicator data to ensure data held in Rio is accurate and correct.
- Key performance indicators have been added to the information management platform to provide a focus to improve the trusts Data Quality Maturity Index during 2019/20. At the start of 2019/20, the trust had a score of 86.4% with additional data items included in 2019. The latest published figures show the trust at 96.1%. Performance against this has been a CQUIN scheme in year to drive improvement with a target of 95%.

The Trust produces monthly reports at executive, management, and operational level to enable the continued improvement of data quality. These reports highlight any areas for improvement and provide recommended actions to achieve this.

Supporting documentation and guidance is available to staff regarding the collection, storage, reporting, and disposal of data, with detailed operating procedures for staff use. All policies and procedures are stored on the Trust's intranet and are available to all staff members.

System-specific training is provided to ensure staff have the skills for the effective collection, recording and analysis of data. Data quality is incorporated into relevant job descriptions throughout the Trust.

During 2019/20, in addition to the schemes outlined above, the Trust has taken the following actions to improve data quality:

- Publication of monthly data quality and completeness data at executive, management and operational levels.
- Continued engagement and training for operational teams to support improvement of data quality across all services.
- Continued engagement with consultants and their medical teams in relation to clinical coding and the availability of discharge and clinical information.
- Report developments in both frontend RiO and intranet-based reports which will allow operational teams to see key information in a timelier manner to allow daily reviewing rather than monthly.

The Trust submitted records during 2019/20 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics, which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was:

- 100% for admitted patient care
- 100% for outpatient care
- 99.6% for accident and emergency care

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

- 100% for admitted patient care
- 100% for outpatient care
- 100% for accident and emergency care

The percentage of records in the published data which included the patient's valid Ethnic Category Code was:

- 100% for admitted patient care
- 93.1% for outpatient care
- 93.2% for accident and emergency care

4.4.4 Information governance risk management / data security

The management of Information Governance has significant profile across the Trust. Information Governance requires strong governance and risk management processes to ensure compliance with relevant legislation, national standards and best practice. Integration of Information Governance risks and incidents into the Trust's Risk Management and Incident Management policies and procedures ensures effective local and strategic management and scrutiny of risks and incidents. The Trust's approach to handling these incidents is based on NHS Digital's Guide to the Notification of Data Security and Protection Incidents (September 2018).

Information Governance incidents are reported through the Datix risk management system as per the Trust's Incident Management Policy. A bespoke reporting system is in use to ensure specific information is captured, thus enabling a proactive approach towards managing Information Governance incidents. These incidents are regularly reported through local and strategic aggregated incident reports, allowing broader analysis and a Trust-wide approach to improvement and learning. Incident themes and serious incidents

are reviewed bi-monthly by the Information Governance Executive Group.

Incidents are graded following the system set out in NHS Digital's guidance. Where appropriate, incidents are also reported to the Department of Health and Social Care (DHSC) and the Information Commissioner's Office (ICO).

Due to the Covid-19 crisis, the deadline for submission of the 2019/20 Data Security and Protection Toolkit self-assessment was extended to 30/09/2020. Therefore, at the time of publication the Trust had not submitted its Toolkit. However, prior to the crisis beginning, the Trust underwent its annual two-phase audit of the evidence to be used for submission. This audit was undertaken by MIAA and the Trust achieved 'Substantial Assurance'.

The Chief Financial Officer is the Senior Information Risk Owner and the Medical Director is the Caldicott Guardian. The Chief Information Officer is the Information Governance Lead and the Head of Information Governance is the Data Protection Officer.

4.4.5 Information governance incidents

NHS Digital's guidance states that the Trust must publish information relating to any incidents reported to the Department of Health and Social Care and/or the Information Commissioners Office in its Annual Report and Statement of Internal Control. The Trust reported one incident during 2019/20.

Summary of Data Security and Protection Incidents Reported to the Information Commissioners Office and/or Department of Health and Social Care.

Date of Incident	October
Nature of Incident	Member of staff divulged confidential patient information to an unauthorised third party
Number Affected	One patient
How Patients were Informed	Family reported the incident to the Trust
Lesson(s) Learned	The Information Commissioners Office took no action against the Trust (the member of staff acted outside their remit and in contravention of Trust policy). The member of staff was dismissed and reported to the Information Commissioners Office for consideration of criminal prosecution.

4.5 Trust's main risks

Effective risk management in the organisation ensures risks remain live and the level of control required is sufficient to mitigate the consequence of negative impact to the Trust, and actions to mitigate risks are achieved within acceptable timescales.

All risks rated 15 and above with limited or fair controls are escalated to the Trust Board through the risk and Board Assurance Framework reports which are discussed at alternate Trust Board meetings.

At the end of March 2020, 139 risks remained open on the risk register, 11 of which have been mapped against the Board Assurance Framework as risks identified which may impact on the Trust's achievement of the 2019/20 high-level objectives. The Trust's top

Board Assurance Framework risk as at year end 2019/20 is shown below.

Theme: Availability of workforce

Risk: There is a risk that we will not have an available workforce to deliver quality safe and efficient services due to national staff shortages and challenges with the attraction and retention of staff leading to a failure to provide 'Good' core services within standardised pathways.

Whilst, from the Trust risk register and Board Assurance Framework, the availability of workforce risk is deemed highest risk overall in 2019/20, it is significantly important to note that the capacity and demand issues in response to the Covid-19 pandemic was the highest pressure point during the year. The Trust's response and recovery will be reported through 2020/21 and will feature in the 2020/21 Annual Report.

4.5.1 High level risks 2019/20

The Trust Board Assurance Framework will capture risks in respect of achieving each pillar of the Trust strategy; focusing on risks to deliver the six strategic themes. The Trust strategy sets out the direction and priorities for the Trust over the next three years. The six strategic priorities are:

- We will deliver quality, safe and effective services with a highly skilled and motivated workforce.
- We will deliver whole person care through targeted growth.
- We will retain our values and culture.
- We will engage with our communities and staff to deliver services differently.
- We will plan an active role in place-based care systems to maintain a whole person care focus and high clinical standards.
- We will grow and develop the Trust at scale, being seen as an equal partner in any system-wide collaboration.

Where there are risks in respect of achieving one or more of the Trust Objectives for 2019/20, these will be managed in line with the risk management process, and added to the risk register at a point in time that these risks may arise.

The process will ensure that risks against the Trust Strategy and Trust Objectives are described, assessed and scored appropriately, risk targets are set and appropriately measured.

4.5.2 Anticipated high level risks for 2020/21

The Trust has completed a review of the Risk Universe for 2020/21 and Board Assurance Framework; with risks mapped against the Trust strategic themes. A number of the anticipated high level risks continue from 2019/20, with key themes as follows:

- Availability and development of the clinical workforce;
- The potential impact of the transaction with Mersey Care;
- The impact of the COVID-19 pandemic.

4.6 Embedding risk management

The Trust seeks and assesses assurance that the risk management process is comprehensive, effective, understood and embedded at all levels of the organisation from

team to Trust Board. In quarter one of 2020/21 the newly established Risk Management Group, reporting to the Trust Quality, Safety and Safeguarding Group will provide further support to our risk management governance.

The Risk Management Group will ensure effective risk management remains live, the level of controls/mitigations, consequence of negative impact to the Trust are scrutinised in detail, and all challenged and escalated throughout the governance structure at appropriate levels.

4.7 Governance structures

The Trust Board recognises that robust governance processes should give leaders of organisations, those who work in them and those who regulate them, confidence about their capability to maintain and continuously improve services.

During 2019/20 changes in the Executive Leadership Team were:

- The Chief Nurse and Deputy Chief Executive retired, the Chief Nurse role was divided into two joint roles; Executive Director of Nursing and Governance and Executive Director of Nursing and Quality
- The Chief Operating Officer became the Chief Operating Officer and Deputy Chief Executive

The changes were made to ensure the continuation of robust leadership in the areas of Governance and Operations.

4.8 Corporate governance statement

The Executive Director of Nursing and Governance is the director with overarching responsibility for the Provider Licence, and is responsible for ensuring robust governance arrangements are in place to assure the Trust Board on the validity of the Corporate Governance Statement, prior to this being signed and submitted to NHS Improvement.

4.9 NHS Pension Scheme

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

4.10 Equality impact assessments

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

The Trust takes an integrated approach to equality, human rights and inclusion. All Trust polices undergo an equality impact assessment which involves a narrative commentary prior to policy ratification led by an equality, diversity and inclusion member of staff from the Integrated Governance Team. All major service reviews and changes within the Trust are also subject to an equality analysis process. Equality and diversity activity is reported to the Quality Committee. All cost improvement plans are equality impact assessed.

4.11 Carbon reduction and climate change

The Trust has undertaken risk assessments and carbon reduction delivery plans are in

place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure the organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

The Trust has undertaken a climate change risk assessment. Mitigation and adaptation plans are in place in accordance with the planning and reporting requirements of the Civil Contingencies Act 2004 and the Climate Change Act 2008.
The Trust recognises, monitors and reports on its environmental impacts. Energy and carbon management plans are in place to reduce carbon emissions.

4.12 Emergency planning

The Trust recognises its emergency preparedness, resilience and response duties under the Civil Contingencies Act 2004 and Health and Social Care Act 2012. Risks have been identified and there are specific plans in place to mitigate the effects of major incidents and emergencies which would impact on the Trust's ability to continue to provide safe services. This includes a Major Incident Policy, Business Continuity Procedure, and incident-specific plans such as severe weather, pandemic influenza and disruption to road fuel supplies, and chemical, biological, radiological and nuclear threats.

The Trust's emergency preparedness, resilience and response arrangements were self-assessed during 2019/20 against the NHS England Core Standards for Emergency Preparedness, Resilience and Response (2016). We undertake the self-assessment annually which we rated "green" for the year, and the official rating on our assessment, provided by NHS Improvement/England, confirmed our **full** assurance compliance for 2019/20.

Actions have been identified and are being implemented to improve the Trust's assurances where required.

The Trust plays a full part in local health and social care economy planning, working with NHS England, clinical commissioning groups, other NHS trusts and providers of non-NHS-funded care.

The Trust runs on-call systems which ensure a senior operational manager is available out-of-hours for both mental health and learning disability and community physical health services. This is supported by Estates on-call and Trust strategic on-call, comprising executive directors and deputy directors.

The Executive Director of Nursing and Governance has lead responsibility for emergency preparedness, resilience and response, and she sits on the NHS England Local Health Resilience Partnership for Cheshire and Merseyside and Greater Manchester.

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

The Trust has a dynamic process for setting business objectives across the whole organisation, which is documented and reviewed on an ongoing basis in order to drive forward improvements in clinical and non-clinical services, and to ensure key national and local targets are met. All objectives are quantifiable, measurable, risk-assessed, and are regularly reviewed through the robust performance management arrangements embedded within the Trust. Performance management arrangements are such that each directorate is challenged and held to account for the objectives they are responsible for.

Throughout the year, the Board has received regular reports providing information about the economy, efficiency and effectiveness of the use of resources. Integrated performance reports have provided data in respect of financial, clinical, workforce and national targets and objectives. Any areas of concern are highlighted and mitigating actions taken where deemed necessary.

Performance against cost improvement plan delivery is reviewed and monitored on a monthly basis and management action taken where appropriate to mitigate.

Achievement of economy, efficiency and effectiveness is an underpinning focus of the Trust's internal governance arrangements, which are supported by internal and external audit reviews. Findings and recommendations from audits undertaken are monitored and reported through the Audit Committee. The Audit Committee provides appropriate challenge to management to ensure recommendations are actioned and that significant assurance can be provided to the Trust Board.

The Trust's auditors' completed their risk based review of the Trust's value for money arrangements for 2019/20. They concluded that the Trust has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This represents an improved outcome for the Trust following their qualified 'except for' value for money conclusion opinion in 2018/19.

6. Annual quality account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement issues guidance to NHS Foundation Trust Boards on the form and content of annual quality reports, which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual. The Trust Board is committed to ensuring high-quality services, as shown in the overall purpose:

'We take a lead in improving the wellbeing of our communities in order to make a positive difference throughout people's lives.'

And also through the Trust Board statement:

'We make the best decisions we can in order to advance the best interests of our patients and staff.'

The Executive Director of Nursing and Governance is the identified Board member responsible for the Provider Licence. The Executive Director of Nursing and Quality is the Trust Board Member responsible for quality.

An agreed definition of quality is in place, created and approved by members of the Trust Board, Council of Governors and clinical leaders, with the support of the Advancing Quality Alliance:

'The users of our services are the first priority in everything we do, ensuring that they receive effective care from caring, compassionate, and committed people, working within a common culture and protected from harm.'

The Quality Committee continues to provide leadership and assurance to the Trust Board on the effectiveness of Trust arrangements for quality, ensuring there is a consistent

approach throughout the Trust, under the domains of safety, effectiveness and patient experience.

6.1 Quality report – quality priorities

To demonstrate the Trust's continual commitment to quality improvement, each year we engage with our Healthwatch organisations, local authorities, and clinical commissioning groups, as well as our service users and carers and the Council of Governors, to establish the Trust's quality priorities. These quality priorities demonstrate improvements in the domains of safety, experience and effectiveness, and are monitored throughout the year. The 2019/20 quality priorities and final status are listed below. It is of note that some quarter four milestones are impacted by the COVID-19 pandemic and emergency response:

Safe, Effective and Experience – Clinical Supervision
The priority was identified to ensure there was the governance, framework and capacity to ensure effective clinical supervision was taking place as a core enabler to providing high quality and safe care. The Trust met this quality priority during 2019/20 and clinical supervision will continue to be embedded in clinical practice. A new quality priority of Coaching for Safety in 2020/21 will further build on improvements for the delivery safe and effective services.

Experience - Being Open: Service User and Carer Involvement
This quality priority was identified as part of the Trust's patient safety improvement action plan. The Trust has partially met the milestones with good progress made with the overall quality of learning from incidents and concerns by involving service users and their families. The Trust will continue to develop this further with a new quality priority during 2020/21.

Safety - Recognising and Managing the Physically Deteriorating Patient
The Trust has partially met the quality priority during 2019/20 to improve the safety of our clinical services through the consistent application of the revised National Early Warning Score (NEWS 2); for the recognition and response to a physically deteriorating patient. NEWS 2 will continue to be embedded within the Trust during 2020/21.

Experience: Lived Experience Peer Support Worker Role
The Trust partially met the milestone for the number of peer support workers employed to enhance the skill-set of the workforce and will continue the quality priority during 2020/21 to achieve the ambitions set and to evaluate the effectiveness of this initiative.

The majority of the design and content of the Quality Report is determined by the guidance under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations. However, when determining the quality measures to show Trust performance, there is a level of scope to use appropriate measures to demonstrate the quality of care at a local level. In determining these quality measures, the Trust consulted widely to ensure a balanced and transparent view of the Trust's services was included. Monitoring of quality priorities is undertaken by the Quality Committee. In addition, performance against each quality priority is reported to relevant internal groups.

7. Review of effectiveness

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

7.1 Systems in place to review the effectiveness of systems of control

The Trust Board holds responsibility for assuring the effectiveness and suitability of internal control systems.

The Audit Committee reviews the establishment and maintenance of effective systems of internal control and risk management, and also reviews the validity of the Annual Governance Statement. The Audit Committee also sets and approves the Annual Internal Audit Programme and holds delegated Board responsibility to monitor implementation of actions identified for improvement.

The Audit Committee has a remit to review the adequacy of assurance for all risk and control related disclosure statements. This is supported by the Head of Internal Audit Opinion provided to the Audit Committee, founded on a risk-based audit programme.

The audit plan covers risks to the achievement of Trust objectives identified through the assurance framework process. Progress against implementation of audit recommendations is stringently monitored by the Audit Committee to ensure any identified gaps in control are closed and, where not evident, the Audit Committee may call individuals from within the Trust to explain the progress of recommendations.

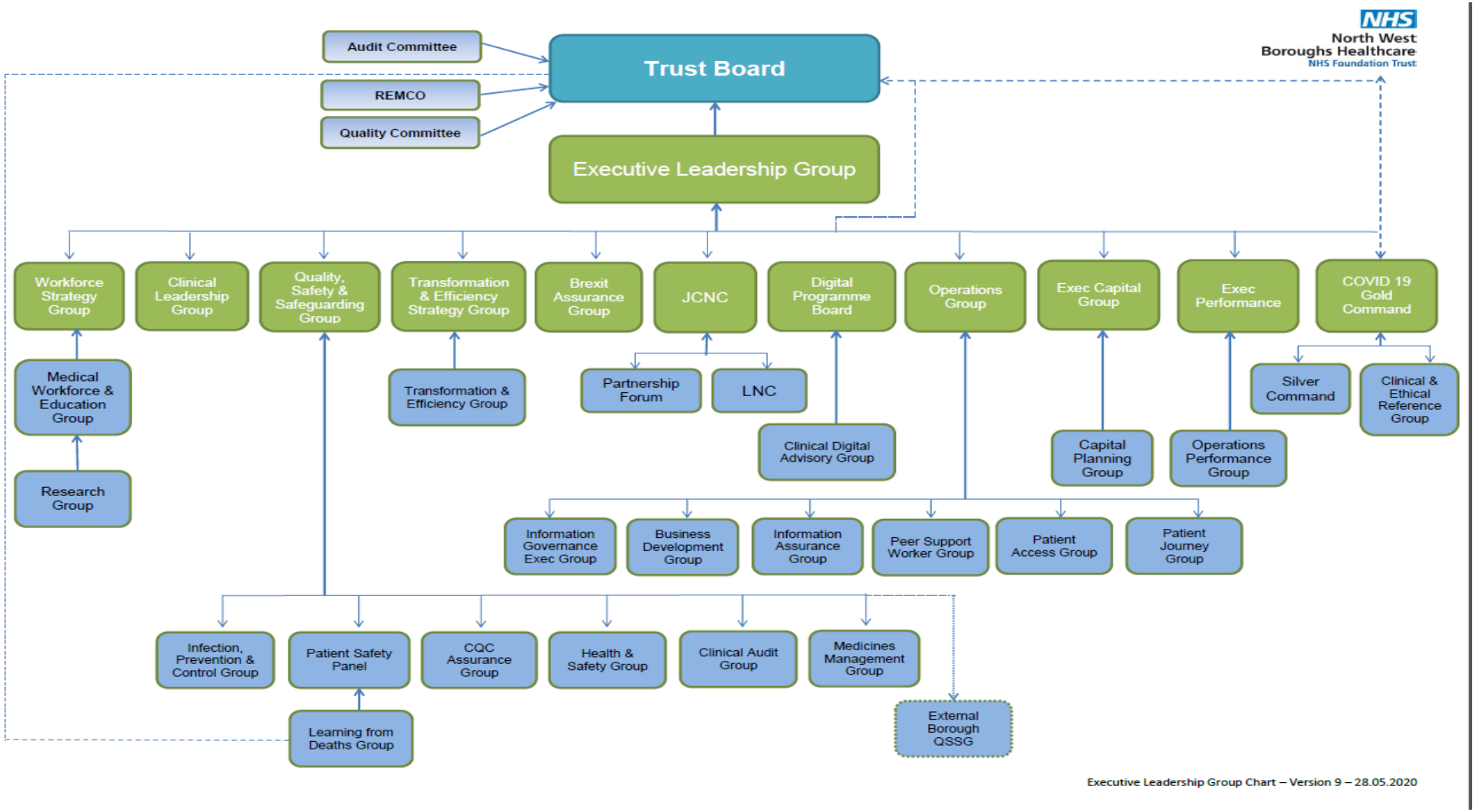
Maintaining and reviewing systems of internal control throughout the Trust is monitored through the Trust Board, its committees and an effective governance structure. Specific roles are detailed in the table below.

The Quality Committee is chaired by a Non-Executive Director and meets a minimum of ten times per year. The Quality Committee routinely receives reports on patient safety, effectiveness and experience. The Quality Committee provides any relevant updates to the Audit Committee and reports directly to the Trust Board.

The Quality, Safety, Safeguarding and Governance Group meets monthly and is chaired by the Executive Director of Nursing and Governance and the Executive Director of Nursing and Quality. The meeting receives escalated information from borough quality and safety meetings on incidents, complaints and key risks to ensure effective and timely action is taken.

The Patient Safety Panel and the Quality, Safety, Safeguarding and Governance Group review aggregated thematic data and emerging themes for learning and dissemination across the organisation.

The following structure chart and table provides an overview of the governance arrangements in place to review the system of internal control:



Group	Chaired by	Functions
Trust Board (monthly with the exception of August and December)	Trust Chairman	Holds responsibility for assuring the effectiveness and suitability of internal control systems, discusses the Trust's risk movement and control systems. The Trust Board receives: • Bi-monthly Board Assurance Report detailing risks mapped to the achievement of the high-level Trust objectives and high level risks. • Monthly review of serious incidents and high profile inquests report • Assurance updates from the Trust Board committees • Assurance Update from Executive Led High Level Meetings in the Executive Leadership Group Report • Update on other key areas through the Chief Executive's Report
Audit Committee (seven meetings a year, including an extra-ordinary meeting)	Non-executive director	• Reviews the establishment and maintenance of effective systems of internal control and risk management, approving the Annual Governance Statement • Sets and approves the annual internal audit programme and holds delegated Board responsibility to monitor implementation of actions identified for improvement • Receives and reviews internal audit reports relating to the Board Assurance Framework and risk management • Progress report on risk management process provided at each meeting • Devises a yearly risk-based internal audit plan based on the Board Assurance Framework, to provide external assurances to the Audit Committee and then the Trust Board • Reports to Trust Board

Group	Chaired by	Functions
Quality Committee (Minimum of 10 meetings a year)	Non-executive director	• Receives Quality Account and Quality Priority updates • Development and implementation of the Trust's Quality Strategy • Receives assurance on the quality and safety of services provided, including Care Quality Commission reports and progress of actions • Receives assurance on the effectiveness of Trust systems for quality, safety and risk systems and processes • Receives patient experience information which includes complaints and concerns • Receives reports and thematic analysis of serious incidents, investigations, complaints and claims and how lessons learned are disseminated • Receives reports from other groups and meetings within the Trust, supported by a robust work plan • Reports to Trust Board

In addition, my review is also informed by other explicit reviews and assurance mechanisms.

7.2 Head of Internal Audit opinion

The Head of Internal Audit overall opinion for the period 1 April 2019 to 31 March 2020 is stated below. The whole Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The Annual Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- How the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;
- The purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- The conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's Assurance Framework should bring together all of the evidence required to support the Annual Governance Statement requirements. In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led Assurance Framework. As such, it is one component that the Board takes into account in making its Annual Governance Statement.

7.2.1 Opinion

Our opinion is set out as follows:

7.2.2 Basis

The basis for forming our opinion is as follows:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes.
2. An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
3. An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.

7.2.3 Overall opinion

Our overall opinion for the period 1 April 2019 to 31 March 2020 is:

High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.	
Substantial Assurance, can be given that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.	✓
Moderate Assurance, can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.	
Limited Assurance, can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.	
No Assurance, can be given that there is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the organisation's objectives.	

7.2.4 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1 April 2019 to 31 March 2020 inclusive, and is underpinned by the work conducted through the risk based internal audit plan.

Board Assurance Framework

Structure	The organisation's Board Assurance Framework is structured to meet the NHS requirements.
Engagement	The Board Assurance Framework is visibly used by the organisation.
Quality and Alignment	The Board Assurance Framework clearly reflects the risks discussed by the Board.
Deep Dive ***'Controls and Assurances'***	The identified controls are relevant, however, the assurances require enhancement.

Risk Based Reviews Issued

We issued:

Two **high** assurance opinions:	Core Financial Systems and Reporting Learning from Deaths
Four **substantial** assurance opinions:	Cost Improvement Programme Data Security and Protection Toolkit Clinical Support and Supervision Complaints
Two **moderate** assurance opinions:	Pressure Ulcer Care Packages Sickness Management
Nil **limited** assurance opinions:	N /A
Nil **no** assurance opinions:	N/A

We raised **no critical and two high risk recommendations** in respect of the above assignments.

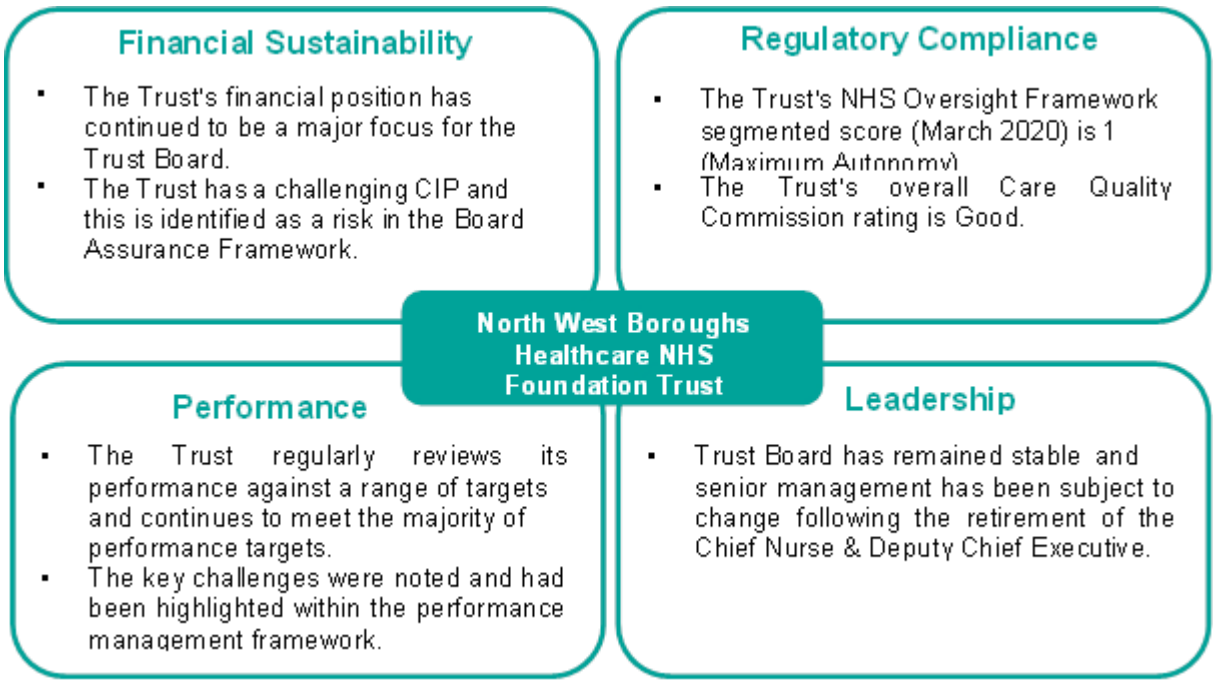
The critical and high risk recommendations were in relation to the reviews of Sickness Management and Pressure Ulcer Care Packages.

Follow-up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **good progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

Wider organisation context

This opinion is provided in the context that the Board, like other organisations across the NHS, is facing a number of challenging issues and wider organisational factors.



The Trust is part of the Cheshire and Merseyside Health and Care Partnership, working in partnership to deliver transformation across Cheshire and Merseyside.

In providing this opinion I can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards.

I also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.

Steve Connor
Managing Director,
MIAA March 2020

8. Conclusion

This annual governance statement confirms my review that North West Boroughs Healthcare NHS Foundation Trust has a generally sound system of internal control. The Trust Board and its subcommittees make and ratify decisions in-line with the nationally mandated Constitution for Foundation Trusts, in a transparent and sound manner of scrutiny and challenge against approved terms of reference.

The wider organisational governance, where our operational and clinical business is considered prior to reporting at The Trust Board, its sub-committees and through the Executive Leadership Group had a significant review in 2019/20 and the Trust Board approved the updated structure which has been provided and described in this statement.

I therefore confirm, there have been no significant internal control issues identified during 2019/20.

Simon Barber, **Chief Executive**
North West Boroughs Healthcare NHS Foundation Trust
22 June 2020

Appendices to the annual report

Appendix 1 – Risk matrices

Risk matrix	**Likelihood / probability of repeat**				
Consequences	Remote	Possible 20% chance	Likely 60% chance	Highly likely 90% chance	Certain
Insignificant	**1**	**2**	**3**	**4**	**5**
Minor	**2**	**4**	**6**	**8**	**10**
Significant	**3**	**6**	**9**	**12**	**15**
Serious	**4**	**8**	**12**	**16**	**20**
Major	**5**	**10**	**15**	**20**	**25**

Trust risk matrix

Description	**Financial**	**Patient / staff safety**	**Business continuity**	**Reputation**	**Corporate objectives**	**Regulatory / legal**
Insignificant	<£0.25m	No harm	<0.5 days	No media interest	<5% variance	No breach / action likely
Minor	£0.25>0.5 m	Low harm	0.5>1 day	Minor media interest	5-10% variance	Potential breach
Significant	£0.5>1m	Significant harm	1>7 days	Headline local media interest	10-25% variance	Significant breach
Serious	£1m>2m	Serious/ permanent harm / death	7>30 days	National media interest	25-50% variance	Serious breach
Major	>£2m	Multiple death / pandemic	>30 days	Media campaign	>50% variance	Major breach / legal or regulatory action

This can be used as guidance when assessing the level of risk that may potentially arise as the result of the assessed risk.

Auditor's Report

Independent auditor's report to the Council of Governors of North West Boroughs Healthcare NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of North West Boroughs Healthcare NHS Foundation 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 Accounts Directions issued under the National Health Service Act 2006, the NHS foundation trust annual reporting manual 2019-20 and the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion 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;
- 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 opinion

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 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 Accounting Officer 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 in the financial statements which indicates that there is an element of risk within the Trust's operational plan for 2020-21 which will result in a cash shortfall if the risk materialises.

As disclosed in note 1.2, plans for 2020-21 were not formally agreed with the Department of Health and Social Care due to the Covid-19 pandemic. Nationally devised contracts are in place for the period to 31 July 2020 and the Directors have an expectation that any shortfall in earned income over expenditure for the remainder of the year will be met in the form

of revenue support from the Department of Health and Social Care. The Trust expects to receive additional Public Dividend Capital (PDC) in 2020/21 to meet the deficit, but this additional PDC has not been confirmed.

These events and conditions, along with the other matters disclosed 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.

In concluding that there is a material uncertainty, our audit work included but was not restricted to:

- we assessed the likelihood of NHS Improvement transferring services to other NHS bodies;
- we assessed the information available regarding future funding and planning assumptions for the Trust included in the Trust's cash flow forecasts over the period under assessment;
- we assessed whether the Trust had updated its cash flow forecasts to reflect the impact of Covid-19;
- we assessed the completeness and accuracy of the disclosures in the going concern note.

Grant Thornton

Overview of our audit approach

Financial statements audit

Overall materiality: £3,632,000, which represents 1.8% of the Trust's gross operating costs (consisting of operating expenses and finance expenses);

Key audit matters were identified as:

Valuation of Land and Buildings

Revenue Recognition

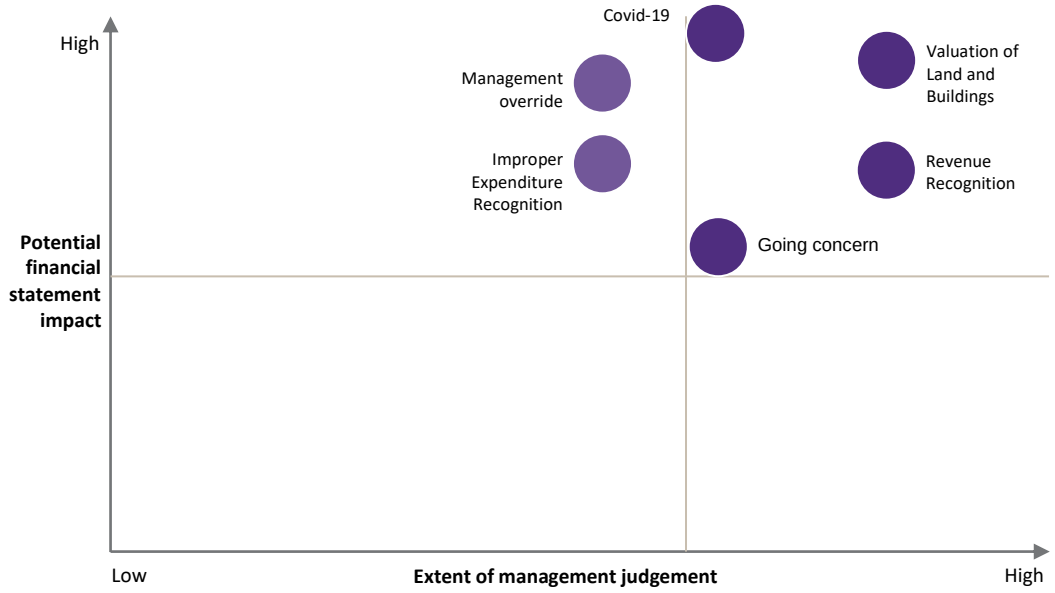
Covid-19

Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

- We identified two significant risks in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (see Report on other legal and regulatory requirements section).

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for opinion section and the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Risk 1: Valuation of Land and Buildings The Trust re-values its land and buildings on a five-yearly basis to ensure the carrying value in the financial statements is not materially different from current value in use at the year-end date. In the intervening years, the Trust requests a desktop valuation from its valuation expert. For 2019-20, a full valuation has been undertaken. The valuation represents a significant accounting estimate by management in the financial statements, which is sensitive to changes in assumptions and market conditions. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to estimate the current value of its land and buildings. The effects of the Covid-19 virus will affect the work carried out by the Trust's valuer in a variety of ways. Inspecting properties could prove difficult and access to evidential data, such as values of comparable assets may be less freely available. RICS Regulated Members have therefore been considering whether a material uncertainty declaration is now appropriate in their reports. Its purpose is to ensure that any client relying upon the valuation report understands that it has been prepared under extraordinary circumstances. In their 2019/20 valuation report the Trust's valuer, Cushman & Wakefield, included a material uncertainty and this was disclosed in note 1.19 to the financial statements. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluating the competence, capabilities, and objectivity of the valuation expert • Discussing with the valuer the basis on which the valuation was carried out • Challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding • Testing revaluations made during the year to see if they had been input correctly into the Trust's asset register. The Trust's accounting policy on valuation of property, including land and buildings, is shown in note 1.6 to the financial statements and related disclosures are included in note 14 and 15. **Key observations** As, disclosed in note 1.19 to the financial statements, the outbreak of Covid-19 has caused uncertainties in markets. As a result, the Trust's valuer has declared a 'material valuation uncertainty' in their valuation report which was carried out during February and March 2020 with a valuation date of 31 March 2020. The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements. The Trust has disclosed the estimation uncertainty related to the year-end valuations of land and buildings in note 1.19 to the financial statements. The Trust's valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates. We obtained sufficient audit assurance to conclude that: • the basis of the valuation of land and buildings was appropriate • the assumptions and processes used by management in determining the estimate of valuation of property were reasonable • the valuation of land and buildings disclosed in the financial statements is reasonable.
Risk 2: Revenue Recognition Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, we have considered the rebuttable presumed risk under ISA (UK) 240 that revenue may be misstated due to the improper recognition of revenue. We have rebutted this presumed risk for the revenue	Our audit work included, but was not restricted to: • evaluating the Trust's accounting policy for recognition income from patient care activities and other operating revenue for appropriateness and compliance with the DHSC Group Accounting Manual 2019-20 • updating our understanding of the Trust's

Key Audit Matter	How the matter was addressed in the audit
streams of the Trust that are principally derived from contracts that are agreed in advance at a fixed price. We have determined these to be income from: • Block contract income element of patient care revenues • Education and training income • Provider Sustainability Funding and Financial Recovery Funding. We have not deemed it appropriate to rebut this presumed risk for all other material streams of patient care income and other operating revenue. We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	system for accounting for income from patient care activities and other operating revenue, and evaluated the design of the associated controls • agreeing on a sample basis income from contracts with commissioners to signed contracts • agreeing a sample of any contract variations to supporting evidence • agreeing a sample of the income from additional non-contract activity in the financial statements to any signed contract variations, invoices, and other supporting documentation, such as correspondence from the Trust's commissioners which confirms their agreement to pay for the additional activity and the value of the income • agreeing, on a sample basis, income and year end receivables from other operating revenue to invoices and cash payment or other supporting evidence • agreeing income from PSF/FRF to NHSI notifications. The Trust's accounting policy on revenue recognition is shown in note 1.3.1 to the financial statements and related disclosures are included in note 3. **Key observations** We obtained sufficient audit evidence to conclude that: • the Trust's accounting policies for recognition of contract income and other operating revenue comply with the DHSC group accounting manual 2019-20 and have been applied appropriately • income from patient care activities and other operating income and the associated receivable balances are not materially misstated.
Risk 3: Covid-19 The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We noted the current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including, and not limited to: • remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and	Our audit work included, but was not restricted to: • Documenting and understanding the implications that the Covid-19 pandemic has on the Trust's ability to prepare the financial statements and updates to financial forecasts • Liaison with other audit suppliers, regulators, and government departments to co-ordinate practical cross sector responses to issues as and when they arise We have evaluated: • the adequacy of the disclosures in the financial statements relating to the impact of the Covid-19 pandemic. • whether sufficient audit evidence can be obtained in the absence of physical verification of assets through remote technology • whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment.

Key Audit Matter	How the matter was addressed in the audit
• disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.	This is an inherent financial statement level risk and a key audit matter for financial statements as a whole, therefore, there is no such specific accounting policy. However, implications of Covid-19 on the Trust's going concern disclosure is disclosed at note 1.2 and land and buildings valuations due to Covid-19 is disclosed at note 1.19.
We therefore identified the impact of Covid-19 pandemic as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Key observations** We obtained sufficient audit evidence to conclude: • The Trust's disclosures are in line with the DHSC guidance relating to the impact of the Covid-19 pandemic • Financial forecasts and the cashflow analysis of the Trust supports the ability for the Trust to prepare the accounts on a going concern basis in the context of disclosures made in note 1.2 • The inclusion of a material uncertainty regarding to the valuation of the Trust's property, plant and equipment has been emphasised as a Key Audit Matter as detailed in risk 1 above.

Our application of materiality

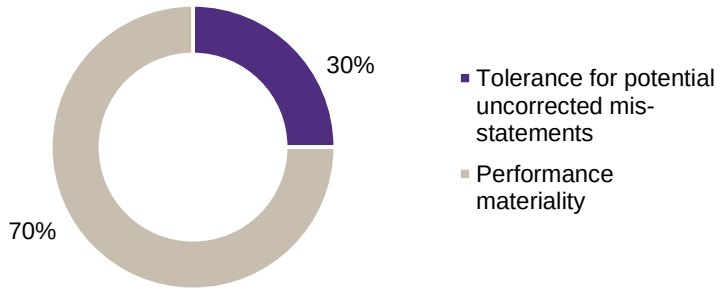
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	£3,632,000 which is 1.8% of the Trust's gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding. Materiality for the current year is at the same percentage level of gross operating costs as we determined for the year ended 31 March 2019 as we did not identify any significant changes in the Trust or the environment in which it operates.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality
Specific materiality	Disclosure of senior managers' remuneration in the Remuneration Report £5,000 based on the disclosure bandings, due to its sensitive nature.
Communication of misstatements to the Audit Committee	£182,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Trust



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Trust's business, its environment and risk profile. It included an evaluation of the Trust's internal controls including relevant IT systems and controls over key financial systems.

The scope of our audit included:

- undertaking an interim audit visit in February 2020 where we:
  - completed walk through tests of the Trust's controls operating in key financial systems where we consider that there is a risk of material misstatement to the financial statements
  - performed testing, on a sample basis, of operating expenses and income for the months up to December 2019.
- undertaking a final visit during April to June 2020 which included:
  - obtaining supporting evidence, on a sample basis, for all of the Trust's material income streams of the Trust's revenues
  - obtaining supporting evidence, on a sample basis, of the Trust's operating costs
  - obtaining supporting evidence, on a sample basis, for property plant and equipment and the Trust's other material assets and liabilities.

Other information

The Accounting Officer is 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.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

Fair, balanced and understandable in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance **–** the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or

Audit Committee reporting in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

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 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 meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2019-20 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.

Our opinion on other matters required by the Code of Audit Practice is unmodified

In our opinion:

the parts of the Remuneration Report and the 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 NHS foundation trust annual reporting manual 2019-20 and the requirements of the National Health Service Act 2006; and

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 Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or

we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, 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.

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2019-20, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust without the transfer of the Trust's 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

Matter on which we are required to report by exception - Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020**.**

We have nothing to report in respect of the above matter.

Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risks	How the matter was addressed in the audit
Risk 1: Financial Sustainability The Trust continued to operate under significant financial pressures. A deficit control total of £1.7m was agreed with NHSI for 2019-20, which if achieved, would entitle the Trust to £1.7m of PSF and FRF funding to deliver a breakeven position. The Trust's financial report to the Board, detailing performance to month 9 (December 2019), indicated the Trust was projected to achieve its control total and delivery of the £6.1m Cost Improvement Programme (CIP) in full, however, achieving the recurrent savings target was highlighted as challenging.	Our audit work included, but was not restricted to: • assessing the Trust's arrangements for agreeing and reporting progress on the 2019-20 financial plan, including progress on achieving the required level of CIP savings. • scrutinising financial performance reports presented to the Board throughout the year to understand how management monitored the financial performance and addressed any emerging cost pressures. • meetings with senior management to discuss the forecast financial position for 2020-21 and the options being assessed to control the anticipated deficit (prior to the impact of Covid-19 and the centralised funding mechanism which is in place until 31 July 2020) • considering the Trust's arrangements for identifying a sustainable future service configuration in the medium term. **Key findings** Whilst the Trust is still facing some significant financial challenges in the year ahead, progress was made in 2019-20 to identify and implement measures to ensure that the control total was achieved allowing for central funding (PSF and FRF) to be awarded. The CIP was a challenging target and was achieved, although partly due to non-recurrent income. However, we have concluded the underlying arrangements in respect of the Trust's financial plans were adequate as were the arrangements to review, assess and implement savings required for the CIP. We have nothing to report in our opinion in respect of this risk. Our opinion is on this risk is unqualified in relation to the Trust's sustainable resource deployment.

Significant risks	How the matter was addressed in the audit
Risk 2 Arrangements in place to prepare for the acquisition of the Trust by Mersey Care NHS Foundation Trust The Trust Board approved the recommendation made at the joint Board and Council of Governors meeting in September 2019, that a merger or acquisition of the Trust with one or more provider trusts would be the best option for continuing to deliver high quality and safe care. The Trust received formal confirmation and agreement from NHSI/E for the Trust to work with Mersey Care NHS Foundation Trust to develop a strategic case for Mersey Care to acquire the Trust from 1 April 2021. A transaction of this nature places additional capacity and delivery challenges on senior management together with their existing roles and responsibilities.	Our audit work included, but was not restricted to: • reviewing the Transaction Board (set up to provide strategic oversight for the acquisition) Terms of Reference and minutes of meetings • discussing the current progress and future timetable for the acquisition with the Trust's Chief Executive • considering the draft Strategic Outline Case which is intended to be submitted formally to NHSI/E. **Key findings** As at 31 March 2020, the transaction has not yet been formally approved by NHSI/E. However, from our discussions with the Chief Executive and our review of the relevant documentation, it is evident that appropriate stakeholder engagement has taken place throughout the year and is ongoing. There is also an appropriate mechanism through the Transaction Board for sufficient oversight of the transaction which includes attendees and representation from a range of stakeholders. It is expected that a draft strategic case will be submitted to NHSI/E in the coming months to progress the transaction. We will continue to monitor the transaction's progress as part of our 2020-21 audit delivery. We have nothing to report in our opinion in respect of this risk. Our opinion is unqualified in respect of informed decision making.

Responsibilities of the Accounting Officer

The Accounting 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 paragraph 1 of Schedule 10 of the National Health Service Act 2006 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 North West Boroughs Healthcare NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth D Mills

Gareth Mills, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

23 June 2020

Annual Accounts

Foreword to the accounts

These accounts for the year ended 31 March 2020 have been prepared by the Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.

Simon Barber, **Chief Executive**
North West Boroughs Healthcare NHS Foundation Trust
22 June 2020

Statement of Comprehensive Income
1 April 2019 – 31 March 2020

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	**193,492**	178,490
Other operating income	3.3	**9,953**	7,969
Operating expenses	4, 6	**(201,845)**	(187,938)
Operating surplus / (deficit) from continuing operations		**1,600**	(1,479)
Finance income	9	**50**	50
Finance expenses	10	**(623)**	(655)
PDC dividends payable		**(1,311)**	(1,297)
Net finance costs		**(1,884)**	(1,902)
Other gains / (losses)	11	**-**	33
Surplus / (deficit) for the year from continuing operations		**(284)**	(3,348)
Surplus / deficit on discontinued operations and the gain / (loss) on disposal of discontinued operations		**-**	-
Surplus / (deficit) for the year		**(284)**	(3,348)
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	5	**143**	(2,926)
Total comprehensive income / (expense) for the year		**(141)**	(6,274)

The Statement of Comprehensive Income records the Trust's income and expenditure in summary form in the top part of the statement and any other recognised gains and losses taken through reserves under other comprehensive income. It includes cash-related items such as income from commissioners of our services and expenditure on staff and supplies. It also includes non-cash items such as depreciation and other changes in value of our land and buildings.

[1] Impairments are a non-cash expense which represent a reduction in value of the Trust's assets beyond any relevant balances held in revaluation reserves.

Statement of Financial Position
31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets:			
Intangible assets	12	**3,911**	2,996
Property, plant and equipment	13	**75,737**	75,416
Total non-current assets		**79,648**	78,412
Current assets:			
Inventories	15	**862**	977
Receivables	16	**6,314**	4,357
Cash and cash equivalents	18	**4,428**	7,957
Total current assets		**11,604**	13,291
Current liabilities:			
Trade and other payables	19	**(13,461)**	(14,586)
Borrowings	21	**(1,754)**	(1,759)
Provisions	22	**(553)**	(357)
Other liabilities	20	**(787)**	(416)
Total current liabilities		**(16,555)**	(17,118)
Total assets less current liabilities		**74,698**	74,585
Non-current liabilities:			
Trade and other payables	19	**(7)**	(7)
Borrowings	21	**(26,147)**	(27,768)
Provisions	22	**(1,983)**	(1,826)
Total non-current liabilities		**(28,137)**	(29,601)
Total assets employed		**46,561**	44,984
Financed by:			
Public dividend capital		**49,087**	47,370
Revaluation reserve		**7,239**	8,727
Other reserves		**10**	10
Merger reserve		**130**	130
Income and expenditure reserve		**(9,905)**	(11,253)
Total taxpayers' equity		**46,561**	44,984

The Statement of Financial Position provides a snapshot of the Trust's financial position at a specific date – 31 March 2020. In simple terms, it lists the assets (what the Trust owns or is owed), liabilities (what the Trust owes) and taxpayers' equity (public funds invested in the Trust). At any given time, the Trust's total assets less total liabilities must equal taxpayers' equity. The notes starting on page 105 form part of these accounts.

Simon Barber, **Chief Executive**
North West Boroughs Healthcare NHS Foundation Trust
22 June 2020

Statement of Changes in Equity
1 April 2019 – 31 March 2020

	Public dividend capital	Revaluation reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 – brought forward	**47,370**	**8,727**	**10**	**130**	**(11,253)**	**44,984**
Surplus/(deficit) for the year	-	-	-	-	(284)	(284)
Other transfers between reserves	-	(1,631)	-	-	1,631	-
Impairments	-	143	-	-	-	143
Public dividend capital received	1,717	-	-	-	-	1,717
Taxpayers' and others' equity at 31 March 2020	**49,087**	**7,239**	**10**	**130**	**(9,905)**	**46,561**

Statement of Changes in Equity
1 April 2018 – 31 March 2019

	Public dividend capital	Revaluation reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 – brought forward	45,629	11,653	10	130	(7,905)	49,517
Prior period adjustment	-	-	-	-	-	-
Taxpayers' and others' equity at 1 April 2018 – restated	45,629	11,653	10	130	(7,905)	49,517
Surplus/(deficit) for the year	-	-	-	-	(3,348)	(3,348)
Impairments	-	(2,926)	-	-	-	(2,926)
Public dividend capital received	1,741	-	-	-	-	1,741
Taxpayers' and others' equity at 31 March 2019	47,370	8,727	10	130	(11,253)	44,984

Information on reserves

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

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

Merger reserve
This reserve reflects balances formed on merger of NHS bodies.

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

Statement of Cash Flows
1 April 2019 – 31 March 2020

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities:			
Operating surplus / (deficit)		**1,600**	(1,479)
Non-cash income and expense:			
Depreciation and amortisation	4	**1,922**	1,872
Net impairments	5	**368**	3,346
(Increase) / decrease in receivables and other assets		**(2,245)**	743
(Increase) decrease in inventories		**115**	26
Increase / (decrease) in payables and other liabilities		**(406)**	2,736
Increase / (decrease) in provisions		**352**	(698)
Net cash flows from / (used in) operating activities		**1,706**	6,546
Cash flows from investing activities:			
Interest received		**53**	49
Purchase of intangible assets		**(1,127)**	(1,545)
Purchase of PPE and investment property		**(2,603)**	(1,351)
Sales of PPE and investment property		**-**	330
Net cash flows from / (used in) investing activities		**(3,677)**	(2,517)
Cash flows from financing activities:			
Public dividend capital received		**1,717**	1,741
Movement on loans from the Department of Health and Social Care		**(1,621)**	(1,621)
Interest on loans		**(628)**	(660)
PDC dividend (paid) / refunded		**(1,026)**	(1,441)
Net cash flows from / (used in) financing activities		**(1,558)**	(1,981)
Increase / (decrease) in cash and cash equivalents	18.1	**(3,529)**	2,048
Cash and cash equivalents at 1 April – brought forward		**7,957**	5,909
Prior period adjustments		**-**	-
Cash and cash equivalents at 31 March	18.1	**4,428**	7,957

The Statement of Cash Flows summarises the cash flows in and out of the Trust during the accounting year. It analyses these cash flows under the headings of operating, investing and financing cash flows. The Statement of Cash Flows differs from the Statement of Comprehensive Income by focusing on the cash implications of the actions taken by the Trust during the year. The statement is useful in assessing whether the Trust has enough cash to be able to pay its bills as they fall due.

Notes to the accounts

1. Accounting policies and other information

1.1. Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the accounts 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 judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1.1. Accounting convention

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

1.2. Going Concern

These accounts have been prepared on a going concern basis. This is as directed by the Department of Health and Social Care Group Accounting Manual 2019/20 whereby, unless the Trust expects that its services will cease to be provided to the public sector, the going concern basis for the preparation of the financial statements is assumed.

We are also required to disclose any material uncertainties in respect of events or conditions which cast significant doubt about the Trust's ability to continue as a going concern.

There is an element of risk within the Trust's operational plan for 2020/21 which will result in a cash shortfall if the risk materialises. This cash shortfall will be mitigated by the issue of equity in the form of PDC. However, the timing is such that the PDC funds will not be confirmed as committed by the Department of Health and Social Care at the time of approval of these accounts. This represents a material uncertainty about the Trust's ability to continue as a going concern.

During the period April to July 2020, as a result of the COVID-19 pandemic, the Department of Health and Social Care have put measures in place to ensure NHS trusts receive NHS contract income in advance to mitigate any potential cash flow shortfall.

The Board, having made appropriate enquiries, has reasonable expectations the Trust will have access to adequate resources to continue its operational existence for the foreseeable future – being for the financial year 2020/21. On this basis, the Trust has adopted the going concern basis for preparing its financial statements. The accounts do not include any adjustments which would result if the Trust was unable to continue as a going concern.

1.3. Income

1.3.1. Revenue from contracts with customers

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

Revenue in respect of goods and services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods and 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 which is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for healthcare services. A performance obligation relating to delivery of a spell of healthcare 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 which are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue from research contracts

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

1.3.2. Other forms of income

Apprenticeship service income

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

recognition for the benefit.

1.4. Expenditure on employee benefits

1.4.1. 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.

1.4.2. 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.

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.

1.6. Property, plant and equipment

1.6.1. 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
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost

1.6.2. 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.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees. 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 de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

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 which 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 which 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 which arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances which 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.

1.6.3. De-recognition
Assets intended for disposal are reclassified as ‘held for sale’ once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.
Following reclassification, the assets are measured at the lower of their existing carrying amount and their ‘fair value less costs to sell’. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

1.6.4. 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 economic lives is shown in the table below:

	Minimum life (years)	Maximum life (years)
Buildings, excluding dwellings	1	90
Plant and machinery	5	10
Information technology	3	15
Furniture and fittings	5	10

1.7. Intangible assets

1.7.1. 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 eg, the presence of a market for it or its output, or where it is to be used for internal use – 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
- The Trust can measure reliably the expenses attributable to the asset during development

Software

Software which is integral to the operation of hardware (such as 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 (such as application software) is capitalised as an intangible asset.

1.7.2. Measurement

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

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income-generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

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

1.7.3. Useful lives of intangible assets
Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives is shown below.

	Minimum life (years)	Maximum life (years)
Information technology	3	10
Development expenditure	3	10
Software licences	2	10

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. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

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 which mature in three months or less from the date of acquisition and which 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 which are repayable on demand and which form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

1.10. Financial assets and financial liabilities

1.10.1. 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 which, in all other respects, would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage

requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

1.10.2. Classification and measurement

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

Financial assets are recognised and measured at amortised cost.

Financial liabilities are recognised and 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.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, 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).

Expected credit losses are determined by assessing the likelihood of payment for each individual receivable.

For financial assets which 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.

1.10.3. De-recognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

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.

1.11.1. The Trust as lessee

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.

1.11.2. The Trust as lessor

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.

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 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.

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

1.12.1. 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 24 but is not recognised in the Trust's accounts.

1.12.2. Non-clinical risk pooling

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

1.13. Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

(i) donated and grant funded assets,
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.14. 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.

1.15. Foreign exchange
The functional and presentational currency of the Trust is sterling.

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

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.

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 which ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories which govern the way 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.

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.

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

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

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and the adoption of the standard. The related right of use asset will be measured

equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

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

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

1.20. Critical judgements in applying accounting policies and sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Where such judgements / estimations have been made, these have been referenced in the relevant notes to the accounts.

With regard to land and buildings, a full valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards, the valuer has declared a ‘material valuation uncertainty’ in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. 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 used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The valuation was adjusted in April (reduced by circa £0.6m) to factor the impact of COVID-19 on the value of land. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements.

The valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. However, for illustrative purposes, a 10% change in the valuation would have a £7.2m impact on the carrying value of land and buildings in the Statement of Financial Position and a £126k impact on PDC dividend payable in 2020/21. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced. It is possible that the COVID-19 pandemic will affect the Trust’s future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

Other sources of estimation uncertainty include the following:

Provisions - The Trust makes financial provision for obligations of uncertain timing or amount at the Statement of Financial Position date. These are based on estimates using as much relevant information as is available at the time the accounts are prepared.

Accruals - Accruals are based on known commitments and are assessed robustly. Where estimates are made, they are based on historical records, precedence and relevant officers' knowledge and experience. In all instances, the Trust adopts a prudent approach to avoid overstating its resources.

2. Operating segments

IFRS 8 requires disclosure of the results of significant operating segments.

The Trust has concluded that a single segment of healthcare should be reported in the accounts on the basis that clinical services operate under the same regulatory framework and within the core business of healthcare within the same economic environment.

Clinical services are reported to the Trust Board as one segment and the divisions are considered to meet the aggregation tests under the standard.

The Trust's revenues derive mainly from healthcare services provided to patients under contracts with commissioners within England.

The main commissioners of services from the Trust, accounting for 94% of healthcare revenues, are:

- NHS Knowsley Clinical Commissioning Group (25%)
- NHS Wigan Borough Clinical Commissioning Group (17%)
- NHS St Helens Clinical Commissioning Group (16%)
- NHS Warrington Clinical Commissioning Group (12%)
- NHS Halton Clinical Commissioning Group (10%)
- St Helens and Knowsley Hospitals NHS Trust (5%)
- NHS England (4%)
- Knowsley Council (3%)
- Sefton Council (3%)
- St Helens Council (2%)
- Mersey Care NHS Foundation Trust (2%)

3. Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3.1.

3.1. Income from patient care activities (by nature)

	2019/20 £000	2018/19 £000
Acute services		
Other NHS clinical income	**14,143**	15,232
Mental health services		
Cost and volume contract income	**341**	643
Block contract income	**124,099**	114,826
Other clinical income from mandatory services	**714**	906
Community services		
Community services income from CCGs and NHS England	**31,317**	28,964
Income from other sources (eg local authorities)	**15,417**	15,200
All services		
Agenda for Change pay award central funding*	**-**	2,423
Additional pension contribution central funding**	**6,417**	-
Other clinical income	**1,044**	296
Total income from activities	**193,492**	178,490

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.
**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

3.2. Income from patient care activities (by source)

	2019/20 £000	2018/19 £000
Income from patient care activities received from:		
NHS England	**14,807**	9,603
Clinical commissioning groups	**144,009**	130,492
Department of Health and Social Care	**22**	2,423
Other NHS providers	**15,753**	17,368
NHS other	**43**	43
Local authorities	**16,041**	16,052
Non-NHS: private patients	**-**	-
Non-NHS: oversees patients (chargeable to patient)	**-**	-
Injury cost recovery scheme	**115**	196
Non-NHS: other	**2,702**	2,313
Total income from activities	**193,492**	178,490
Of which:		
Related to continuing operations	**193,492**	178,490
Related to discontinued operations	**-**	-

3.3. Other operating income

	2019/20 £000	2018/19 £000
Other operating income from contracts with customers:		
Research and development	**210**	170
Education and training	**4,625**	4,043
Non-patient care services to other bodies	**304**	332
Provider sustainability fund (PSF)	**1,548**	2,022
Financial recovery fund (FRF)	**176**	-
Income in respect of employee benefits accounted on gross basis	**1,013**	555
Other income	**2,077**	847
Total other operating income	**9,953**	7,969
Of which:		
Related to continuing operations	**9,953**	7,969
Related to discontinued operations	**-**	-

3.4. Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period which was included within contract liabilities at the previous period end	**204**	100

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

3.5. Income from activities arising from commissioner requested services

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

	2019/20 £000	2018/19 £000
Income from services designated as commissioner requested services	**192,448**	178,194
Income from services not designated as commissioner requested services	**1,044**	296
Total	**193,492**	178,490

4. Operating expenses

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	**2,208**	282
Purchase of healthcare from non-NHS and non-DHSC Bodies	**2,258**	2,262
Staff and executive directors costs	**163,757**	148,837
Remuneration of non-executive directors	**130**	127
Supplies and services – clinical (excluding drugs costs)	**4,875**	5,370
Supplies and services – general	**2,534**	2,488
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	**1,585**	1,560
Inventories written down	**-**	-
Consultancy costs	**81**	115
Establishment	**1,667**	1,770
Premises	**11,486**	10,248
Transport (including patient travel)	**2,311**	2,327
Depreciation on property, plant and equipment	**1,709**	1,782
Amortisation on intangible assets	**213**	90
Net impairments	**368**	3,346
Movement in credit loss allowance: contract receivables / contract assets	**99**	463
Audit fees payable to the external auditor		
Audit services – statutory audit*	**59**	53
Other auditor remuneration (external auditor only)	**-**	7
Internal audit costs	**64**	105
Clinical negligence	**836**	796
Legal fees	**344**	235
Insurance	**168**	162
Education and training	**800**	844
Rentals under operating leases	**3,072**	3,542
Redundancy	**-**	(419)
Car parking and security	**56**	90
Hospitality	**2**	1
Losses, ex gratia and special payments	**247**	143
Other services, eg external payroll	**504**	521
Other	**412**	791
Total	**201,845**	187,938
Of which:		
Related to continuing operations	**201,845**	187,938
Related to discontinued operations	**-**	-

*External audit fees are inclusive of VAT

4.1. Limitation on auditors' liability

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

5. Impairment of assets

Cushman & Wakefield (independent professional valuer) conducted a full valuation of the Trust's owned land and buildings as at 31 March 2020. The net impairments recorded in the note below are a consequence of this exercise and reflects the valuers assumptions regarding the impact of COVID-19 on asset values.

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Other	**368**	3,346
Total net impairments charged to operating surplus / deficit	**368**	3,346
Impairments charged to the revaluation reserve	**(143)**	2,926
Total net impairments	**225**	6,272

6. Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	**126,062**	119,488
Social security costs	**11,122**	10,745
Apprenticeship levy	**775**	789
Employer's contributions to NHS pensions	**21,119**	14,179
Termination benefits	**-**	256
Temporary staff (including agency)	**4,733**	3,687
Total gross staff costs	**163,811**	149,144
Recoveries in respect of seconded staff	**-**	-
Total staff costs	**163,811**	149,144
Of which:		
Costs capitalised as part of assets	**54**	51

6.1. Retirements due to ill-health

During 2019/20, there were three early retirements from the Trust agreed on the grounds of ill-health (six in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £188,000 (£422,000 in 2018/19).

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

7. 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 which 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 which 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 accounts do not differ materially from those which 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.

Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes.

The valuation of the scheme liability as at 31 March 2020 is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, 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.

Full actuarial (funding) valuation

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

The last published 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. The employer contribution rate for 2019/20 is 20.6 per cent 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.

8. Operating leases

8.1. North West Boroughs Healthcare NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where North West Boroughs Healthcare NHS Foundation Trust is the lessee.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	**3,072**	3,542
Contingent rents	**-**	-
Less sublease payments received	**-**	-
Total	**3,072**	3,542

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
Not later than one year	**3,081**	3,421
Later than one year and not later than five years	**11,292**	10,794
Later than five years	**22,284**	26,647
Total	**36,657**	40,862
Future minimum sublease payments to be received	-	-

The majority of the leases are property leases with Community Health Partnerships and NHS Property Services.

9. Finance income

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

	2019/20 £000	2018/19 £000
Interest on bank accounts	**50**	50
Total finance income	**50**	50

10. Finance expenditure

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

	2019/20 £000	2018/19 £000
Interest expense:		
Loans from the Department of Health and Social Care	**623**	655
Total interest expense	**623**	655

Total finance costs	**623**	655

11. Other gains / (losses)

	2019/20 £000	2018/19 £000
Gains on disposal of assets	**-**	33
Total gains on disposal of assets	**-**	33
Total other gains / (losses)	**-**	33

12. Intangible assets

12.1. Intangible assets – 2019/20

	Software licences	Internally generated information technology	Development expenditure	Intangible assets under construction	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 – brought forward	**773**	**270**	**540**	**1,724**	**3,307**
Additions	**355**	**178**	**355**	**240**	**1,128**
Valuation / gross cost at 31 March 2020	**1,128**	**448**	**895**	**1,964**	**4,435**
Amortisation at 1 April 2019 – brought forward	**311**	**-**	**-**	**-**	**311**
Provided during the year	**213**	**-**	**-**	**-**	**213**
Amortisation at 31 March 2020	**524**	**-**	**-**	**-**	**524**
Net book value at 31 March 2020	**604**	**448**	**895**	**1,964**	**3,911**
Net book value at 1 April 2019	**462**	**270**	**540**	**1,724**	**2,996**

12.2. Intangible assets – 2018/19

	Software licences	Internally generated information technology	Development expenditure	Intangible assets under construction	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 – as previously stated	233	-	-	1,529	1,762
Valuation / gross cost at 1 April 2018 – restated	233	-	-	1,529	1,762
Additions	180	90	180	1,095	1,545
Reclassifications	360	180	360	(900)	-
Valuation / gross cost at 31 March 2019	773	270	540	1,724	3,307
Amortisation at 1 April 2018 – as previously stated	221	-	-	-	221
Amortisation at 1 April 2018 – restated	221	-	-	-	221
Provided during the year	90	-	-	-	90
Amortisation at 31 March 2019	311	-	-	-	311
Net book value at 31 March 2019	462	270	540	1,724	2,996
Net book value at 1 April 2018	12	-	-	1,529	1,541

13. Property, plant and equipment

13.1. Property, plant and equipment – 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 – brought forward	**6,296**	**105,474**	**52**	**1,584**	**25**	**4,779**	**2,919**	**121,129**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Additions	-	891	170	108	-	1,004	82	**2,255**
Impairments	-	(1,030)	-	-	-	-	-	**(1,030)**
Reversals of impairments	-	1,173	-	-	-	-	-	**1,173**
Revaluations	(212)	(40,377)	-	-	-	-	-	**(40,589)**
Valuation / gross cost at 31 March 2020	**6,084**	**66,131**	**222**	**1,692**	**25**	**5,783**	**3,001**	**82,938**
Accumulated depreciation at 1 April 2019 – brought forward	**212**	**38,827**	**-**	**1,584**	**25**	**2,675**	**2,390**	**45,713**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Provided during the year	-	1,182	-	-	-	452	75	**1,709**
Impairments	-	842	-	-	-	-	-	**842**
Reversals of impairments	-	(474)	-	-	-	-	-	**(474)**
Revaluations	(212)	(40,377)	-	-	-	-	-	**(40,589)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**1,584**	**25**	**3,127**	**2,465**	**7,201**
Net book value at 31 March 2020	6,084	66,131	222	108	-	2,656	536	**75,737**
Net book value at 1 April 2019	6,084	66,647	52	-	-	2,104	529	**75,416**

13.2. Property, plant and equipment – 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 – as previously stated	**6,296**	**107,838**	**136**	**1,403**	**25**	**4,274**	**2,895**	**122,867**
Valuation / gross cost at 1 April 2018 – restated	**6,296**	**107,838**	**136**	**1,403**	**25**	**4,274**	**2,895**	**122,867**
Transfers by absorption	-	-	-	-	-	-	-	-
Additions	-	426	52	181	-	505	24	**1,188**
Impairments	-	(2,926)	-	-	-	-	-	**(2,926)**
Reclassifications	-	136	(136)	-	-	-	-	**-**
Valuation / gross cost at 31 March 2019	**6,296**	**105,474**	**52**	**1,584**	**25**	**4,779**	**2,919**	**121,129**
Accumulated depreciation at 1 April 2018 – as previously stated	212	35,282	-	421	25	2,336	2,309	**40,585**
Prior period adjustments	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2018 – restated	**212**	**35,282**	**-**	**421**	**25**	**2,336**	**2,309**	**40,585**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Provided during the year	-	1,297	-	65	-	339	81	**1,782**
Impairments	-	2,501	-	1,098	-	-	-	**3,599**
Reversals of impairments	-	(253)	-	-	-	-	-	**(253)**
Accumulated depreciation at 31 March 2019	**212**	**38,827**	**-**	**1,584**	**25**	**2,675**	**2,390**	**45,713**
Net book value at 31 March 2019	6,084	66,647	52	-	-	2,104	529	**75,416**
Net book value at 1 April 2018	6,084	72,556	136	982	-	1,938	586	**82,282**

13.3. Property, plant and equipment financing – 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020							
Owned – purchased	6,084	66,131	222	108	2,656	536	**75,737**
NBV total at 31 March 2020	**6,084**	**66,131**	**222**	**108**	**2,656**	**536**	**75,737**

13.4. Property, plant and equipment financing – 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019							
Owned – purchased	6,084	66,647	52	-	2,104	529	**75,416**
NBV total at 31 March 2019	**6,084**	**66,647**	**52**	**-**	**2,104**	**529**	**75,416**

14. Revaluations of property, plant and equipment

Cushman & Wakefield (independent professional valuer) conducted a full valuation of the Trust's land and buildings as at 31 March 2020. The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK National Supplement (the "RICS Red Book"), edition current at the Valuation Date. The valuation of all specialist property assets is on a Modern Equivalent Asset basis taking into account functional and economic obsolescence. Non-specialist assets are valued based on market value for existing use.

15. Inventories

	31 March 2020 £000	31 March 2019 £000
Consumables	**108**	108
Other	**754**	869
Total inventories	**862**	977
Of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £4,109k (2018/19; £3,568k). Write-down of inventories recognised as expenses for the year were £0 (2018/19; £0k).

16. Trade and other receivables

16.1. Trade receivables and other receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	**4,138**	3,663
Allowance for impaired contract receivables / assets	**(172)**	(489)
Prepayments (non-PFI)	**233**	92
Interest receivable	**2**	5
PDC dividend receivable	**49**	334
VAT receivable	**1,705**	374
Other receivables	**359**	378
Total current receivables	**6,314**	4,357
Allowance for impaired contract receivable / assets	**-**	-
Of which receivable from NHS and DHSC group bodies:		
Current	**3,439**	2,946
Non-current	-	-

16.2. Allowances for credit losses

	2019/20 Contract receivables and contract assets £000	2019/20 All other receivables £000	2018/19 Receivables and contract assets £000	2018/19 All other receivables £000
Allowances as at 1 April – brought forward	**489**	**-**	**-**	**26**
Prior period adjustments	**-**	**-**	**-**	**-**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	**-**	**-**	**26**	**(26)**
New allowances arising	**99**	**-**	**463**	**-**
Utilisation of allowances (write offs)	**(416)**	**-**	**-**	**-**
Allowances as at 31 March 2020	172	**-**	**489**	**-**

16.3. Exposure to credit risk

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

17. Non-current assets held for sale and assets in disposal groups

	2019/20 £000	2018/19 £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**-**	294
Prior period adjustment	**-**	-
NBV of non-current assets for sale and assets in disposal groups at 1 April – restated	**-**	294
Transfer by absorption	**-**	-
Assets classified as available for sale in the year	**-**	-
Assets sold in year	**-**	(294)
Impairment of assets held for sale	**-**	-
Reversal of impairment of assets held for sale	**-**	-
Assets no longer classified as held for sale, for reasons other than sale	**-**	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	**-**	-

18. Cash and cash equivalents

18.1. Cash and cash equivalent 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 £000	2018/19 £000
At 1 April	**7,957**	5,909
Prior period adjustments	**-**	-
Net change in year	**(3,529)**	2,048
At 31 March	**4,428**	7,957
Broken down into:		
Cash at commercial banks and in-hand	**74**	70
Cash with the Government Banking Service	**4,354**	7,887
Total cash and cash equivalents as in Statement of Financial Position	**4,428**	7,957
Total cash and cash equivalents as in Statement of Cash Flows	**4,428**	7,957

18.2. Third party assets held by the Trust

The Trust held cash and cash equivalents which relate to monies held by the Trust 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 £000	31 March 2019 £000
Bank balances	**101**	93
Total third party assets	**101**	93

19. Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	**7,191**	9,250
Capital payables	**196**	544
Accruals	**2,406**	1,530
Social security costs	**1,796**	1,663
Other taxes payable	**1,402**	1,300
Other payables	**470**	299
Total current trade and other payables	**13,461**	14,586
Non-current		
Accruals	**7**	**7**
Total non-current trade and other payables	**7**	**7**
Of which payables from NHS and DHSC group bodies:		
Current	**2,766**	1,925
Non-current	**-**	-

19.1. 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 five years	188	-	422	-
Number of cases involved	-	3	-	6

20. Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	**787**	416
Total other current liabilities	**787**	416

21. Borrowings

21.1. Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from the Department of Health and Social Care	**1,754**	1,759
Total current borrowings	**1,754**	1,759
Non-current		
Loans from the Department of Health and Social Care	**26,147**	27,768
Total non-current borrowings	**26,147**	27,768

Analysis of Department of Health and Social Care loans

	Original value	Agreement date	Interest rate	Term (years)
Loan 1 – Atherleigh Park phase1	£19,000,000	19/12/2014	2.28%	25
Loan 2 – Atherleigh Park phase 2	£11,900,000	25/09/2015	2.18%	25
Loan 3 – Informatics schemes	£3,500,000	25/09/2015	1.42%	10

21.2. Reconciliation of liabilities arising from financing activities – 2019/20

	Loans from DHSC £000	Total £000
Carrying value at 1 April 2019	**29,527**	**29,527**
Cash movements:		
Financing cash flows – payments and receipts of principal	(1,621)	**(1,621)**
Financing cash flows – payments of interest	(628)	**(628)**
Non-cash movements:		
Application of effective interest rate	623	**623**
Carrying value at 31 March 2020	**27,901**	**27,901**

21.3. Reconciliation of liabilities arising from financing activities – 2018/19

	Loans from DHSC £000	Total £000
Carrying value at 1 April 2018	31,010	31,010
Prior period adjustment	-	-
Cash movements:		
Financing cash flows – payments and receipts of principal	(1,621)	(1,621)
Financing cash flows – payments of interest	(660)	(660)
Non-cash movements:	-	-
Impact of implementing IFRS 9 on 1 April 2018	144	144
Application of effective interest rate	654	654
Carrying value at 31 March 2019	29,527	29,527

22. Provisions

22.1. Provisions for liabilities and charges analysis

	Pensions – early departure costs	Pensions – injury benefits	Legal claims	Total
	£000	£000	£000	£000
At 1 April 2019	120	1,712	352	**2,183**
Arising during the year	-	-	551	**551**
Utilised during the year	(18)	(84)	(30)	**(131)**
Reversed unused	-	-	(67)	**(67)**
At 31 March 2020	**102**	**1,629**	**806**	**2,536**
Expected timing of cash flows:				
Not later than one year	22	94	438	**553**
Later than one year and not later than five years	80	374	368	**822**
Later than five years	(0)	1,161	-	**1,161**
Total	**102**	**1,629**	**806**	**2,536**

Pensions relating to early departure costs
These are based on figures provided by the Benefits Agency.

Other legal claims
£1,629,000 relates to permanent injury benefits and £102,000 for pre-retirement benefits, both as advised by NHS Resolution.

Legal claims consists of potential increased Employment liability claims.

22.2. Clinical negligence liabilities
At 31 March 2020, £2,044,000 was included in provisions of NHS Resolution in respect of clinical negligence liabilities of North West Boroughs Healthcare NHS Foundation Trust (£1,053,000 at 31 March 2019).

23. Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	**32**	70
Intangible assets	**655**	252
Total	**687**	322

24. Financial instruments

24.1. Financial risk management
Financial reporting standard IFRS 7 requires disclosure of the role financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship the Trust has with clinical commissioning groups and the way those clinical commissioning groups are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of 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 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. Trust 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 interest rate on the Trust's borrowing is fixed at the point the loan agreement is signed. The Trust therefore has no exposure to interest rate fluctuations.

Credit risk

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

Liquidity risk

The Trust's operating costs are predominantly incurred under contracts with clinical commissioning groups, which are financed from resources voted annually by Parliament. The Trust presently funds its capital expenditure from a combination of loans from the Department of Health and Social Care and internally generated funds. The Trust stringently monitors its liquidity position on a routine basis.

24.2. Carrying values of financial assets

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2020				
Trade and other receivables excluding non-financial assets	**4,322**	**-**	**-**	**4,322**
Other investments / financial assets	**-**	**-**	**-**	**-**
Cash and cash equivalents	**4,428**	**-**	**-**	**4,428**
Total at 31 March 2020	**8,750**	**-**	**-**	**8,750**

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2019				
Trade and other receivables excluding non-financial assets	3,552	-	-	3,552
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	7,957	-	-	7,957
Total at 31 March 2019	11,509	-	-	11,509

24.3. Carrying values of financial liabilities

	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2020			
Loans from the Department of Health and Social Care	**27,901**	**-**	27,901
Obligations under finance leases	**-**	**-**	-
Obligations under PFI, LIFT and other service concession contracts	**-**	**-**	-
Other borrowings	**-**	**-**	-
Trade and other payables excluding non-financial liabilities	**10,270**	**-**	10,270
Other financial liabilities	**-**	**-**	-
Provisions under contract	**806**	**-**	806
Total at 31 March 2020	**38,977**	**-**	38,977

	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2019			
Loans from the Department of Health and Social Care	29,527	-	29,527
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Other borrowings	-	-	-
Trade and other payables excluding non-financial liabilities	11,630	-	11,630
Other financial liabilities	-	-	-
Provisions under contract	352	-	352
Total at 31 March 2019	41,509	-	41,509

24.4. Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	**12,455**	13,624
In more than one year but not more than two years	**1,991**	1,733
In more than two years but not more than five years	**4,869**	4,869
In more than five years	**19,662**	21,283
Total	**38,977**	41,509

24.5. Fair values of financial assets and liabilities

Book value (carrying value) is a reasonable approximation of fair value

25. Losses and special payments

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Bad debts and claims abandoned	**49**	**424**	24	30
Total losses	**49**	**424**	24	30
Special payments				
Compression under court order or legally binding arbitration award	**1**	**1**	-	-
Ex-gratia payments	**8**	**8**	10	6
Total special payments	**9**	**9**	10	6
Total losses and special payments	**58**	**433**	34	36
Compensation payments received	**-**	**-**	-	-

26. Related parties

The Department of Health and Social Care is the parent body of the Trust. The main entities within the public sector that the Trust has had dealings with are:

- Aintree University Hospitals NHS Foundation Trust
- Mersey Care NHS Foundation Trust
- St Helens and Knowsley Hospitals NHS Trust
- NHS Halton Clinical Commissioning Group
- NHS Knowsley Clinical Commissioning Group
- NHS St Helens Clinical Commissioning Group
- NHS Warrington Clinical Commissioning Group
- NHS Wigan Borough Clinical Commissioning Group
- NHS England
- NHS Property Services
- Community Health Partnerships
- HM Revenue and Customs
- NHS Pension Scheme
- Knowsley Council
- Sefton Council
- St Helens Council

Transactions with these bodies are in the normal course of business and are conducted on an arm's length basis.

Care & Custody (Health) Ltd procure Court Liaison & Diversion services from the Trust on behalf of the Department. As such, revenue and receivables for this organisation are included under Non-WGA and as such are included in the below analysis.

Key management personnel are related parties to the Trust and are defined in IAS 24 Related Parties Disclosures as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of that entity'. They are identified by the Trust as being the same individuals as the 'senior managers' which are disclosed in the renumeration section of the Annual Report, which contains details of their renumeration and other benefits. The Trust received revenue of £75k from mental health charity Making Space where the Trust's COO John Heritage is a Trustee. During 19/20 the Trust incurred expenditure of £20k with eating disorder charity BEAT, for whom the Trust's Medical Director Dr Sandeep Ranote is a Trustee and £1k with Specsavers Group, for whom the Trust's Non-Executive Director Stephen McAndrew is a Director.

North West Boroughs Healthcare NHS Foundation Trust Charitable Fund (Charity Registration No.1061651) is a related party. The Trust is the Charity's Corporate Trustee, which means the Trust's Board of Directors is responsible for the governance of the Charity. The Charity also manages funds on behalf of Bridgewater Community Health Care NHS Foundation Trust under an umbrella arrangement. Separate annual report and accounts are prepared in accordance with Charities Commission requirements.

26.1. Related party transactions

	2019/20		2018/19	
	Revenue	**Expenditure**	Revenue	Expenditure
	£000	**£000**	£000	£000
Value of transactions with other related parties:				
Charitable funds	**2**	**-**	2	-
Other bodies or persons outside the whole of government accounting boundary	**2,098**	**21**	1,751	10
Total	**2,100**	**21**	1,753	10

26.2. Related party balances

	2019/20		2018/19	
	Receivables	**Payables**	Receivables	Payables
	£000	**£000**	£000	£000
Value of balances with other related parties at 31 March:				
Charitable funds	**13**	**-**	35	-
Other bodies or persons outside the whole of government accounting boundary	**262**	**5**	168	-
Total	**275**	**5**	203	0

27. Events after the reporting date

There are no events which require disclosure after the reporting date.

Contact us

To find out more about North West Boroughs Healthcare NHS Foundation Trust, visit our website at: www.nwbh.nhs.uk

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