

# Annual Report and Accounts 2019/20



**Kindness • Courage • Respect**



Northern Lincolnshire and Goole  
NHS Foundation Trust

Annual Report and Accounts 2019/20

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



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## Chair's Foreword

Welcome to our Annual Report and Accounts for 2019/20.

I have only been with the Trust for a short few months, having been appointed on 3 February 2020. My role is also something new for the Trust as I am also the Chair of Hull University Teaching Hospitals NHS Trust (HUTH). The ambition of establishing a single Chair is to facilitate and foster greater strategic alignment and partnership working to deliver better and more accessible healthcare for the populations both trusts serve.

The local NHS, as part of the Humber Coast and Vale Integrated Care System, is leading significant work to ensure resources and services in the region are sustainable for the future. So this joint position – between two neighbouring acute trusts – makes perfect sense. I have been very clear from the outset this isn't about the merger of Northern Lincolnshire and Goole NHS Foundation Trust (NLaG) and HUTH. It is purely a move which I hope signals two organisations with ambitions of delivering more together. Having spent time working at both regional and national levels in government I know partnership working is key to improving services for the people they serve.

My focus is to look at the plans for the whole of the Humber region, on the north and the south banks, - in terms of both the clinical service changes, which are now picking up pace, and the programme of work to secure capital, to rebuild or refresh our aging estates. I am clear working in silos to secure funding will not be as impactful as being able to demonstrate the impact across the broader community and populations both trusts serve. By working better together we can ensure all the communities across the Humber region can access the very best in hospital care.

I write this Foreword in May 2020 at a time when the NHS has faced a challenge like never before. The coronavirus pandemic has tested the Trust to its utmost and it has passed that test. The way our staff, our partners and our communities responded to this crisis has been humbling. I want to express my sincere thanks to our staff especially - for their commitment, bravery, innovation and flexibility in dealing with whatever has been thrown at them. This pandemic came just a few months after intensive planning took place in the organisation in case we had to respond to a no-deal exit from the European Union. There is no doubt that 2019/20 will be, for many reasons, one to remember. It looks like 2020/21 will be no less demanding.

More generally NLaG continued to rebuild itself through the year after being put into special measures for both the delivery of quality services and for its financial management of resources in 2017. There is still a long way to go but the organisation has made a number of positive steps. In September 2019 the Care Quality Commission (CQC) re-inspected the whole Trust and, in February 2020, published its report which showed the Trust was still rated as 'requires improvement' but with some areas of improvement noted. Caring was rated 'good' across the board, highlighting the incredible care our staff deliver on our wards and departments and also out in the many community settings across North Lincolnshire.

Regrettably 'safety' was rated as 'inadequate', a deterioration on the previous year's assessment. I am sorry we have not delivered as well as our patients deserve and I want to assure you that despite the pressures of dealing with the Covid-19 pandemic we continue to focus on making progress against that very disappointing outcome. You can read more about the CQC's findings within this report and also our website.

Finance continues to be a real challenge for the Trust. As you will see from our accounts we posted a large deficit again this year. We have worked incredibly hard with our regulator, NHS Improvement (NHSI), and have managed to deliver our 'control total' set by NHSI which was a significant achievement for the Trust. Credit must go to all the staff with responsibility for managing budgets and delivering cost improvements, which exceeded internal targets, for this excellent outcome. Some of the reasons for our deficit are clear, for example, our continuing reliance on agency doctors and nurses, which helps us to provide essential services but which come at a premium cost. The state of our buildings and information technology infrastructure are also costly to maintain. We are in a slightly better financial position than we were in 2018/19. However we know we still have a long way to go.

Importantly the staff survey, which was published in March 2020, showed we continued to make small – but important – gains in changing the culture of the Trust and improving the morale of our workforce. Looking at the results of the CQC report and the staff survey together, they show we are starting to see colleagues are feeling more respected and valued, which is great news. This shows we are making progress in changing our culture to one where staff feel proud to say they work for NLaG and take pride in the role they do but, perhaps more importantly, feel increasingly valued.

Each and every member of staff – as well as our wonderful team of volunteers – plays an important part in running our Trust. Whether they are involved in the delivery of care directly to patients or not, the Trust couldn't run without them. I would like to thank each and every one of them for their unstinting professionalism in caring for our patients day in, day out. Thanks also to our team of Governors for their challenge throughout the year and our partners across the health system for their support, without which we could not have achieved many of the things we did.

I hope you will find the report informative, transparent and assuring.

**Signature:**

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

**Chair:** Terry Moran CB

**Date:** May 2020

# The Performance Report

## Chief Executive's performance statement

This year was my second full year as Chief Executive of the Trust. Throughout the year I have spent time with staff in all three of our hospitals and in the community. As I write this, in May 2020, the Trust is in the midst of coping with the coronavirus pandemic. The last couple of months have been tough but the staff have risen to the challenge and their dedication, commitment and ability to cope with change has been remarkable. I would like to thank each and every one of them for their hard work, commitment and effort to care for our patients and to provide the best services they can, whatever difficulties and issues have come at them.

It is humbling being their Chief Executive and a real privilege as I see firsthand the efforts they are making in achieving our Trust values – kindness, courage and respect. I would also like to thank all the volunteers who spend some of their free time helping us and helping our patients – what a fantastic job they all do.

### Quality

On a daily basis I see evidence that the Trust is making steady improvements in the way it delivers services to our local residents. Improvements are seen in diagnostics with less delay in imaging and reporting, improving the effectiveness of treatment plans and reducing risks to patient safety. Some of our most vulnerable elderly patients, who fall and fracture their hip, are now receiving surgery in a more timely way and in line with nationally agreed best practice timescales. These are just two examples of the many instances of improvement I have seen during 2019/20.

These improvements have been made during difficult and challenging circumstances. The Trust's emergency and unplanned services have again faced significant demands. During 2019 more than 151,000 people attended our emergency departments, more than 113,000 people were admitted to one of our Trust's hospitals and in excess of 301,000 people attended our radiology departments for imaging.

The latest Care Quality Commission (CQC) visit during September 2019 identified that the Trust's overall rating should remain as 'requires improvement'. Whilst CQC saw and reported improvements since their last visit in 2018, they identified areas where more work was required.

The Trust will continue to work to address the challenges regarding waiting lists with detailed ambitions outlined within our five-year strategy. Safe staffing on our wards remains a priority.

The Trust Management Board has agreed an initial investment of £1.1 million to support the highest risk ward areas. This supported the introduction of a new twilight shift for registered nurses to help match activity levels of patient flow into the evening and increased staffing at weekends.

We have successfully rolled out our ePMA – electronic prescribing and medicines administration – which went live in Goole during November 2019 across four wards and our theatre recovery area. We are now rolling this out across Scunthorpe General Hospital and then will be turning our attention to Grimsby. We have already started to see a decline in drug errors being reported.

## **Culture and morale**

The workforce is the greatest asset of the organisation, therefore it is essential staff work in an environment that is open and transparent and empowers them to act. The Trust values – kindness, courage and respect – have started to become embedded, and as such our staff awards in October 2019 celebrated staff achievements under these three banners.

Since the launch of our Pride and Respect programme, which was set up to improve the Trust's culture and to reduce bullying, more than 3,000 staff members have completed the training overall; and 85 cases have been helped through the Let's Talk in-house mediation service. Our Medical Engagement Scale (MES) survey this year shows an improvement in engagement scales for specialty grade doctors, with a mix across other grades. The results were presented to clinicians and from this three key priorities to improve engagement have been identified: developing trust; improving communication; and empowering clinicians. These are the foundations of the Medical Engagement Strategy which has been published.

The annual national NHS staff survey showed some improvement across the majority of questions compared to the 2018 survey, but also showed a clear picture of much more work needing to be done. It is pleasing to see we are starting to see the signs of positive culture change. Importantly, from the 2019 survey, the Trust recognises investment in staff appraisals continues to be required to ensure they are seen as adding value by staff and contributing to achieving the Trust objectives.

## **Money**

The Trust's financial position continued to be challenging during 2019/20, however the organisation made some headway and managed to meet its control total, a notable achievement and the first time this has happened in many years. The actual deficit for the Trust was £22.1 million; the adjusted deficit for performance monitoring purposes was £51.1 million against a plan of £51.2 million.

The Trust also delivered savings of £20.6 million, around £600,000 more than its target of £20 million: £316,000 of this came from The Roost, our staff accommodation in Grimsby which has proved immensely popular and which had been expected to deliver £108,000.

## Staffing

Like most trusts a crucial issue is having enough staff to do everything needed to be done and to lessen the pressure staff face on a daily basis. Significant investment has taken place in retaining staff as well as reducing the vacancy rate and its reliance on agency staff.

From April 2019 to March 2020 vacancies increased by 40.7 whole time equivalents (wte) from 372.65 wte to 413.35 wte. However during this period the budgeted establishment increased by 109 wte. Over the period, vacancies for registered nurses remained constant, despite an increase in establishment, and vacancies for doctors fell by 13 wte. The medical vacancy position continued to improve and 2019/20 saw the lowest medical vacancy rate in more than five years. The Deanery training rotation fill rate improved further from 77.12 per cent in August 2018 to 88.02 per cent in August 2019. In addition to traditional sourcing methods ongoing engagement with the medical training initiative has resulted in highly experienced trainees recruited from overseas with an ongoing pipeline being developed. The Trust has also engaged with the Lincolnshire Refugee Doctor project in hosting and providing clinical training placements for refugee doctors.

## Clinical leadership and clinical redesign

We have appointed 30 clinical leads across the Trust who are pivotal in working with the triumvirates in delivering services across our hospitals and community settings. They are also at the forefront of clinical redesign across the patch working in collaboration with colleagues on the Humber Acute Services Review (HASR) which is looking at redesigning services across the region.

The Case for Change has been completed for the following specialties: urgent and emergency care, acute assessment, inpatient and critical care, maternity and paediatrics and planned care. Work has also started on the outpatient transformation programme. The use of virtual clinics is currently being worked through to help enable us to reduce our waiting time by being able to see people in a more flexible way, rather than just bringing them into hospital.

Our Strategic Outline Case (SOC) to procure an MRI at SGH has been formally approved by the National Joint Investment Committee (JIC) within the Department of Health and Social Care (DHSC). This is a significant milestone and means the Trust is on course to secure the investment needed to commence the building of a new MRI facility at Scunthorpe during 2020/21. We were also pleased our SOC to develop Acute Assessment Units at both DPoW and SGH has also been approved. This allows us to work in detail with the relevant clinical and operational teams to finalise the clinical model that will underpin our build. This approval means that we are on track to complete the programme within the 2021/22 financial year. Finally we have started the development of a new CT facility in Grimsby. This will make use of an innovative modular build approach which will reduce the construction time to provide us with much needed additional capacity.

## Service improvement

The Trust Board approved its Quality Improvement (QI) Strategy in March 2019, with work over the last year looking at five key objectives:

- Putting patients at the heart of quality improvement
- Developing quality improvement leadership
- Building and embedding quality skills and competencies
- Building a quality improvement culture at all levels
- Holistic system of adoption of quality improvement.

A QI Faculty has been established with four experienced Improvement Managers who are all accredited Quality, Service Improvement and Redesign (QSIR) trainers. They have delivered sessions to more than 450 staff, including the Trust Board, members of the senior team, and staff from across our Trust. They have also created a QI resource centre on The Hub (intranet). They are also working with four consultants to provide QI training to F1 and F2 doctors.

QI methodology is also being used throughout a number of projects taking place within the Trust such as adult and children inpatient establishment reviews, deteriorating patient, development of the AAUs, maternity/neonatal collaborative work, effective rostering for medical staffing, urgent treatment centre development, staff job planning, pressure ulcers, and patient falls to name just a few.

## Conclusion

Looking back at the year overall there is a definite picture of improvement throughout 2019/20 although the finances continued, and continue, to be really difficult for the Trust. Our challenge for 2020/21 is to maintain and build on our improvements and manage our financial position. I believe we can do that because the Trust Board and our regulators are working together to put in place achievable plans to build sustainable services for local people.

Finally I believe we can do this because we have such brilliant, ambitious and committed staff, once again a massive 'thank you' to them all.

### Signature:



**Chief Executive and Accountable Officer:** Dr Peter Reading

**Date:** 19 June 2020

## Overview

The purpose of this overview section is to set out: the purpose and activities of the Trust; the issues and risks which could affect the Trust in delivering its objectives; an explanation of the adoption of the going concern basis; and a summary of performance for 2019/20 against the national standards.

## About the Trust

The Northern Lincolnshire and Goole NHS Foundation Trust (NLaG) is an acute foundation trust serving a population of more than 445,700 people across North Lincolnshire, North East Lincolnshire, the East Riding of Yorkshire and West and East Lindsey.

The Trust was formed on April 1 2001 following the merger of North East Lincolnshire NHS Trust and Scunthorpe and Goole Hospitals NHS Trust, and has been a foundation trust since May 1 2007.

Being a foundation trust means NLaG has more freedom to act than a traditional NHS trust, although it is still closely regulated and must comply with the same strict quality measures as non-foundation trusts.

In April 2011 the Trust became a combined and community services trust for North Lincolnshire. As a result of this the name of the Trust, while acknowledging the geographical spread of the organisation, was changed during 2013 to reflect the fact the Trust does more than run hospitals in the region.

NLaG provides acute and community health services. It offers services in three main hospitals – Scunthorpe General Hospital, Grimsby's Diana Princess of Wales Hospital and Goole and District Hospital – as well as in a range of community settings such as health centres, clinics, Louth hospital and in people's own homes.

## Community services

The Trust provides a wide range of community services across North Lincolnshire, including district nursing, physiotherapy and psychology, podiatry and specialist dental services.

The community nursing and therapy services staff work with people of all ages and in a variety of settings from health, social care and educational settings as well as in people's homes.

The community and therapy staff recognise the importance of people being able to achieve and maintain their independence and health as far as possible.

## Goole and District Hospital (GDH)

This is a purpose-built community-plus hospital which opened in 1988 integrating services from in and around the town of Goole.

Medical services include general medicine, elderly, cardiology, rheumatology, gastroenterology, dermatology, a light treatment service, diabetes and endocrinology, haematology and immunology, oncology and a minor injuries unit.

The hospital has 44 inpatient beds with another 13 for day case work.



The surgical services provided include general surgery, orthopaedics, ophthalmology, Ear, Nose and Throat (ENT) and audiology, gynaecology, urology and pain services. There is also a surgical day case unit, complete with a theatre incorporating endoscopy services.

Two further main theatres are equipped for major orthopaedic work and other types of surgery. In addition, the site has a well-equipped ophthalmic suite and theatre and an outpatient department.

Women and children services provide outpatient consultant-led gynaecology clinics, colposcopy services, hysteroscopy services and a purely midwife led 'Home from Home' unit for low risk deliveries.

A reduced level of consultant-led paediatric outpatient activity happens in Goole to try to provide care closer to home.

Therapy services are provided for both inpatients and outpatients with physiotherapy, occupational therapy, nutrition and dietetics and psychology services. There are two x-ray rooms together with mobile units, and an ultrasound room.

The diagnostics department also provides a regular mobile MRI/CT service.

The hospital also provides a neurological rehabilitation centre.

The Trust is continuing to develop the hospital-based services focusing on expansion of elective care services and dedicated inpatient rehabilitation services.

## Diana, Princess of Wales (DPoW) Hospital

The hospital was built on a single site in 1983 and has undergone considerable expansion since then. It provides a full range of district general hospital services, including an emergency care centre, medicine, surgery and critical care, paediatrics, obstetrics and gynaecology, outpatients, diagnostics and therapy services.

The hospital is the largest in the Trust with 415 beds including 109 for surgery and critical care, 198 beds for medical patients and 84 for women and children.



Medical specialties include diabetes and endocrinology, cardiology (including angiography, cardiac devices and permanent pacing facilities provided from a purpose built cardiology day case unit), respiratory medicine, elderly care, dermatology, haematology and gastroenterology, stroke services and rheumatology. Neurology, oncology,

outpatient cardiothoracic surgery and plastic surgery and renal medicine are provided by visiting consultants from Hull.

The medical floor of the hospital has a medical assessment unit supported by ambulatory care and a short stay ward for acute medical emergency patients.

Surgical specialties on site include trauma and orthopaedics, anaesthetics, critical care, general surgery, breast services, urology, ophthalmology, ENT and maxillo-facial and orthodontics and pain services.

The surgical floor of the hospital has a surgical assessment unit and short stay ward dedicated to the assessment and care of acute surgical emergency patients. The theatre suite provides eight fully equipped theatres each with its own anaesthetic room, with two theatres dedicated to orthopaedic use (both with ultra-clean air facilities).

One theatre is dedicated to emergency work, staffed at all times. A separate session for acute trauma cases is reserved each day, including weekends.

Women and children services provide maternity services and paediatric services in a custom-built building comprising of maternity wards, gynaecology wards, dedicated obstetric theatres, children's wards and the child development centre.

Care throughout the maternity pathway is provided through a pregnancy assessment centre for antenatal and postnatal care. Complementary to this is the community midwifery service the Trust provides.

Emergency/acute paediatric services are provided through the dedicated paediatric assessment and observation unit co-located in ECC. This is supported by a neonatal intensive care unit and the children's ward, caring for medical and surgical patients. Four designated beds are provided for babies requiring transitional care within the maternity unit.

The Trust also has a range of outpatient clinics, providing general paediatric clinics to specialist paediatric clinics. The pathway is continued through the delivery of community paediatrics, ensuring children are provided appropriate care at an appropriate setting.



All the diagnostic and service departments are based on site including endoscopy, radiology with plain film, ultrasound, CT and MRI. The hospital also hosts the Path Links laboratory for pathology and immunology.

Community and therapy services provide a wide range of support for inpatients, outpatients and throughout the community covering physiotherapy, occupational therapy, speech and language therapy, nutrition and dietetics, wheelchair services, orthotics, podiatry, psychology and community dental.

A satellite outpatient service in rehabilitation medicine is provided from premises in the nearby town of Brigg.

## Scunthorpe General Hospital (SGH)

The hospital was first built in the 1920s and occupies a 'land-locked' site surrounded by residential properties. The site has grown over time with expanded buildings attached to original structures.

It provides the full range of district general hospital services, including an emergency care centre, medicine, surgery and critical care, paediatrics, obstetrics and gynaecology, outpatients, diagnostics and therapy services.

The hospital has 386 overnight beds which includes 95 for surgical patients and critical care, 211 for medical patients and 80 for women and children's services.

Medical specialties on site include emergency ambulatory care and frail elderly assessment services, diabetes and endocrinology, cardiology (with facilities for cardiac catheterisation and pacing), respiratory medicine, elderly care, dermatology, haematology and gastroenterology, stroke services including hyperacute, palliative medicine, rheumatology and neurology.

Oncology, outpatient cardiothoracic surgery, plastic surgery and renal medicine are provided by visiting consultants from Hull.

There is a clinical decision unit supported by ambulatory care and a short stay ward for acute medical emergency patients.

Surgical specialities on site include trauma and orthopaedics, anaesthetics, critical care, general surgery, breast services, urology, ophthalmology, ENT and maxillo-facial and orthodontics and pain services.



The hospital was equipped with seven theatres, including two theatres dedicated to trauma and orthopaedic use (both with ultra-clean air facilities). One theatre is dedicated to emergency work, staffed at all times.

A separate session for acute trauma cases is reserved each day, including weekends. However, during 2018/19 two theatres were closed due to problems with the water supply in the block where they are located.

Women and children services provide the entire maternity pathway using a more traditional service model comprising antenatal/postnatal clinics, a dedicated central delivery suite and a dedicated obstetric ward. In addition gynaecology is provided through a range of outpatient clinics and an inpatient ward facility.

Acute/emergency paediatrics is provided by specialist nurses in A&E in conjunction with doctors. The children's ward works closely with A&E assessing and receiving medical and surgical patients ensuring the pathway is seamless. An inpatient paediatrics service is provided caring for children aged 0-16 years, supported by a community service.



In addition a neonatal intensive care unit is based close to central delivery suite allowing easy access for mum to baby. There are also four transitional care beds managed by the neonatal team.

All the diagnostic and service departments are based on site including endoscopy, radiology with plain film, ultrasound, CT and MRI. The hospital also hosts the Path Links laboratory for pathology and immunology.

Community and therapy services provide a wide range of support for inpatients, outpatients and throughout the community for adults, children and young people covering nursing, physiotherapy, occupational therapy, speech and language therapy, nutrition and dietetics, wheelchair services, orthotics, podiatry, psychology and community dental.

A satellite outpatient service in rehabilitation medicine is provided from premises in the nearby town of Brigg.

The development of three Care Networks, which is being led by North Lincolnshire Clinical Commissioning Group, will result in further integration of primary, community and social care provision.

## Finances

The Trust has an operating income of around £413 million and has costs of around £428 million, meaning it delivered a deficit financial position for 2019/20, as it has for a number of previous years. The Trust continues to be in financial special measures. This is a decision taken by NHS Improvement and helps the trusts facing the largest financial challenges. Trusts in this position are supported and held to account to deliver rapid, accelerated and sustainable changes in their financial position.

## Working in partnership

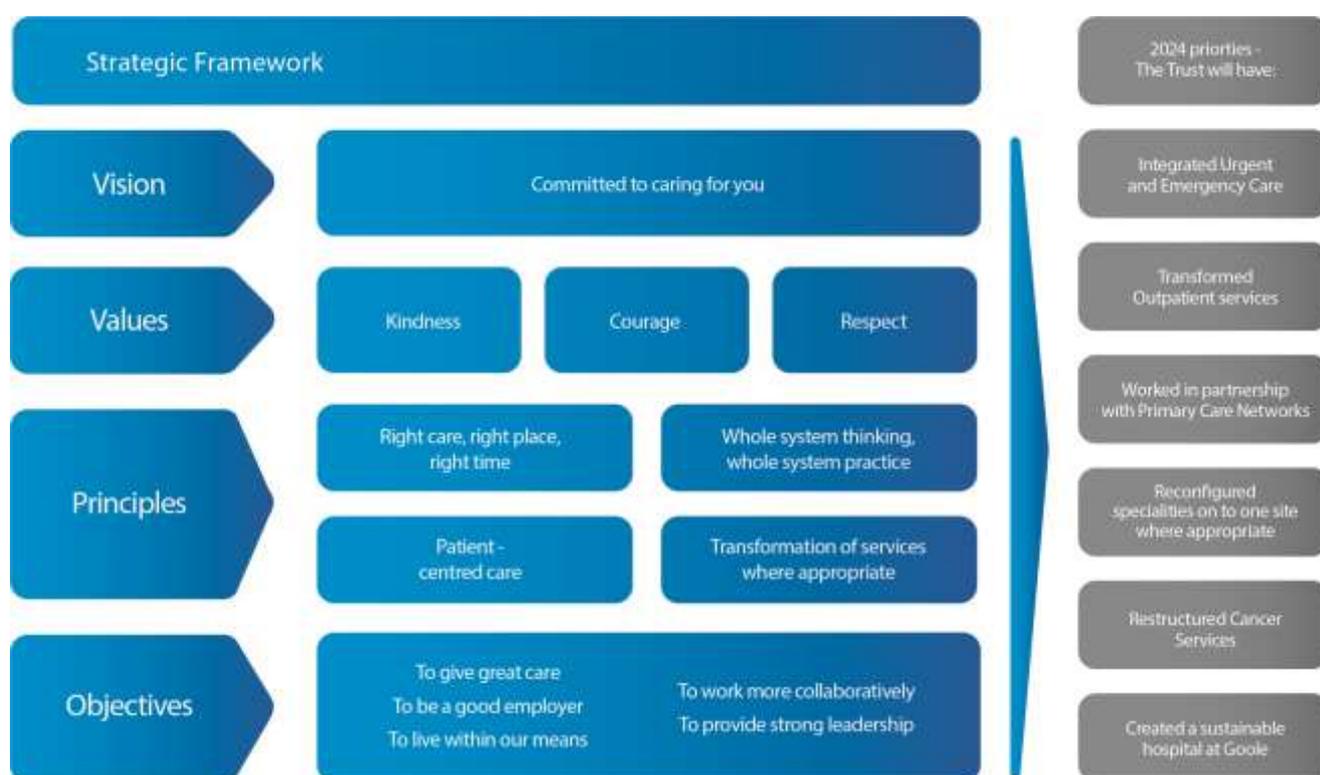
The Trust delivers services by working in partnership with a wide range of partners in both health and social care. This includes (not an exhaustive list):

- National bodies:
  - NHS England and NHS Improvement
  - Care Quality Commission (CQC)
  - Health Education England
  - The Department of Health and Social Care
- Three main Clinical Commissioning Groups (CCGs)
  - North Lincolnshire CCG
  - North East Lincolnshire CCG
  - East Riding of Yorkshire CCG
  - Plus a number of CCGs in other areas, mainly in Lincolnshire
- Three local authorities, and their overview and scrutiny panels:
  - North Lincolnshire Council
  - North East Lincolnshire Council
  - East Riding of Yorkshire Council
- Other providers of health services:
  - Mental health providers
  - Other acute trusts, especially Hull University Hospitals Trust
  - GPs
  - Community providers
  - Voluntary sector and other third sector organisations
- Education institutions:
  - Hull York Medical School
  - Universities
  - Apprenticeship providers
- Professional bodies:
  - British Medical Association (BMA)
  - Nursing and Midwifery Council
  - Royal Colleges
- Trade unions
- Other emergency services

## Strategic Framework 2019-2024

Throughout the 2018/19 financial year the Trust Board spent much time discussing the Trust's purpose and strategic objectives. These conversations will continue on a regular basis as the Trust's responds to what is happening nationally – such as the publications of the NHS Ten Year Plan towards the end of 2018 – and locally, with changes to how services are commissioned and delivered through the development, for example, of the Primary Care Networks across the area served by the Trust.

In 2018/19 the Trust published its strategic framework:



The framework sets out the Trust, vision values, the principles it will work to, objectives and priorities to achieve by 2024.

In 2019/20 the Trust developed a Strategic Plan setting out what it is aiming to achieve under these headings in more detail.

This plan is available on the Trust website. The next section of this report sets out the detail behind the strategic framework.

## Vision

The Trust Board has agreed this vision: 'Committed to caring for you'

## Values and behaviours

<b>Our values and behaviours</b>		
<b>Kindness · Courage · Respect</b>		
We believe kindness is shown by caring as we would care for our loved ones	We believe courage is the strength to do things differently and stand up for what's right	We believe respect is having due regard for the feelings, contribution and achievements of others
<ul style="list-style-type: none"><li>- I will be compassionate, courteous and helpful at all times</li><li>- I will be empathetic, giving my full and undivided attention</li><li>- I will show I care by being calm, professional and considerate at all times</li></ul>	<ul style="list-style-type: none"><li>- I will be positively involved in doing things differently to improve our services</li><li>- I will challenge poor behaviour when I see it, hear it or feel it</li><li>- I will speak up when I see anything which concerns me</li></ul>	<ul style="list-style-type: none"><li>- I will be open and honest and do what I say</li><li>- I will listen to and involve others so we can be the best we can be</li><li>- I will celebrate and appreciate the successes of others</li></ul>

## Principles

### • Right care, right place, right time

Patients are very clear they want, wherever possible, services which are close to them and their homes. Whilst this is not always possible – because of the lack of specialist staff, for example – it is something which the Trust is committed to achieving as much as it can. To make this happen the Trust will be looking at how technology can help to provide services in a different way. Specifically the Trust will be working on the basis that:

- Staff travel to treat the patient where clinically appropriate
- Treatments for some conditions at specialist hospitals
- Use virtual technology
- More and more use of technology for patient appointments to save them coming to hospital

### • Whole system thinking, whole system practice

This principle is all about making sure all the different organisations offering healthcare in the Northern Lincolnshire and Goole areas, as well as across the Humber and wider where appropriate, work together so patients only tell their story once and information about them can be viewed by anyone who needs to see them. It also means making sure patients, wherever they live and whatever they need, get the same service and level of care. This means the Trust aims to make sure:

- Work together with other organisations so patients get what they need every time
- Patients get the same service and care wherever they are seen

- **Patient Centred Care**

All the evidence shows patients like to be involved and communicated with so they know what is happening to them and why. It helps them to understand their condition, what treatment they are receiving and often means they recover more quickly.

Making sure this happens every time the Trust needs to involve patients and their families and carers when it is making decisions to change services or provide them in a different way.

Sometimes Trust staff think they are working on things which they think are important to patients when actually the patients want them to spend time doing something else. To stop this happening, and to make sure staff really do focus on patients' needs, the Trust will:

- Listen to feedback from our patients to improve what we do
- Do our best to provide what is important to patients
- Learn lessons and make changes from complaints and incidents
- Involve patients, carers and families in future service changes

- **Transformation of services where appropriate**

Given the challenges the Trust faces it is clear it cannot continue to do what it has been doing. The Trust does not have the staff or infrastructure (in terms of buildings and equipment) to do that.

Accessing the sums of money needed to put this right, which totals more than £50 million, is very unlikely. Even if the Trust got the money it would not have the staff available to run services because of the national shortage of doctors and nurses. This means the Trust needs to work with other hospitals and partners to create services which, together, do have the specialist staff to offer safe and effective services.

The Trust also needs to learn from other Trusts on better ways to run services to improve the outcomes for patients. If the Trust does all of this it can create three vibrant and sustainable hospitals offering high quality services to our communities.

This can only be achieved if the Trust:

- Reshapes the workforce
- Works in a different way to use the specialist skills of each member of staff effectively
- Learn from others what improves services and make those changes in its hospitals
- Maximises the use of new technologies – for patient care, service delivery and staff development
- Benchmarks and adopts best practice
- Is outward looking and learns from the best

## Strategic objectives

As part of the strategic framework the Trust Board has agreed five strategic objectives:

- **To give great care**

We want to offer high quality, safe services which are stable and are not reliant on just one or two members of staff.

We want to make sure we have a culture of continuous improvement and we learn from incidents and other hospitals.

We want to make sure we focus on patients and their needs.

So, to provide great care we will work and make decisions where we:

- Never compromise on safety
- Give care which works and is clinically proven
- Work on what matters to patients
- Always seek to learn and seek improvements

- **To be a good employer**

Our staff are, without question, our most important asset.

We need to do everything we can to offer great jobs and career progression in an environment where everyone feels supported, appreciated and invested in.

We want our staff to feel they can raise concerns and ideas and know they will be listened to. Only by doing these things will we begin to attract and retain the numbers of staff we need to run our services.

We will therefore look to:

- Develop a skilled and motivated workforce
- Promote staff wellbeing
- Create a safe and nurturing environment
- Listen to the concerns and ideas of staff

- **To live within our means**

For many years the Trust has spent more money than it gets in. It is for this reason it was put into Financial Special Measures.

We need to be better at financial planning and managing our scarce financial resources. Reporting a deficit every year is not something the Trust can do forever. In the next five years we need to make sure every pound we receive is spent in the right way and we make sure we live within our means.

So we will be aiming to:

- Deliver value for money
- Work to eliminate the deficit
- Spend every pound wisely
- Innovate and educate to save
- Secure more investment

- **To work more collaboratively**

The Trust is not in a position to offer high quality services to everyone who needs them.

Some patients' needs are too complex for us to treat as we don't have the specialist skills and knowledge to do that.

Other patients need the support and help of mental health specialist teams which we do not have.

For the local health providers to do the best for every single person in our communities we are going to have to work together.

This means, for example, thinking about new ways to attract staff who might work for a number of organisations.

To make sure we collaborate more the Trust will:

- Work with others to provide sustainable services
- Develop talent for the health community
- Use resources in the best way we can

- **To provide strong leadership**

The strategy can only be successful if all the Trust's staff are committed to making it happen.

That commitment comes from making sure they have the tools, knowledge and equipment they need to provide the care they strive to.

It also means they have managers who show a similar commitment to make sure their teams are working effectively and everyone knows what they need to do and how they are going to do it.

Our leaders need to be role models for all that is best in the NHS and in the Trust. By doing this they will create ambitious, motivated and successful teams.

As such we see strong leaders to be those who:

- Ensure professional standards
- Be ambitious and aspirational
- Role model values and behaviours
- Develop skills and knowledge
- Strengthen team working

## 2024 priorities

The strategic framework sets out that by 2024 the Trust will have:

- **Integrated urgent and emergency care**

The Trust wants to create an urgent and emergency care service which means patients are seen by the right staff members in the best place for them and as quickly and efficiently as possible. Often this means patients are not seen or treated in the A&E department as they have been for many years) but in other, more appropriate services.

In order to achieve this, the Trust will, over the next five years:

- Develop and implement community-based assessment for frail patients
- Achieve the integration of Urgent Treatment Centres
- Create multidisciplinary assessment models combining surgical and medical assessment, ambulatory care and short stay services to:
  - reduce length of care
  - increase same day emergency care
  - avoid admissions
  - Achieve the reconfiguration of existing infrastructure through allocated capital funding to combine the above services into appropriately located multidisciplinary assessment units
  - Deploy allocated capital funding to locate the above services together.

- **Transformed outpatient services**

The NHS Ten Year Plan sets out the national vision for outpatients services. It is ambitious and talks about reducing visits to hospitals for these appointments by about a third, using technology to achieve this.

The plan also talks about finding better ways for different healthcare services to share information about patients. In order to make sure the Trust can meet these ambitions it will, in the next years, work to:

- Implement Advice and Guidance across all specialities to improve referral flow and reduce demand
- Achieve virtual clinics to avoid the need to attend hospital
- Develop and implement shared care plans with other healthcare professionals
- Develop digital systems to deliver a third of outpatient attendances out of hospital

- **Worked in partnership with Primary Care Networks**

Working more closely with primary care, i.e. the GPs and their surgeries, is another key element of the NHS Ten Year Plan. This makes sense to share resources – people and money – and to share getting the best out of them through shared training, recruitment and retention approaches. In the next five years the local health system will change through the development of Primary Care Networks. Each network consists of groups of general practices working together with a range of local providers, including across primary care, community services, social care and the voluntary sector, to offer more personalised, coordinated health and social care to their local populations.

The Trust will work with these networks to:

- Explore opportunities to join resources with primary care
- Strengthen clinical recruitment and training across the healthcare system
- Work to share skills and knowledge across the primary care system

- **Reconfigured specialties on to one site where appropriate**

Through the Humber Acute Services Review the Trust will ensure all services are reviewed and assessed to provide optimal care for the population in the right place and at the right time with a particular focus on:

- Development and implementation of a Cardiology Strategy
- Review of Maternity and Paediatrics to meet the required standards and ensure the Trust has the right pathways and service support in place
- Development and implementation of a Medicine Strategy
- Development and implementation of a Surgery Strategy

- **Restructured cancer services**

Cancer services are one of the areas where the Trust needs to improve: to make sure patients get access to diagnostics quickly and, where cancer is identified, treatment can start as soon as possible. Access to cancer outpatient appointments changed in January 2020 when the Trust centralised them at Grimsby. There is more detail on this later on in this chapter.

The Trust does not have access to skilled and experienced cancer specialists and needs to change what it does to make sure it provides the best possible care to every patient. It will look to do this by working with other Trusts and hospitals which do have the experienced staff as well as the facilities to provide the very latest treatments.

To ensure this happens in the next five years the Trust will:

- Review and assess tumour site services to provide best care
- Explore and develop new models of care to ensure faster diagnosis is delivered in 28 days and treatments provided to time
- Expansion of MRI and CT scanning through capital funding to implement new scanners

- **Created a sustainable hospital at Goole**

The Trust wants to create three vibrant hospitals to serve its local communities, this means focusing on Goole as well as Grimsby and Scunthorpe. In 2019/20 the Trust set a priority to move more planned care to Goole District Hospital.

This was the start of a longer term piece of work to create a sustainable hospital in the town. In the following years the Trust will:

- Increase the elective / day case planned surgery provision to its full potential
- Through wider integration, develop opportunities to create a base for a centre of excellence i.e. rehabilitation services

## Significant events in 2019/20

### Trust maintains its CQC rating of requires improvement

The Trust maintained its 'Requires Improvement' rating from the Care Quality Commission (CQC) following an inspection in September 2019. In a report published in February 2020 the Trust was rated 'Requires Improvement' overall, as was Scunthorpe General Hospital, Diana Princess of Wales Hospital, Goole and District Hospital and the Trust's community services.

The CQC noted improvements at the Trust with the rating for Well Led moving up from Inadequate to Requires Improvement. Community Dental and Community Adult services improved to 'Good' as did Critical Care at Scunthorpe and Medical care at Goole. Safety at the Trust was rated 'Inadequate' – due to waiting list backlogs in some specialties, the backlog in diagnostics reporting, end of life care and some issues in the Trust's two emergency departments.

When the report was published the Trust Chief Executive Peter Reading said: "Retaining our Requires Improvement rating shows the changes we are making are being maintained, giving us a strong base to build on. The reports also show we still have a huge amount to do to get better, day in and day out. We are working hard to make sure that happens. I have always said we need five years to bring our Trust up to where our staff and our local communities want it to be and this report shows where we stand two years in.

"Since the inspectors visited last autumn we have made changes in a number of areas they have highlighted. We have invested more than £1.1million for extra nursing staff to introduce a twilight shift for registered nurses, increase staffing at weekends and put more senior nurses into our A&Es overnight.

"We have also made sure there are more doctors in the A&E department overnight. We have tackled the radiology reporting backlog which has reduced by 8,000 and created more scanning capacity with an additional CT scanner opening last April at Scunthorpe. Next week building work starts on a new suite at Grimsby to house two MRI scanners. We reduced our overall waiting list by about 5,000 patients since the peak in summer 2018 and we are on target to have no one waiting more than 40 weeks by the end of March. On end of life care we have introduced new leadership arrangements and have a new team in place. Caring for those patients nearing the end of their life is a key priority for the Trust and our partners, and we know we have much more to do to improve what we do and how we do it.

"Finally, I want to thank our wonderful staff. Maintaining the Requires Improvement rating is no mean feat given the demands on our services, our financial position and the amount of changes we are trying to make to improve things. Every day they go 'above and beyond' to provide the high standards of care that our local communities deserve. Any findings in these reports reflect how we manage our services not the care they give, they do an incredible job."

The full report is available on the CQC website: <https://www.cqc.org.uk/RJL>

## **Change to oncology outpatient appointments**

Oncology is the treatment and management of patients with cancer using treatments such as radiotherapy and chemotherapy.

Up until the end of January 2020 Hull University Teaching Hospitals NHS Trust (HUTH) provided medical oncology outreach services for the Trust at Diana Princess of Wales (DPoW) Hospital in Grimsby (five days per week) and Scunthorpe General Hospital (five days per week). Chemotherapy was, and still is, delivered through the well-established, nurse-led service in Scunthorpe General Hospital and at DPoW, Grimsby.

The Hull oncology team was facing, and continues to face, facing significant challenges due to a number of oncology consultant vacancies. This was impacting on the health and wellbeing of the oncology consultants they did have.

As a result a decision was taken, in agreement with the local Health Overview and Scrutiny Committees in the East Riding of Yorkshire, North Lincolnshire and North East Lincolnshire, to make a temporary change based on patient safety grounds.

This change meant all first outpatient appointments for new patients are provided in the Queen's Centre at Castle Hill Hospital, Cottingham or Diana Princess of Wales Hospital, Grimsby by the relevant oncology team specific to the type of cancer. This change was to facilitate consultant-led oversight of care and ensure that there is equality of service provision for patients across the wider region. Also patients with Gynaecological or Renal cancers faced a change which meant all their face to face outpatient appointments would take place at Castle Hill Hospital in Hull.

The Trust worked with its CCGs to minimise the impact on those patients who faced difficulties getting transport to the new location of their appointment. Patients not eligible for Patient Transport Services, and who had difficulty in getting to the new location for their appointment, were assessed for transport support. This support is for patients who do not have access to private transport, either their own or through friends/relatives. In these cases the patient may be able to access taxi services between hospital sites.

A long term strategy for the future provision of oncology services is currently underway as part of the Humber Acute Services Review, led by the Humber, Coast and Vale Health and Care Partnership.

## Key issues and risks that affected the Trust in 2019/20

Risk type	Nature of risk	What was done
Insufficient capacity	Within key areas of resource the Trust does not have sufficient capacity to meet the demand.	The Trust worked with its partners to put into place actions to reduce demand, especially around urgent care. However the Trust still saw an increase in attendances, although it did manage to see more patients within four hours.
Lack of sufficiently skilled and volume of workforce	The high vacancy rate across the spectrum of clinical staff is impacting upon capacity to deliver good care, consistently.	The Trust saw an improved fill rate for junior doctors and continued to recruit new nurses and doctors through proactive recruitment activities such as open days and targeted campaigns. The Trust built on its Apprenticeship programme to bring in new staff and train existing staff for different roles.
Culture	Through the results of national and local surveys, morale across our workforce needs to be improved.	The Associate Director of Communications and Engagement continued to work with a strong focus on staff engagement, especially celebrating the work of staff through initiatives such as Team of the Week and 'ThumbsUpFriday' on social media. The Trust ran a second series of training events and conferences asking leaders and managers to think about how they engage and interact with their staff. The Trust revamped its onboarding and induction processes to improve the experience of new employees.
Quality	Non-delivery of a reduction in the mortality ratio.	Mortality clinical clears identified and in post as was a new mortality data analyst. The Trust maintained its focused work around Sepsis and deteriorating patients.
Financial	The Trust not meeting its financial targets.	The Trust put in place a Financial Recovery Board and a team to monitor savings plans.

## Activity levels in 2019/20

	2019/20	2018/19
Emergency Department attendances at Grimsby and Scunthorpe	148,504	144,825
Admissions into hospital	111,957	124,905
Number of discharges (patients leaving hospital)	112,244	124,934
Outpatient appointments	416,993	405,203
Births	4,091	4,037
Patients who were admitted as an emergency	42,587	41,714
Total procedures	205,745	245,007
Total elective procedures	107,704	129,252

## Performance analysis

The Well-led Framework used by NHS Improvement identifies effective oversight by Trust Boards as essential to ensuring trusts consistently deliver safe, sustainable and high quality care for patients. This includes robust oversight of care quality, operations and finance. At the Trust an Integrated Performance Report is submitted monthly to the Board for assurance.

For the purpose of reporting, indicators are grouped into the five domains of quality (caring, safe, effective, responsive and well led) identified by the Care Quality Commission. Data is reported using a scorecard approach and performance is assigned a Red or Green (RAG) rating based on achievement against pre-defined thresholds. Under these assessments the ratings are set out in the table below. The monthly report to the Trust Board identifies performance against: key operational and quality requirements mandated nationally; activity against planned levels; and finance.

The purpose of this approach is to ensure the Board is provided with robust and timely information on organisational and operational performance. Further information is provided to the Board on an exception basis where under performance in a particular area or against a specific target is identified.

### 2019/20 Performance compared to Trust performance in 2018/19

Status	Performance Description
Red (N)	<b>Declined:</b> 2019/20 has declined based on the 2018/19 performance position.
Green (Y)	<b>Improved:</b> 2019/20 has improved based on the 2018/19 performance position.
n/c	<b>No change in performance</b>

Performance Indicator	2019/20	2018/19	Improved Position?
Mixed sex sleeping accommodation breach	0	469	Y
Trust attributable MRSA infection cases	1	0	N
Venous Thromboembolism (VTE) risk assessment of eligible in-patients	91.35%	93.28%	N
NHS Safety Thermometer: harm free care	92.1%	93.09%	N
A&E waiting times – admitted, transferred or discharged within 4 hours	78%	85%	N
Trolley waits in A&E longer than 12 hours	3	3	n/c
Ambulance handovers >15 minutes from arrival	20,034	21,055	Y
Ambulance handovers >30 minutes from arrival	6,992	8,268	Y
Ambulance handovers >60 minutes from arrival	1,904	1,437	N
Referral to Treatment (RTT): incomplete <18 weeks	17,661	20,495	Y
Referral to Treatment (RTT): 92% incomplete pathways <18 weeks at specialty level	74.92%	76.17%	N
Referral to Treatment (RTT): incomplete >52 week waits at month end	4	24	Y
Diagnostic waiting times: >6 weeks from referral for test	78.5%	89.6%	Y
Cancer: 2 weeks from urgent GP referral to 1st outpatient	97.4%	96.9%	Y
Cancer: 2 weeks from urgent GP referral for breast symptoms to 1st outpatient	94.9%	92.3%	Y
Cancer: 31 days from diagnosis to first definitive treatment	97.1%	98.7%	N
Cancer: 31 days to subsequent treatment - surgery	98.1%	98.2%	N
Cancer: 31 days to subsequent treatment - drug	99.7%	100%	N
Cancer: 62 days from urgent GP referral to first definitive treatment	65.1%	73.8%	N
Cancer: 62 days from referral from NHS screening service to first definitive treatment	78.4%	92%	N
Last minute cancelled operations (non-clinical reasons) not re-booked within 28 days	14	32	Y
Urgent operations cancelled for a second time	0	0	n/c

## Financial performance

The Trust's financial position was £141,000 favourable (including gains on disposals). The Trust received extra income for managing its finances in 2019/20 of £25.8 million.

The Trust delivered Cost Improvement Programme savings of £20.6 million against a target, agreed at the start of the year, of £20 million. The Trust's income reflects the agreements reached with its local and largest commissioners and all major balances agreed with commissioners.

Overall the adjusted deficit for the Trust was £51.1 million against a plan of £51.2 million.

In 2020/21 the Trust still faces challenges with regard to reducing expenditure, which is still increasing, the delivery of cost savings and minimising any new pressures arising for costs not accounted for in its planning.

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## Going concern

### Introduction

The accounting concept of going concern is fundamental in the way that the assets and liabilities of an organisation are recorded and included within the accounts. Under this concept the organisation is usually viewed as continuing in business for the foreseeable future to allow the accounts to be drafted. If the organisation could not continue to operate in the way it has been operating, the assets and liabilities would be recorded in the accounts on a different basis reflecting their value on the winding up of the entity. As a result, the assets would be recorded at a much lower break-up value and medium and long-term liabilities would become short term.

NHS Foundation Trusts are required to prepare their accounts in accordance with the relevant accounting rules, which are set out in the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as interpreted by the NHS Foundation Trust Annual Reporting Manual (ARM). The requirement to prepare accounts on a going concern basis is set out in IAS 1: Presentation of Financial Statements which states: "An entity should prepare its financial statements on a going concern basis, unless:

- The entity is being liquidated or has ceased trading; or
- The directors have no realistic alternative but to liquidate the entity or to cease trading,

in which circumstances the entity may, if appropriate, prepare its financial statements on a basis other than going concern. When preparing financial statements, directors should assess whether there are significant doubts about the entity's ability to continue as a going concern."

Auditors will consider what the directors have done to satisfy themselves that the accounts should be prepared on a going concern basis. This section aims to consider the basis on which the accounts should be prepared and present evidence for the conclusion reached on the going concern issue. It is important to note that the going concern consideration applies to the Northern Lincolnshire and Goole NHS Foundation Trust as an entity, and not the services which it delivers.

### **Required Action for North Lincolnshire and Goole NHS Foundation Trust:**

To comply with IAS 1 management must, in preparing the annual statement of accounts, undertake an assessment of the Trust's ability to continue as a going concern.

In making this assessment, management should take into account all information about the future that is available at the time the judgment is made. As a minimum, this assessment should cover at least a twelve month period from the date of approval of the accounts, although this period will need to be extended where management is aware of events and related business risks further in the future that may cast doubt on the going concern assumption. The Trust is required to consider performance against the finance use of resources theme under the regulator's Single Oversight Framework.

### **Financial and Quality Special Measures**

The Trust has delivered a financial deficit of £51.1 million (including donated items and impairments, but before any agreed support) in 2019/20. The variance from the Trust's control total is a positive £0.141 million, a significant improvement on previous years.

By achieving the control total the Trust is eligible to receive Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and Marginal Rate Emergency Tariff funding (MRET), a total value of £25.808m. NHS Improvement (NHSI) formally placed the Trust in Financial Special Measures in March 2017. This was shortly followed by the Trust being placed in Quality Special Measures, following the November 2016 inspection by the CQC. NHSI has continued to set specific financial and service objectives for the Trust during 2019/20.

Financial and Quality Special Measures do not result in the Trust ceasing trading within the next 12 months, or the requirement to face regulator action to cease or modify the trading status in that period. They are designed to support recovery of quality standards and financial and operational performance, supported by regulators.

## Finance and use of resources

The Finance Use of Resources metric aims to support providers in improving financial sustainability, efficiency and compliance with sector controls such as agency staffing and capital expenditure. When assessing the Trust against this metric NHS Improvement considers the financial metrics shown below to assess financial performance by:

- Scoring providers 1 (best to 4 against each metric)
- Averaging individual providers' scores across all the metrics to derive a use of resources score for the provider.

Each of the results for the Trust at the end of 2019/20 are shown below, however the Trust will score a 4 across all measures while under financial special measures.

Financial use of resource	Metric	Rating
Capital service cover	(0.582)	4
Liquidity	(88.867)	4
I&E Margin	(6.10%)	4
I&E Margin variance from plan	0.40%	1
Agency	(12.00%)	1
Overall rating		<b>3</b>
Financial special measures override		<b>4</b>

## Financial Sustainability – Going Concern

Due to the Covid-19 Crisis all planning and contracting has been suspended at a National level for 20/21 financial year. For this year NHSI/E has set block payments that the Trust will receive from all its main commissioners. Any shortfall in income over expenditure will be made good by the NHSI/E top up payment mechanism. All Covid 19 costs will be reimbursed directly from NHSI/E. As a result the Trust has guaranteed income flows for 2020/21.

The challenge for the Trust will be whether or not these resources are sufficient to deliver the levels of activity required to meet national standards etc. The Trust is working with the ICS and the local commissioners to develop robust activity plans for the year.

Any judgment on going concern status should be made in the context of the ongoing dialogue with the regulator and the absence of any indication from them of a need to consider any substantial ceasing of current operations within 2020/21. At this point there is no indication of any degree of pressure to cease service delivery to the point at which the Trust's existence would be materially threatened within the 12 month timescale.

The Trust has had its historic deficit written off and all existing interim loans will be extinguished and converted to Public Dividend Capital. The Public Dividend Capital would have an annual 3.5% charge. In the context of the flexibilities set out in the regulatory framework for revenue support, the presence of the loans themselves do not constitute a fundamental threat to going concern of individual organisations.

### **Basis of Assessment**

When concluding whether or not the accounts for 2019/20 should be prepared on a going concern basis, IAS 1 requires that the Board will need to consider which of the following three basic scenarios is the most appropriate:

- The body is clearly a going concern and it is appropriate for the accounts to be prepared on the going concern basis;
- The body is a going concern but there are uncertainties regarding future issues which should be disclosed in the accounts to ensure a true and fair view;
- The body is not a going concern and the accounts will need to be prepared on an appropriate alternative basis

### **Conclusion**

Given the evidence presented above, and the criteria stated above, it is clear that the Trust is a going concern and it is appropriate for the 2019/20 annual accounts to be prepared on this basis. It should be noted that, as stated above, there remain a number of risks attached to the Trust's financial and service plans. These are subject to active management through the Special Measures process, and as such do not represent a fundamental threat to operations through 2020/21. As such the risks outlined do not affect the decision to prepare accounts on a going concern basis.

# Highlights of the Year

### **Staff introduce ‘always events’ to improve patient experience**

Staff at Grimsby hospital worked on a new initiative called ‘always events’ to improve patient experience. An ‘always event’ is an aspect of patient and family experience that should always occur; it’s about what really matters to patients. Staff on the Surgical Ambulatory Care Unit (SACU) at Grimsby hospital are the first team at the Trust to adopt an always event. Under the programme teams are asked to pick just one thing to focus on, that patients have identified themselves as something that will improve their experience and work alongside them to make it happen.

For staff on the SACU it’s that patients will wait a minimum amount of time. During the first phase of the project staff collected data by speaking to patients, both in face-to-face conversations and via the Friends and Family Test, and a short survey. They asked patients what mattered most to them and what they would like to see improved when they visited the unit.



The main theme that came back was the waiting times for investigations once they got to the unit were too long.

The SACU treats surgical emergency cases which don’t need bed-based treatment. The type of patients accepted includes those with non-specific abdominal pain, non-obstructed hernia, abscesses and post-operative wounds. The team made changes to reduce the time spent waiting. Previously patients would be told to come at the same time and then they’d wait for various diagnostic tests to be carried out. They could be waiting anywhere up to four hours or more for an investigation slot.

### **Trust launches new approach to help people quit smoking**

The Trust has started putting in place new approaches to help patients, visitors and staff quit smoking. These changes come after the Trust secured the skills and knowledge of Scott Crosby, from Public Health England, who has worked with other trusts on campaigns to help them support people to quit. This is part of wider approach the Trust is taking to put more focus prevention work and improving compliance —rather than enforcement— which is key to tackling smoking prevalence, both in the community generally as well as within hospitals. Scott, who leads the Trust’s Health Improvement work, said: “Smoking is still one of the biggest causes of death in this country. One in four hospital beds are occupied by a smoker, and most of them want to quit. Many patients or visitors will be going through difficult times, but smoking remains England’s biggest preventable killer and we believe it is time for us to support patients who smoke to quit.” One of the first changes patients and visitors saw was the installation of a smoking shelter at Diana Princess of Wales Hospital in Grimsby. The shelter, which is located close to the main entrance, has been put in place as a temporary measure to enable patients and visitors to smoke cigarettes away from the hospital’s front doors and A&E department.

### **Additional CT scanner installed at Scunthorpe hospital**

Patients are now benefiting from a new state-of-the-art CT scanning suite which is up and running at Scunthorpe General Hospital. The £1.9million investment, which was paid for from capital funding, saw the installation of a second CT scanner on site with a dedicated waiting area, new reporting room and staff change area.

A CT – computerised tomography – scan uses x-rays and a computer to create detailed images of the inside of the body such as the internal organs, blood vessels and bones.



They can be used to:

- Diagnose conditions including damage to bones, injuries to organs, problems with blood flow, strokes and cancer
- Guide further tests or treatment for example helping to determine the location, size and shape of a tumour before radiotherapy, or allowing a doctor to take a needle biopsy (where a small tissue sample is removed using a needle) or drain an abscess
- Monitor conditions such as checking the size of tumours during and after cancer treatment.

The new diagnostic kit is primarily be used for emergency patients, referred from A&E and the wards, while the existing scanner in the Blue Sky Imaging Suite is used for people with an outpatient appointment.

### **Operation a first for the Trust**

An 80-year-old man is fighting fit thanks to a surgical first for Northern Lincolnshire and Goole NHS Foundation Trust in summer 2019. Shoulder replacements usually require the patient to stay in hospital overnight but Terry Smith was in and out within



one day. Mr Smith, from Grimsby, is believed to be one of the first in the region to have gone under the knife for a shoulder replacement as a day surgery.

The procedure was carried out at Goole hospital by Mr Aravind Desai - an orthopaedic consultant and

shoulder specialist. A shoulder replacement strengthens the muscles around your shoulder and improves your movement. Mr Smith has since returned to hospital for a follow-up appointment with Mr Desai and his recovery is going really well. He said: “I would definitely recommend having the operation done as a day case. I was back at home with my wife in the evening. I needed the surgery due to wear and tear over the years. One of my hobbies is shooting birds and I am hoping I can do this again once I have recovered.”

### Endoscopy service celebrates JAG accreditation

Endoscopy staff at Scunthorpe hospital were recognised for delivering high quality services in July 2019. The unit was awarded JAG (Joint Advisory Group) accreditation following an assessment of four domains: clinical quality, patient experience, workforce, and training. The scheme awards units which demonstrate high quality and safe services run by highly trained and motivated staff.

Assessors congratulated staff on their strong leadership culture, their introduction of a morning huddle to enhance communication between the team, and their well-established professional approach, which provides a quality experience for patients. The purpose built unit, which opened in August 2017, provides a range of diagnostic and therapeutic services including colonoscopies, gastroscopies, cystoscopy and flexible sigmoidoscopy. Around 1,800 procedures carried out every month.



Tracey Broom, divisional general manager for clinical support services, said: "Achieving this has been the result of many months of hard work and I want to thank all staff involved. Ensuring our patients receive a high quality service is our number one priority and this accreditation gives people assurance that that's what they'll get when they walk through our doors."

### New bereavement suite opens

A new maternity bereavement suite opened at Scunthorpe General Hospital in the summer thanks to the official hospital charity The Health Tree Foundation (HTF).



The suite costing over £170,000 is situated on central delivery suite (CDS) has been created to allow a safe haven for bereaved parents and their families to spend time together with their baby after it has sadly passed away. HTF launched the maternity bereavement suite in 2016 which set out to raise £150,000 to create the specialist suite on CDS. The suite allows parents to stay for as long as they need, with a double bedroom, kitchenette, family area and

bathroom facilities, which mean they will be able to have a private area to all spend time together. The room has been funded thanks to the general members of the public who have all helped to fundraise for the suite via HTF. The charity was awarded an SSE grant of £22,500 toward the total costings of the room. CDS ward manager Jane Stoney said: "I am delighted that the maternity bereavement suite on central delivery suite is now completed. It is a peaceful sanctuary for families to use should they be unfortunate to lose a baby. It will allow them precious time to make memories with their little one in a protected environment."

### **Improved access to MSK services for North Lincolnshire residents**

The way Musculoskeletal (MSK) services are provided in North Lincolnshire changed on 1 January 2020. North Lincolnshire Clinical Commissioning Group (NLCCG) tendered for a new service to provide a single point of referral for the triage, assessment, diagnosis and management of MSK and chronic pain conditions. The Trust, Kirton Lindsey GP Practice, In- Health and St Hugh's hospital teamed up to submit a bid for the Integrated MSK and Chronic Pain Service and were successfully appointed. Benefits to patients will include quicker access to diagnostic tests like MRI and X-ray's. Patients will be referred directly into the new service, meaning they are seen by the most appropriate healthcare professional more quickly. It is estimated more than 19,000 adults in North Lincolnshire are disabled by an MSK condition. The new service will aim to improve patient outcomes and promote self-management strategies including lifestyle prevention programmes.

### **New help at hand for patients with multiple sclerosis**

Two new specialist nurses are providing a vital role in helping people with a life-long condition manage their illness. Kevin Taylor and Stacey Hood were appointed as



Northern Lincolnshire and Goole NHS Foundation Trust's new multiple sclerosis (MS) clinical nurse specialists.

Kevin and Stacey, work across Grimsby, Scunthorpe and Goole hospitals, providing nurse-led clinics and practical support to people with MS, their families and carers.

They provide an essential link between the patients and other health and social care professionals, and take a pivotal role in coordinating services, as well as liaising with the community rehabilitation team.

### **New surgical ambulatory care at Scunthorpe hospital**

A new emergency surgical service launched at Scunthorpe hospital which is assessing, treating and discharging patients on the same day. Patients referred to the surgical ambulatory care service are seen by a senior clinician so decisions about their care can be made quickly, preventing where possible the need for them to be admitted to an inpatient bed. Divisional head of nursing Jenn Orton said: "Traditionally acute surgical patients are admitted to a hospital ward and assessed by a consultant to decide what diagnostics or treatment they might need.

Ambulatory care is based on the idea that some conditions can be managed without the need to admit people as an inpatient, as we have the appropriate diagnostic and support services to hand." The surgical ambulatory care service is located on ward 28. It is open seven days a week between 9am and 8pm, and sees people referred by A&E or the patient's own GP.

### **Staff, volunteers and charity fundraisers celebrated at NHS awards ceremony**

A whole host of professions at the Trust were celebrated at the annual staff awards ceremony in November. From nurses and doctors, to therapists and pharmacists and those working behind the scenes in non-clinical roles; a total of 15 awards were presented at Our Stars 2019 at The Baths Hall in Scunthorpe. It wasn't just NHS staff being honoured for the difference they make to local patients as volunteers and charity fundraisers were recognised too. Nominations were accepted from staff and patients for the awards – with just less than 600 received.

The Trust's chief executive Peter Reading and acting chair Linda Jackson both presented a surprise award on the night – for someone they felt had shone brightly during the year and deserved recognition. The winners of Our Stars 2019 were:

**Kindness Award:** Vicky Foster, A&E housekeeper, Scunthorpe hospital

**Courage Award:** Bev Allison, Medicine Management Team, Trustwide

**Respect Award:** Donna Higgins, Critical Care Nurse, Grimsby hospital

**Unsung Hero Award:** Richard Gleadhill, Medical Secretary, Scunthorpe hospital

**Quality Improvement Award:** Lissa Binoy and Khine Aung, Ophthalmic Practitioners, Scunthorpe hospital

**Volunteer of the Year Award:** Headway Salon Volunteers, Scunthorpe hospital

**Staff Star Award:** Chloe Bass, ITU Nurse, Grimsby hospital

**Clinical Service Redesign Award:** Acute Therapy Team (Orthopaedics), Grimsby hospital

**Excellence in Learning Award:** Lauren McCluskey, Pathlinks, Grimsby hospital

**Patient's Choice Award:** Pasha Siddiqui, Ophthalmology, Scunthorpe hospital

**Leader of the Year Award:** Darren Bartlett, Assisted Living Centre, Grimsby hospital

**Team of the Year Award:** Children's Community Team, Trustwide

**Health Tree Foundation Charity**

**Champion Award:** Mike Croft, Grimsby Cars

**Chief Executive's Shining Star Award:**

Vicky Page-Chestney, Trust Safety Lead (pictured right with Trust Chief Executive Peter Reading)

**Chairman's Brightest Star Award:** Alex Bell, Head of Information Services, Trustwide



£600 was raised via a raffle on the night for the Health Tree Foundation's Support Our Scanner appeal – which is raising funds to improve the experience for patients who need an MRI scan but are claustrophobic or nervous. Further details about each of the winners and photos are available on the Trust website at

[www.nlg.nhs.uk/awards](http://www.nlg.nhs.uk/awards)

Our Stars 2019 was sponsored by Amvale Ltd.

# The Accountability Report

## Directors' Report

This Director's report sets out how the Trust is run and the governance arrangements it has in place to ensure there is proper oversight and governance of the Trust's activities. The Trust has a Board which meets in public and the meetings are open to anyone who wants to attend. Details, including agenda and papers, are available on the Trust website. The Trust Board is made up of seven non-executive directors, including the Chair, and five executive directors, including the Chief Executive, and each member brings a variety of individual skills and experience.

The Trust also has a further four executive directors, none of whom have voting rights. Brief details of all the current Non-Executive Directors and Executive Directors are available on the Trust website. Non-executive directors are not employees of the Trust and are appointed to provide independent support and challenge to the Trust Board. All Board directors are required to comply with the Trust Standards of Business Conduct, including declaration of any actual or potential conflict of interest, and the requirements of the Trust's constitution.

### Signature:



**Chief Executive and Accountable Officer:** Dr Peter Reading

**Date:** 19 June 2020

### Board of Directors as at 31 March 2020

<b>NON-EXECUTIVE DIRECTORS</b>
Terry Moran CB, Chair
Linda Jackson, Vice Chair
Sandra Hills, Senior Independent Director
Tony Bramley
Neil Gammon
Jeff Ramseyer
Michael Whitworth
<b>EXECUTIVE DIRECTORS</b>
Dr Peter Reading, Chief Executive
Marcus Hassall, Director of Finance
James Hayburn, Interim Director of Finance
Ellie Monkhouse, Chief Nurse
Shaun Stacey, Chief Operating Officer
Kate Wood, Medical Director

<b>NON-VOTING EXECUTIVE DIRECTORS</b>
Jayne Adamson, Director of People and Organisational Effectiveness
Wendy Booth, Trust Secretary
Claire Low, Interim Director of People and Organisational Effectiveness
Jug Johal, Director of Estates and Facilities
Ivan McConnell, Director of Strategic Development

### **Directors who left the Trust in 2019/20**

<b>NON-EXECUTIVE DIRECTORS</b>
Nick Mapstone
Anne Shaw

<b>EXECUTIVE DIRECTORS</b>
Pam Clipson, Director of Strategy and Planning

### **Registers of interest**

All Directors and Governors are required to declare their interests, including company directorships, on taking up appointment and, as appropriate, at Board of Governors and Board Directors meetings in order to keep the register up to date. The Register of Directors' Interests and the Register of Governors' Interests are available on the Trust website at [www.nlg.nhs.uk](http://www.nlg.nhs.uk)

The Board of Directors considers the balance and breadth of skills and experience of its members to be appropriate with the needs of the Trust.

All non-executive directors are considered to be independent, meeting the criteria for impence as laid out in NHS Improvement's Code of Governance.

Non-executive directors are appointed and removed by the Council of Governors. A committee consisting of the Chairman, the Chief Executive and the other non-executive directors appoints or removes the other executive directors.

The chair of NLaG Terry Moran CB, is also the Chair of Hull University Teaching Hospitals NHS Trust.

## Balance of the Board

Non-executive directors are appointed to bring particular skills to the Board, ensuring the balance, completeness and appropriateness of the Board membership.

## Operation of the Board

The Trust is run by a Board of Directors, comprising of a non-executive director who is the chair, and six other non-executive directors and five executive directors. The executive directors are the: Chief Executive; Chief Operating Officer; Chief Nurse; Medical Director; and Director of Finance. The Trust Secretary, Director of Estates and Facilities, Director of People and Organisational Effectiveness, Director of Strategic Development and the Associate Director of Communications and Engagement also attend Board meetings but cannot vote.

The Chief Executive leads the executive team and is accountable to the Board for the operational delivery of all the Trust's activities. The Chair of the Board is also the Chair of the Council of Governors (CoG). The non-executives scrutinise the performance of the executive management team in meeting agreed goals and objectives, and they receive adequate information to monitor the performance of the organisation.

The non-executive directors play a key role in taking a broad, strategic view, ensuring constructive challenge is made and supporting and scrutinising the performance of the executive directors while helping to develop proposals on strategy. The Board sets the Trust's strategic aims and provides active leadership of the Trust. It is collectively responsible for the exercise of its powers and the performance of the Trust, for ensuring compliance with the Trust's Provider Licence, relevant statutory requirements and contractual obligations, and for ensuring the quality and safety of services.

It does this through the approval of key policies and procedures, the annual plan and budget for the year, and scheme for investment or disinvestment above the level of delegation. The Board meets bi-monthly and its role is to determine the overall corporate and strategic direction of the Trust and to ensure the delivery of the Trust's goals and targets.

The Board has agreed a scheme of reservation and delegation which sets out those decisions which must be taken by the Board and those which may be delegated to the executive or to board sub-committees. The Board of Directors has reserved powers to itself covering:

- Regulation and control
- The determination of board committees and membership
- Strategy, plans and budgets
- Policy determination
- Audit
- Annual report and accounts
- Performance monitoring.

The Board is also responsible for promoting effective dialogue between the organisation and the local community on its plans and performance, ensuring that the plans are responsive to the community's needs.

The Board receives feedback from Governors and members about the Trust, through attendance at meetings of the CoG and its sub-groups, direct face-to-face contact, surveys of members' opinions and consultations. The Board is also responsible for ensuring proper standards of corporate governance are maintained. The Board accounts for the performance of the Trust and consults on its future strategy with its members through the CoG.

The Board works closely with the Trust's CoG. The Trust Chair is also Chair of the CoG and works closely with the Lead Governor to review all relevant matters. The Chair, Chief Executive, Trust Secretary and Membership Manager meet before each meeting of the CoG to set the agenda and review key issues. The non-executive and executive directors of the Board attend the CoG meetings and take part in open discussions for part of each meeting. Executive directors or their deputies, and non-executive directors, are assigned to and are integral members of each of the CoG sub-groups. Participation in each quarterly sub-group ensures an understanding of the views of the governors and subsequently members of the public.

The Trust Constitution and the Council of Governors Engagement Policy details how disagreements between the Board of Directors and the Council of Governors will be resolved. Should a disagreement arise between the Board of Directors and the Council of Governors, such as would impair the decision making process or the successful operation of the Trust, then the Chair shall convene a joint meeting of the two bodies to consider the issue in dispute.

Should this meeting not resolve the issue then the Chair has the authority to make a decision on behalf of the Trust. This decision, and the reasons supporting it, will be communicated in writing to all members of both the Board of Directors and the Council of Governors. This has not been required during the period April 1 2019 to March 31 2020.

The Board ensures that adequate systems and processes are maintained to measure and monitor the Trust's effectiveness, efficiency and economy as well as the quality of local healthcare delivery. The Trust Devolution Policy including Reservation of Powers to the Board and Scheme of Delegation details which types of decisions are to be taken by the Board, and which decisions are to be delegated to the management by the Board of Directors.

The Board of Directors also has powers to delegate and make arrangements to exercise any of its functions through a committee, sub-committee or joint committee. The Board of Directors keeps the performance of its committees under regular review and requires that each committee considers its performance and effectiveness during the year. The Trust has arranged appropriate insurance to cover the risk of legal action against its directors and is insured through the NHS Litigation Authority.

## Vice Chair

Good practice suggests that the Trust should have a Deputy or Vice Chair to stand in during any periods of absence of the Chair. NHS Improvement's guidance states that this should be a Council of Governors appointment although it would be expected that the Chair would make a recommendation to governors. Linda Jackson, non-executive director, is the Vice Chair. The Trust Constitution makes provision for this.

## Senior Independent Director

The Senior Independent Director is a non-executive director appointed by the Board as a whole in consultation with the Council of Governors. The Senior Independent Director has a key role in supporting the Chair in leading the Board and acting as a sounding board and source of advice for the Chair. They also lead the performance evaluation of the Chair. Sandra Hills, non-executive director, is the Senior Independent Director.

## Board meetings

Public board meetings are held every other month and follow a formal agenda which includes: an update from the Chief Executive; a patient story presented by the Trust's Patient Experience Practitioner; updates on the Trust's improvement plans; monthly capacity and capability on our wards; and minutes from sub-committees.

## Non-Executive Directors

Non-executive directors (NEDs) are appointed for a period of two or three years, this can be extended for a further period. Any term beyond six years is subject to rigorous review. Arrangements for the appointment and termination of NEDs are set out in the Trust Constitution. The Constitution states the Council of Governors (CoG) has the power to appoint and remove the Chair of the Trust and other NEDs. Removal can only happen if three quarters of CoG members approve the motion. The Board determines whether each NED is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could affect, the person's judgement. All of the Trust NEDs are considered to be independent by the Board of Directors as per the Code of Governance for NHS Foundation Trusts. The Chair is responsible for the leadership of both the Board of Directors and the Council of Governors. As Chair of the Board of Directors the Chair is responsible for ensuring the Board's effectiveness and setting its agenda. As Chair of the Council of Governors the Chair provides a pivotal link between Governors and Directors, especially the NEDs. Listening to the governors is one of the ways the Chair can hear the views of the local community. He regularly provides feedback to the Board of Directors on the views of the governors and the local community. NEDs, including the Chair, Vice Chair and Senior Independent Director, are appointed by the Council of Governors with the process being led by the Appointments and Remuneration Committee (ARC) for non-executive directors. The Chair, other NEDs, and the Chief Executive are responsible for deciding the appointment of executive directors. NEDs routinely attend the Trust Board meetings, the Council of Governors and also meet regularly with the Chair without executives present.

## Evaluation of the Board/its committees/directors and Chair

Comprehensive arrangements are in place for reporting to the Trust Board on performance and key risks to future performance against a raft of targets/contractual obligations and indicators. Risks in respect of compliance with other statutory requirements are escalated to the Trust Board via established governance and performance management frameworks including receipt by the Trust Board of quarterly Board Assurance Framework and Risk Register reports. More urgent risk issues are escalated directly to the executive team and the Trust Board via the relevant executive director.

The Scheme of Delegation, which defines accountabilities for the delivery of performance, is monitored via the Trust's performance management framework led by the Chief Executive. The Board ensures that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance. The Trust Board receives assurance through a suite of financial and non-financial performance reports including the submission of an integrated performance report, which includes reporting on the Trust's priorities

The Trust undertakes an annual evaluation of the Board and its sub-committees. During 2018/19 the Trust commissioned a Well Led Review. The Trust has continued to implement the findings and recommendations from the Well Led Review. This has included a review of the Trust's meeting structures to ensure a clear separation between Board assurance sub-committees and day to day management meetings and the implementation of a comprehensive Board Development Programme which is well underway and the completion of a formal Board skills matrix. The Trust has moved to bi-monthly meetings of the Trust Board, with the intervening months being used for board development activities, briefings on key risks topics and focussed discussion regarding future strategy.

An assessment of whether services are well led under NHS Improvement's well led framework was undertaken as part of the Trust's CQC inspection in September 2019. The CQC report changed its assessment of well-led from 'inadequate' to 'requires improvement'. The Board Development Programme which was supported by Deloitte UK, includes specific sessions on well led. Each of the Board sub-committees completes an annual review of effectiveness, and the outcome including agreed actions, are reported to the Trust Board. Arrangements are in place to enable appropriate review of the Board's balance, completeness and appropriateness to the requirements of the Trust including following the Well Led Review. The Board is also satisfied that the Trust applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the Trust. In compliance with the Code of Governance for Foundation Trusts, no executive director holds more than one non-executive directorship of an NHS foundation trust or other organisation of comparable size and complexity.

## Attendance at Trust Board meetings in 2019/20

Name	Title	07.05.19	04.06.19	02.07.19	06.08.19	03.09.19	01.10.19	05.11.19	03.12.19	07.01.20	04.02.20
Anne Shaw	Trust Chair	A	A	A	A	a					
Terry Moran	Trust Chair										a
Dr Peter Reading	Chief Executive	A	A	A	A	A	A	A	A	A	A
Shaun Stacey	Chief Operating Officer	A	A	A	A	A	A	A	A	A	A
Dr Kate Wood	Medical Director	A	A	A	A	A	A	A	A	A	A
Ellie Monkhouse	Chief Nurse	A	A	A	A	A	A	a	A	A	A
Wendy Booth	Trust Secretary	A	A	A	A	A	A	A	A	A	A
Jug Johal	Director of Estates and Facilities	A	A	A	a	A	A	A	a	A	A
Claire Low	Acting Director of People and Organisational Effectiveness	A	a	A	A	A	A	A	a	A	A
Jayne Adamson	Director of People and Organisational Effectiveness	a	a	a	a	a	a	a	a	a	a
Marcus Hassall	Director of Finance	a	a	a	a	a	a	a	a	a	a
Richard Eley	Interim Director of Finance	A	A	A	A	A					
Jim Hayburn	Interim Director of Finance							A	A	A	A
Pam Clipson	Director of Strategy and Planning	a	a	a	a						
Linda Jackson	Non-Executive Director and Acting Chair from September 2019	A	a	A	A	A	A	A	A	A	A
Anthony Bramley	Non-Executive Director	a	A	A	A	A	A	A	A	A	A
Sandra Hills	Non-Executive Director	A	A	A	A	A	A	A	a	a	A
Nicholas Mapstone	Non-Executive Director	A									
Jeff Ramseyer	Non-Executive Director	A	A	A	A	A	A	a	A	A	a
Neil Gammon	Non-Executive Director								A	A	A
Michael Whitworth	Non-Executive Director										A

Key: A - Attended, a – Apologies

## Assistance of Directors

The Trust Board and Council of Governors are both provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make. They receive assurance through a suite of financial and non-financial performance metrics including the integrated performance report and monthly finance report. The Board ensures that directors, especially NEDs, have access to independent professional advice, at the Trust's expense, where they judge it necessary to discharge their responsibilities or to provide additional assurance. New directors receive a full, formal and tailored induction on joining the Board. They also have access, at the Trust's expense, to training courses and/or materials that are consistent with their individual and collective development. Directors, governors and members are all supported by the Trust Secretary and the Trust Membership Officer. Where directors have concerns that cannot be resolved about the running of the Trust or a proposed action, any concerns are recorded within the Trust Board minutes. Minutes of the Trust Board are comprehensive and are published in the public domain on the Trust's website. The Trust Board, and in particular the non-executive directors, may reasonably wish to challenge assurances received from the executive management team. The executive directors ensure, wherever possible, that the non-executive directors receive sufficient information and understanding to enable challenge and to take decisions on an informed basis. The Board minutes reflect any challenges of the executive management. There is also in place a schedule of non-executive director challenge roles whereby individual non-executives provide challenge in respect of specific areas of risk.

## Code of conduct for the Trust Board

All members of NHS Boards should undertake and commit to the practice of good governance and to the legal and regulatory frameworks in which they operate. As individuals they must understand both the extent and limitations of their personal responsibilities. To this end, in November 2012, the Professional Standards Authority (PSA) published new standards for members of NHS boards in England. The standards cover three domains: personal behaviour, technical competence and business practices, and puts compassion and respect at the heart of NHS leadership. The standards also aim to capture existing standards, codes and principles (the Nolan Principles) by which NHS Board members are currently bound.

In May 2013 the Trust Board formally signed up to these standards on an ongoing basis. All Board directors meet the 'fit and proper persons' test as described in the provider license as confirmed annually by each individual director and collectively within the annual chairman's declaration to the Trust Board.

The Trust Board has maintained its support of the Nolan Principles of public life and has continued to make the majority of its decisions at Board meetings held in public. To support this there is the Directors Code of Conduct, which applies to all directors and has been adopted by all Board members.

## **Board committees**

The Board has established a number of formal sub-committees which support the discharging of the Board's responsibilities. In addition to meeting the statutory requirements of having an Audit, Risk and Governance Committee and Remuneration Committee, the Trust also has a Finance and Performance Committee, Quality and Safety Committee, a Workforce Committee and a Charitable Funds Committee (known as the Health Tree Foundation Trustees Committee). Minutes of the sub-committees are presented to the Trust Board alongside a highlight report which provides escalation of issues and concerns for the attention of the Trust Board. Each sub-committee comes under the remit of an executive director and is chaired by a non-executive director. Appropriate resource is allocated to ensure these sub-committees can undertake their duties.

Arising from the Well led Review commissioned by the Trust during 2017/18, changes have been made to the Trust's meeting structures (including the Board assurance sub-committees) in order to provide clear reporting lines and separation of management decision making from assurance. As at March 31 2020, the current sub-committee structure is as follows on the following pages.

### ***Audit, Risk and Governance Committee***

The Audit, Risk and Governance Committee is a standing committee of the Board of Directors. Its remit is to:

- consider the effectiveness of internal controls and the management arrangements established by the Trust to deliver its stated objectives;
- seek assurance that the Trust complies with the law, guidance and codes of conduct; and
- monitor the integrity of the public disclosure statements made by the Trust.

The committee meets five times each year. Its three members are appointed by the Board of Directors from among the non-executive directors. Minutes of Committee's meetings are submitted to the Board of Directors and the Council of Governors.

Internal Audit services are provided by Audit Yorkshire who commenced on 1<sup>st</sup> June 2018, following a competitive procurement exercise in early 2018. Audit Yorkshire was appointed for an initial period of three years with the option to extend for a further year. Internal Audit provides an independent and objective opinion on the extent to which risk management, controls and governance arrangements support the effective operation of the Trust. The Head of Internal Audit produces an annual audit opinion on the effectiveness of the system of internal control. The Head of Internal Audit and/or the Internal Audit Manager for the Trust will normally attend Audit, Risk and Governance Committee meetings and has a right of access to all Audit, Risk and Governance Committee members, the Chair and Chief Executive of the Trust. The Head of Internal Audit is accountable to the Director of Finance.

Throughout 2019/20, the Committee received progress reports from internal audit on the planned work for the year, and the outcome of the individual reviews performed with associated recommendations. The annual Head of Internal Audit Opinion, which forms part of the Annual Governance Statement, contains details of high risk recommendations made during the year. The Committee monitors the implementation of all internal audit recommendations and receives reports at each meeting to monitor progress on agreed actions. At its October 2019 meeting the Committee received details of a 'low assurance' internal audit report as a result of weaknesses in the design and operation of controls in relation to medical staff personnel files. A number of recommendations were made in order to address the issues identified and the implementation of these is being monitored by the Committee through the internal audit recommendation follow-up process.

The Trust's external auditor is Mazars LLP who replaced PwC LLP in September 2019 following a competitive tendering exercise. Representatives of the Audit, Risk and Governance Committee acted as advisors to the Council of Governors in relation to this tendering exercise. The Council of Governors convened a sub-committee to oversee the process and make a recommendation to the full Council of Governors. The Audit, Risk and Governance Committee assessed the effectiveness of its External Auditor through the mini-tendering exercise conducted. Thereafter an annual review of effectiveness will be performed. The value of external audit services is disclosed in the Trust's financial statements (note 5) and is circa £87,000 per annum.

The Committee received and reviewed the draft financial statements and the audited accounts, as well as the Annual Governance Statement. Like all NHS Trusts we are obliged to review the basic accounting policy of 'going concern'. The Audit, Risk and Governance Committee, as part of the annual accounts preparation, reviewed this issue and agreed that this was not a matter to change. Note 1.1.2 of the financial statements refers to the accounts being prepared on a going concern basis and the Audit, Risk and Governance Committee endorsed this as appropriate.

There is a policy for the engagement of the external auditor for non-audit work to safeguard objectivity and independence. The value of any non-audit services is routinely disclosed in the Trust's financial statements at note 5.1, as was the case for such work performed by PwC during 2019/20 before they ceased as the Trust's external auditor. Each year, the Committee reviews its own effectiveness in line with the latest NHS Audit Committee Handbook (HFMA, 2018). A review of the Committee's terms of reference was undertaken to assess whether they remain fit for purpose. Minor changes were approved by the Board of Directors.

In line with the Foundation Trust Code of Governance, the Committee also has a role in reviewing the organisation's arrangements for staff and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. In order to discharge this function the Audit, Risk and Governance Committee has received periodic updates from the Trust's Freedom to Speak Up Guardian, most recently in October 2019.

## Schedule of Attendance at Audit, Risk and Governance Committee meetings 2019/20

<b>Member / Attendee</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jul-19</b>	<b>Oct-19</b>	<b>Jan-20</b>
<b>Members:</b>					
Nick Mapstone – NED / Chair (to May 2019)	Y	Y	-	-	-
Tony Bramley – NED / Deputy Chair (to July 2019) / Chair (from July 2019)	Y	Y	Y	Y	Y
Linda Jackson – NED (to July 2019)	Y	Y	Y	-	-
Sandra Hills – NED (October 2019 only)	-	-	-	Y	-
Michael Whitworth - NED (from January 2020)	-	-	-	-	Y
Neil Gammon - NED (from January 2020)	-	-	-	-	Y
<b>Regular Attendees:</b>					
Richard Eley – Interim Director of Finance (to Sept 2019)	Y	Y	Y	-	-
Jim Hayburn – Interim Director of Finance (from Sept 2019)	-	-	-	Y	N <sup>1</sup>
Wendy Booth – Trust Secretary	Y	Y	Y	N	Y
Sally Stevenson - Asst. DoF – Compliance and Counter Fraud	Y	Y	Y	Y	Y
Nicki Foley – Local Counter Fraud Specialist	Y	N/A <sup>2</sup>	N <sup>3</sup>	Y	Y
Head of Procurement (IP)	Y	N/A <sup>2</sup>	Y	Y	Y
Internal Audit	Y	Y	Y	Y	Y
External Audit	Y	Y	Y <sup>4</sup>	Y <sup>5</sup>	Y
<b>Ad-hoc Attendees:</b>					
Asst. DoF – Process and Control (NP)	Y	Y	-	-	Y
Data Protection Officer and Lead for IT (SM)	Y	N/A <sup>2</sup>	N	Y	Y
Head of Safety and Statutory Compliance (BP)	Y	-	Y	-	-
Trust Chair (AS)	-	Y	-	-	-
CEO (PR)	-	Y	-	-	-
NED (JR)	-	Y	-	-	-
Head of Quality Assurance (JD)	-	Y	Y	Y	Y
Resilience Manager (GJ)	-	-	Y	-	-
Associate Director of Quality Governance (AL)	-	-	Y	-	-
Assistant Director of Cultural Transformation (KF)	-	-	-	Y	-
Associate Director of IM and T (SM)	-	-	-	Y	-
Deputy Director of Finance (BS)	-	-	-	-	Y <sup>1</sup>

### Notes:

<sup>1</sup> Brian Shipley, Deputy DoF, attended in the absence of Jim Hayburn, Interim DoF

<sup>2</sup> Not required to attend, Final Accounts meeting only

<sup>3</sup> Sally Stevenson, Assistant Director of Finance – Compliance and Counter Fraud in attendance to present report

<sup>4</sup> Last meeting for PwC LLP as External Auditor

<sup>5</sup> First meeting for Mazars LLP as External Auditor

### ***Quality and Safety Committee***

This committee was established as a formal sub-committee of the Trust Board. Its purpose is to provide assurance to the Board all aspects of the delivery of safe, personal and effective care are being appropriately governed and the evidence to support that assurance is scrutinised in detail on behalf of the Board. Its membership includes: three non-executive directors, the Chief Operating Officer, Medical Director and Chief Nurse. Its minutes are shared with the Trust Board.

### ***Finance and Performance Committee***

This committee was established as a formal sub-committee of the Trust Board. It submits copies of its minutes for inclusion on the Trust Board agenda, and significant issues are escalated to the Trust Board via a 'highlight' report.

Its core membership includes three non-executive directors, the Chief Operating Officer and Director of Finance. Its remit includes:

- Reviewing the annual and longer term financial plans, for revenue, capital and cash management, in line with the Trust's business planning cycle and obtaining assurance they are fit for purpose
- Reviewing the agreement of service contracts to secure Trust income
- Providing assurance to the Trust Board that appropriate budgetary control arrangements are in place to monitor and deliver annual financial plans
- Reviewing the Trust's performance against its annual financial plan and budgets, and monitoring any necessary corrective action plans, highlighting any significant concerns to the Trust Board.

### ***Remuneration and Terms of Service Committee***

This committee was established as a formal sub-committee of the Trust Board. It reviews and approves leadership needs and succession planning to ensure the Trust can fulfil its own strategic and statutory requirements for the two levels below the executive level. It reviews and approves the overall structure of the executive team in terms of structure, size, skills, knowledge, experience and diversity.

It also reviews and agrees on the remuneration of senior directors and commissions recruitment exercises to fill any vacancies amongst the executive team. It reports to the Trust Board through updates provided to the non-executive directors by the Trust Chair and the Council of Governors and members of the public through a committee and remuneration report included as part of the Trust's statutory annual report and accounts.

Its membership is made up of three non-executive directors who are appointed by the Board. The Chief Executive and Director of People and Organisational Effectiveness attend as the agenda dictates. The Trust Secretary attends all meetings.

The above officers of the Trust remove themselves from the committee when their own remuneration or performance is discussed.

### **Workforce Committee**

The specific objective of the Workforce Committee is to ensure risks pertaining to the strategy and transactions of workforce and organisational development are identified and managed. The committee's specific objectives include:

- To provide a positive working environment for staff and to promote supportive and open cultures that help staff do their job to the best of their ability
- To provide all staff with clear roles and responsibilities and rewarding jobs for teams and individuals that make a difference
- To provide all staff with personal development, access to appropriate education and training for their jobs, and line management support to enable them to fulfil their potential
- To provide support and opportunities for staff to maintain their health, wellbeing and safety
- To promote staff involvement in research as a means of both improving patient care and staff satisfaction
- To promote the delivery of quality education by and for all staff

### **Health Tree Foundation Trustees Committee**

This committee is a formal sub-committee of the Trust Board, under the Trust Constitution Part IV Section 6.8 d. Its membership is appointed by the Board from among the non-executive and executive directors. The committee consists of these voting members: a Chair, three non-Executive directors, Chief Executive, Medical Director, Chief Nurse, and Director of Finance.

It is tasked with overseeing and managing the affairs of the Trust's charitable funds, the working name of which is The Health Tree Foundation. The committee ensures the charity acts within the terms of its declaration of trust, and all appropriate legislation on behalf of the Trust Board as the corporate trustee.

### **Donations**

As an NHS foundation trust, the Trust makes no political or charitable donations. It has set up its own charity – The Health Tree Foundation (see above) – and it continues to benefit from charitable donations received and is grateful for the efforts of fundraising organisations and members of the public for their continued support.

### **Income disclosures to auditors**

The directors confirm that, as required by the Health and Social Care Act 2012, the income that the Trust has received from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes. The Trust has processes in place to ensure that this statutory requirement will be met in future years. The directors also confirm that the provision of goods and services for any other purposes are not materially impacted on our provision of goods and services for the purposes of the health service in England.

## Better Payment Practice Code

The Trust's measure of performance in paying suppliers is the Better Payment Practice Code (BPPC). The code requires the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

	2019/20		2018/19	
	Number	£000	Number	£000
Total Non -NHS trade invoices paid in the year	92,527	201,165	92,156	212,064
Total Non-NHS trade invoices paid within target	23,388	48,170	27,794	27,163
Percentage of Non-NHS trade invoices paid within target	25%	24%	30%	13%
Total NHS trade invoices paid in the year	3,199	22,069	3,452	25,242
Total NHS trade invoices paid within target	486	12,669	1,058	15,140
Percentage of NHS trade invoices paid within target	15%	57%	31%	60%

## Statement as to disclosures to auditors

So far as each director is aware, there is no relevant audit information of which the NHS foundation trust's auditor is unaware and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust auditor is aware of that information.

'Relevant audit information' means information needed by the NHS foundation trust's auditor in connection with preparing their report.

A director is regarded as having taken all the steps that they ought to have taken as a director in order to do the things mentioned above, and:

- Made such enquiries of his/her fellow directors and of the company's auditor for that purpose; and
- Taken such other steps (if any) for that purpose, as are required by his/her as a director of the company to exercise reasonable care, skill and diligence.

## Cost allocation and charging

The Trust has complied fully with the cost allocation and charging requirements as set out in HM Treasury and Office of Public Sector Information guidance. Payment by Results (PbR) provides a transparent, rules-based system for paying trusts; it rewards efficiency, supports patient choice and diversity and encourages activity for sustainable waiting time reductions. Payments are linked to activity and adjusted for case mix. Importantly, this system ensures a fair and consistent basis for hospital funding rather than being reliant principally on historic budgets and the negotiating skills of individual managers.

## **Trust Board approach to clinical governance**

The Trust adheres to the Code of Governance for Foundation Trusts and the Board is satisfied that the Trust applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.

The effectiveness of the Trust governance arrangements continued to be tested during 2020/21 via internal and external testing including internally via the annual internal audit programme. An improvement plan is in place and ongoing in response to the findings and recommendations arising from that review including agreed support.

Improvements are monitored through assurance to the Quality and Safety Committee, a sub-committee of the Trust Board and the Quality Governance Group. Clinical Governance comes under the remit of the Medical Director, in close collaboration with the Chief Nurse, and supported by two deputy medical directors and an Associate Director for Quality Governance.

The Trust is committed to improving safety and has identified the Associate Director of Quality Governance as the Trust Patient Safety Specialist as per the National Patient Safety Strategy. The Trust has an Improvement Programme which reports into the Trust Board. The Trust ensures there is regular reporting to and dialogue with NHS Improvement, with a Patient Safety Group led by NHSI throughout 2019/20.

Work is ongoing to strengthen divisional governance. The Divisional Clinical Directors have authority and responsibility for quality, the use of resources (including staffing and finances), performance and governance.

The Chief Executive, as the Accountable Officer for the Trust, follows the procedures set out by NHS Improvement in advising the Board and the Council of Governors and for recording and submitting objections to decisions.

## **NHS Improvement's well-led framework**

The Trust's rating for well-led from the Care Quality Commission improved from 'inadequate' to 'requires improvement' following the latest inspection in September 2019.

The Annual Governance Statement later in this section of the Annual Report sets out in more detail how leadership and accountability is monitored by the Trust and the directors.

## Stakeholder relations

Collaborative working is key to the local health community. The Trust's approach is, and always has been, based on openness, honesty and a genuine desire to listen and act on feedback to improve services and our patients' experience.

The Trust works with partners in the local 'health and care community' to continually progress services which includes GPs, community healthcare providers, social care providers, charities, the ambulance service, mental health providers, local health scrutiny panels and the clinical commissioning groups across the Trust's population footprint.

In 2019/20 the Trust continued to work in partnership as part of the Humber Coast and Vale Health and Care Partnership (HCP), which became an Integrated Care System (ICS) on 1 April 2020.

Within the ICS the Trust is working particularly with Hull University Teaching Hospitals (HUTH, formerly Hull and East Yorkshire Hospitals) on planning services different across both trusts. This work comes under the umbrella of the Humber Acute Services Review (HASR).

Within the ICS work programmes are specific clinical networks such as Urology and ENT, Endoscopy and Diagnostics where the partners in the health system are working together on:

- improved access and egress to / from services at the right time
- improved operating consistency
- improved outcomes for patients
- increased productivity
- sustainable services from a quality, standards and financial perspective

Patients and other stakeholders have been updated on this work through regular briefing sessions run in conjunction with local CCGs. This has included presentation to update on progress to relevant Overview and Scrutiny Committees (OSCs) as well as sessions with patient panels and other members of the public.

Members of the Trust executive team also discussed other matters with local OSCs including the Trust's response to the latest CQC report and the changes to the oncology outpatient services (see The Performance Report for more information on these).

## Patient engagement and complaints management

The Trust has committed to improving the methods that it collects patient feedback by investing in a new electronic system which is due to launch in 2020. This will allow more accessible opportunities to engage with our patients, carers and families.

Ensuring that we have equity of access to all our communities is important and there have been several improvements during this last year. One of these includes a review of translation services to improve quality of the service, this will be complete, with a new electronic on demand interactive model, in early 2020. We have also redesigned the Friends and Family feedback cards, to include the top 4 most commonly used non English languages locally. Education of staff to write easy read leaflets continues and staff engagement with accessibility has throughout the year through the support of our Learning Disability Nurses.

By working with our partner organisations, effective communication can lead to changes which impact positively on patients. Simple posters in a quieter area of our outpatients, following feedback from our Healthwatch colleagues, means patients have clear messages how to ask for support if they are scared about their appointment. These relationships continue to ensure our community's feedback is heard.

Patient Engagement is being undertaken in various ways, through Transformation Boards, the Maternity Voice Partnership, patient surveys and through patient groups. Staff engagement in the process has increased and the Intensive Care Unit at Scunthorpe is a great example of staff embracing the value of the patient voice.

The team have established a coffee and cake meet up for patients to provide feedback about their journeys and have chance to ask questions. This opportunity enables staff to hear any opportunities for improvements whilst providing valuable support. The Trust Patient Panel continue to contribute across many areas, such as Patient Leaflets, the Trust website and its accessibility, review of patient facing letters and as a critical friend to many.

The Trust complaints process has been and continues to be, developed with involvement from patients, carers, staff, and external partners. The new proposed pathway will support delivery of a model where our divisions have ownership of the complaint investigation throughout its journey.

The benefits of this are being able to extract learning opportunities early in the process and clearly identify any changes by the time the final response is compiled. This will clearly demonstrate aspects of quality improvement. Patient feedback has shaped the process, with "what matters most to patients" being key to the pathway.

The quality of this process is paramount, and our aim continues to be ensuring patients and families are heard, that they receive a transparent response which is easy to understand, clear in any lessons learnt and delivered in timely manner.

## Governors' Report

### Council of Governors

As a foundation trust, the Trust has a Council of Governors (CoG). The Board of the Trust is directly responsible for the performance and success of the Trust, and satisfying the CoG that the Board is achieving its aims and fulfilling its statutory obligations. Governors act as a link to the local community and report matters of concern raised with them, to the Board, via their quarterly CoG meetings.

It receives and considers all appropriate information required to enable it to discharge its duties, and is provided with high-quality information appropriate to its function and relevant to the decisions it has to make.

### Role of Governors

The CoG has a number of statutory roles and responsibilities, which are set out in a document called the Trust Constitution. These are:

- Appoint and, if appropriate, remove the Chair
- Appoint, and if appropriate, remove the other Non-Executive Directors
- Decide the remuneration and other terms and conditions of office of the Chair and other Non-Executive Directors
- Approve (or not) the new appointment of a Chief Executive
- Approve, and if appropriate, remove the Trust's auditor
- Receive the Trust's Annual Report and Accounts at a general meeting of the CoG
- Hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors
- Represent the interests of the members of the Trust, and public
- Approve Significant Transactions as defined by NHSI guidance
- Approve an application by the Trust to enter into a merger or acquisition
- Approve amendments to the Trust's Constitution.

The council takes the lead in agreeing with the Audit, Risk and Governance Committee the criteria for appointing, re-appointing and removing external auditors. When the council ends an external auditor's appointment in disputed circumstances, the Chair will write to NHS Improvement informing it of the reasons behind the decision.

There is a clear policy and a fair process, agreed and adopted by the council, for the removal of any Governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual, or potential conflict of interest, which prevents the proper exercise of their duties.

### Members of the Council of Governors during 2019/20

Name	Initial date elected	Date re-elected	Term of office	Term of office ends	Date of retirement	Political party
<b>Public governors – East and West Lindsey</b>						
Jeremy Baskett	19.04.16	21.03.19	3 years	21.03.22	-	
Gorajala Vijayasimhulu	24.04.19	-	3 years	24.04.22	-	
<b>Public Governors - Goole and Howdenshire</b>						
Tony Burndred	24.04.19	-	3 years	24.04.22	-	
Janthea Capitani	19.04.16	-	3 years	19.04.19	19.04.19	
Barbara Jeffreys	28.07.17	16.11.18	17 months	16.11.21	22.06.19	
Rob Pickersgill	03.12.15	16.11.18	3 years	16.11.21	-	
Stephen Price	25.10.19	-	2 years	16.11.21	-	
<b>Public Governors – North East Lincolnshire</b>						
Diana Barnes	22.10.19	-	3 years	22.10.22	-	
Julie Grimmer	16.11.18	-	3 years	16.11.21	30.01.20	
Brian Page	03.12.15	27.11.18	3 years	27.11.21	-	
Ian Reekie	16.11.18	-	3 years	16.11.21	-	
Jeff Shaw	23.11.08	21.10.16	3 years	21.10.19	21.10.19	
Liz Stones	23.11.11	13.10.17	3 years	13.10.20	-	
Vacancy						
<b>Public Governors – North Lincolnshire</b>						
John Balderson	16.11.18	-	3 years	16.11.21	-	
Maureen Dobson	28.11.07	25.10.19	3 years	25.10.22	-	
Vincent Garrington	24.04.19	-	3 years	24.04.22	-	
Paul Grinell	04.11.09	16.11.18	3 years	16.11.21	-	
Vacancy						

## Members of the Council of Governors during 2019/20 continued

<b>Name</b>	<b>Initial date elected</b>	<b>Date re-elected</b>	<b>Term of office</b>	<b>Term of office ends</b>	<b>Date of retirement</b>	<b>Political party</b>
<b>Staff Governors</b>						
<b>Elaine Coghill</b>	16.11.18	-	3 years	16.11.21	07.05.19	
<b>Andrew Karvot</b>	16.11.18	-	3 years	16.11.21	-	
<b>Tim Mawson</b>	21.10.14	28.07.17	3 years	28.07.20	-	
<b>Tony Whyte</b>	28.07.14	28.07.17	3 years	28.07.20	-	
<b>Vacancy</b>						
<b>Stakeholder governors</b>						
<b>Cllr Anne Handley – East Riding of Yorkshire Council</b>	21.11.19	-	3 years	21.11.22	-	Conservative
<b>Eddie McCabe – North East Lincolnshire CCG</b>	19.04.16	19.04.19	3 years	19.04.22	-	
<b>Alex Seale – North Lincolnshire CCG</b>	29.11.18	-	3 years	29.11.21	-	
<b>Cllr Stan Shreeve - North East Lincolnshire Council</b>	21.05.19	-	3 years	21.05.22	-	Conservative
<b>Vacancy – Hull York Medical School</b>						
<b>Vacancy – North Lincolnshire Council</b>						

## Composition of the CoG and CoG meetings

The CoG comprises of the following constituencies:

### *Elected Public Governors*

The CoG has 15 Governors elected from its membership that represent the four main catchment areas of the Trust. Public Governors are elected from within local authority areas. The number of Governors for each constituency is in proportion to the population within the area using NLaG services, as detailed below:

Area	Number
North Lincolnshire	Five
North East Lincolnshire	Five
Goole and Howdenshire	Three
East and West Lindsey	Two

### *Elected Staff Governors*

There are four staff Governors who are elected by staff members.

### *Appointed Stakeholder Governors*

The Trust has a further seven stakeholder Governors seats who are appointed by local partners or stakeholder organisations.

### *Bi-elections ending April 2019*

A bi-election was held in April 2019 where public governors were elected for a term of three years as follows:

- One public governor was elected for North Lincolnshire
- One public governor was elected for Goole and Howdenshire
- One public governor was newly elected for East and West Lindsey
- One public governor was re-elected for East and West Lindsey.

### *Annual elections ending November 2019*

The Annual Governor elections were held in November 2019, as a result of two governors reaching the end of their term of office, and two Governors resigning. The results of the election were that one public governor was elected uncontested for a term of two years for Goole and Howdenshire, one public governor was re-elected for a term of three years for North Lincolnshire and one new public governor was elected for North East Lincolnshire for a term of three years.

## Council of Governor meetings

The Council of Governors meets sufficiently regularly to discharge its duties. During the year April 1 2019 to March 31 2020 attendance at meetings was as follows:

	Business	Annual Review	Business	Private	Annual Members' Meeting	Business	Business	Private Business	Private	Private	
Name	16/04	04/07	04/07	04/07	06/09	15/10	14/01	14/01	22/01	28/01	
<b>Public governors – East and West Lindsey</b>											
Jeremy Baskett	P	P	P	P	A	P	A	A	P	P	7/10
Gorajala Vijayasimhulu		P	P	P	A	P	A	A	A	P	5/9
<b>Public Governors - Goole and Howdenshire</b>											
Tony Burndred		P	P	P	P	A	P	P	P	P	8/9
Janthea Capitani	P										1/1
Barbara Jeffreys	P										1/1
Rob Pickersgill	P	A	P	P	P	P	P	P	P	P	9/10
Stephen Price							P	P	P	P	4/4
<b>Public Governors – North East Lincolnshire</b>											
Diana Barnes							P	P	P	A	3/4
Julie Grimmer	P	A	A	A	P	P	A	A	P	P	5/10
Brian Page	P	A	P	P	P	P	P	P	P	P	9/10
Ian Reekie	P	P	P	P	P	P	P	P	A	A	8/10
Jeff Shaw	P	P	P	P	P	P					6/6
Liz Stones	P	A	P	P	P	P	A	A	P	P	7/10

### KEY

A – Absent

P – Present

## Council of Governor meetings - attendance continued

	Business	Annual Review	Business	Private	Annual Members' Meeting	Business	Business	Private Business	Private	Private	Total
Name	16/04	04/07	04/07	04/07	06/09	15/10	14/01	14/01	22/01	28/01	
<b>Public Governors – North Lincolnshire</b>											
John Balderson	P	P	P	P	A	P	P	P	A	P	8/10
Maureen Dobson	P	P	P	P	P	P	P	P	P	P	10/10
Vincent Garrington		P	P	P	P	A	P	P	A	A	6/9
Paul Grinell	P	P	P	P	P	P	P	P	P	P	10/10
<b>Staff Governors</b>											
Elaine Coghill	P	A	P	P	A	P	A	A			4/8
Andrew Karvot	P	P	P	P	P	P	P	P	P	P	10/10
Tim Mawson	A	A	A	A	P	P	P	P	P	P	6/10
Tony Whyte	A	A	A	A	A	A					0/6
<b>Stakeholder governors</b>											
Cllr Anne Handley – ERY Council							P	P	A	A	2/4
Eddie McCabe – NEL CCG	P	A	P	P	P	A	P	P	A	P	7/10
Alex Seale – NL CCG	A	A	A	A	A	A	A	A	A	P	1/10
Cllr Stan Shreeve - NEL Council		A	A	A	P	A	P	P	P	P	5/9

**KEY**

A – Absent                      P – Present                      CCG – Clinical Commissioning Group  
 NL – North Lincolnshire                      NEL – North East Lincolnshire  
 ERY – East Riding of Yorkshire

During the year April 1 2019 to March 31 2020 attendance by Non-Executive Directors (NED) and Directors at the Council of Governor meetings was as follows:

	Business	Annual Review	Business	Private	Annual Members' Meeting	Business	Business	Private Business	Total
Name	16/04	04/07	04/07	04/07	06/09	15/10	14/01	14/01	
Linda Jackson - Vice Chair	P	P	P	P	A*	P	P	P	7/8
Anne Shaw - Trust Chair	P	P	P	P	A*				4/5
Peter Reading - Chief Executive Officer	P	A*	P	P	P	P	P	P	7/8
Jayne Adamson - Director of People and Organisational Effectiveness	A*	A*	A*	A*	A*	A*	A*	A*	0/0
Wendy Booth - Trust Secretary	P	A*	A*	A*	P	P	P	P	5/8
Pam Clipson - Director of Strategy and Planning	A*	A*	A*	A*					4/4
Marcus Hassall - Director of Finance	A*	A*	A*	A*	A*	A*	A*	A*	0/0
Richard Eley - Interim Director of Finance	P	A*	P	P	P				4/5
James Hayburn - Interim Director of Finance						P	P	P	3/3
Jug Johal - Director of Estates and Facilities	A	A	A	A	P	P	A	P	3/8
Claire Low – Acting Director of People and Organisational Effectiveness	A	A	A	A	A	A	A	A	0/0
Ellie Monkhouse - Chief Nurse	P	A*	A*	A*	A*	A*	A*	P	2/8
Shaun Stacey – Chief Operating Officer	P	P	A	P	A	P	A	A	
Kate Wood - Medical Director	A	A	A	A	A	P	P	P	3/8

Attendance by Non-Executive Directors (NED) and Directors at the Council of Governor meetings continued:

	Business	Annual Review	Business	Private	Annual Members' Meeting	Business	Business	Private Business	Total
Name	16/04	04/07	04/07	04/07	06/09	15/10	14/01	14/01	
<b>Tony Bramley</b>	P	P	P	P	P	P	P	P	8/8
<b>Neil Gammon</b>							P	A	1/2
<b>Sandra Hills - Senior Independent Director</b>	P	A	A	A	P	A	P	P	4/8
<b>Nick Mapstone</b>	P	A	A	A					1/4
<b>Jeff Ramseyer</b>	P	A	A	A	P	P	P	P	5/8
<b>Michael Whitworth</b>							P	P	2/2

#### **KEY**

A\* - Absent with representative attending

A – Absent

P – Present

#### **Lead Governor**

NHS Improvement (NHSI) requires that a CoG elects a Lead Governor to be the primary link with the Foundation Trust. A Lead Governor is elected by the full Council and would also be the formal link to NHSI if circumstances required direct communication between the CoG and the regulator. Brian Page, a public Governor for North East Lincolnshire was elected as Lead Governor from July 25, 2018.

#### **Governor engagement**

There are typically four CoG business meetings and a CoG Annual Members' Meeting held in public each year. The Governors invite members of the Trust Board to attend to update them on specific items and each meeting includes reports from Governors, the Chair and from the Board. A review of the collective performance of the CoG is held annually in June and members of the Board of Directors are invited to attend and support this process. The review is led by the Trust Chair, supported by the Trust Secretary and Membership Manager and Assistant Trust Secretary, and utilises a framework document that incorporates NHS Improvement's Code of Governance. This meeting was held on July 4, 2019.

The CoG has a number of active and vibrant sub-groups including Governor Assurance Group, Membership & Patient Engagement Group, Quality Review Group and Staff Governor Working Group. In addition to this, Governors also have an Appointments and Remuneration sub-committee. NHS Improvement requires foundation trusts to provide forward planning for each financial year, prepared by the Board of Directors. Governors are consulted on the development of these plans and are able to input views from the members they represent.

Governors are supported and involved in many aspects of the Trust including undertaking Patient Led Assessments of the Care Environment (PLACE) visits, along with 15 Step Ward Reviews and assist in the preparation of Care Quality Commission (CQC) Inspections by undertaking 'mock inspections' with members of staff.

The Chair offers Governors one-to-one meetings and invites to take up these opportunities, along with undertaking the Annual Developmental Governor Reviews, where they are encouraged to attend Trust Board meetings. During the course of the year governors have also received Governor and Non-Executive Director briefings and training sessions, with or without the Executive Directors in attendance, where they receive detailed updates and are able to discuss matters amongst themselves.

Seven such briefings were held during 2019/2020 on topical health matters which included:

- Sustainability And Transformation Partnerships (STPs) and Humber Acute Services Review
- Operational plan
- Finance briefing including:
  - the forward plan
  - financial recovery plan
  - capital funding
  - cost improvement programme
  - simplified NHS finance and
  - Trust update
- Winter pressures update (including winter plan progress)
- Workforce Development (including staff retention)
- Inpatient and outpatient waiting lists
- Care Quality Commission updates
- Quality Account and various quality updates
- Patient administration progress and update
- Waiting List update
- Governor role and holding to account
- Staff engagement and morale including Vision and Values and Pride and Respect
- Freedom to Speak Up Guardian

Governors supported a series of public engagement events and drop-in sessions throughout 2019/20. They also utilised the Trust staff and member magazine, Trust website, membership portal website, news releases, posters and e-mails to communicate with members.

During the year Governors also supported various member recruitment events.

## **Holding the Non-Executive Directors to account for the performance of the Trust Board**

Governors have an important role in making an NHS Foundation Trust accountable for the services it provides. They bring valuable perspectives and contributions to its activities. Governors are expected to hold Non-Executive Directors to account for the performance of the Trust Board of Directors and the following sets out the principles of how Governors discharge this responsibility:

- To ensure that the process of holding to account is transparent and fulfils the statutory duties of the CoG
- To make the most effective and efficient use of time and resources, and to avoid duplication
- To reflect the NHS Improvement guidance that Governors should, via the Non-Executive Directors, seek assurance that there are effective strategies, policies and processes in place to ensure good governance of the Trust
- To be proportionate, recognising that Governors are volunteers and that Non-Executives are contracted.

The council has established a policy for engagement with the board of directors for those circumstances when they have concerns. At no time during 2019/20 has the CoG exercised its formal power to require a Non-Executive Director to attend a Council meeting and account for the performance of the Trust.

Non-Executive Directors are invited to attend all CoG meetings and attend the CoG sub-groups which they are aligned to, based on the Trust Board sub-committees Chair role they hold. Governors can hold them to account at any of the sessions as required and appropriate. The CoG is satisfied with its interaction and relationship with the board of directors and that it is appropriate and effective.

## **Appraisal and appointment**

The CoG has an Appointments and Remuneration Committee (ARC), for the appointment of Non-Executive Directors (including the Chair, Deputy Chair and Senior Independent Director). The committee has delegated authority to consider these appointments on behalf of the CoG, and provide advice and recommendations to the full council in respect of these matters. The committee also periodically reviews the process to be followed for the appointment of the Chair, Deputy Chair, Senior Independent Director and Non-Executive Directors, including the means by which views will be obtained from the Trust Board on the qualifications, skills and experiences required for each position when considering potential candidates. On an annual basis the committee reviews the remuneration of Non-Executive Directors in context to changes to the cost of living and in reference to remuneration levels in comparable organisations.

It also considers and makes recommendations for the Council of Governors for the reappointment of the Lead Governor. The council will only exercise its power to remove the Chair or any Non-Executive Director after exhausting all means of engagement with the Board. The Chair and other NED appraisals for 2018 have been undertaken and reported to the full Council.

## Key items discussed in 2019/20

Various key items were discussed by the CoG during the year, which included:

- Trust Board minutes
- Strategy and planning
- Sustainability And Transformation Partnerships (STPs)
- Humber Acute Services Review
- Care Quality Commission (CQC)
- Finance – Special measures planning and recovery plan, contracting, cost improvement programme, capital investment
- Internal sustainability plan
- Overview and ratification of the external auditor contract
- Monthly staffing report, staff morale and staff engagement including Pride and Respect updates (now incorporating Listening into Action) and Freedom to Speak Up Guardian
- Performance compliance with evolving Integrated Performance Report
- Board Assurance Framework
- Quality development plan and performance indicators
- Patient Administration update including Referral to Treatment Improvement Plan, Mortality Progress and Updates
- Feedback from CoG sub-groups
- Reports from Board committees:
  - Finance and Performance Committee (FIPC)
  - Audit, Risk and Governance Committee (ARGC)
  - Quality and Safety Committee (QSC)
  - Quality and Safety Patient Experience
  - Mortality Assurance and Clinical Improvement
  - Workforce and Organisational Development Committee (now subsumed within QSC)
  - Infection and Prevention Control

## Membership

### Membership Strategy

The Trust has a Membership Strategy for the period 2019 to 2022, which is updated with the help of the Governor's Membership and Patient Engagement Group. This strategy acknowledges that it is the responsibility of a foundation trust to recruit, communicate and engage with members and the broader public as a way of ensuring service provision meets the needs of service users. The Trust's strategy aims to recruit a representative membership base that is actively engaged in working for the good of the Trust.

The key priorities of the strategy are:

- Membership community – to uphold our membership community by addressing natural attrition and membership profile short-fallings with member recruitment
- Membership engagement – to develop and implement best practice engagements methods with our members and the wider public
- Governor development – to support the developing and evolving role of our Governors.

Recruiting new members and supporting recruitment events within the hospitals and community venues is a key governor role. Governors spend time at these events describing the role of a Trust member and gathering feedback on services across the Trust and its future plans. Governors can be contacted via the Trust Membership Office by emailing: [nlg-tr.foundationtrustoffice@nhs.net](mailto:nlg-tr.foundationtrustoffice@nhs.net), or by ringing (03303) 302852 or writing to: The Membership Office, Scunthorpe General Hospital, Cliff Gardens, Scunthorpe, North Lincolnshire, DN15 7BH.

Currently the Trust has 6,594 public members who must live within one of the four constituencies and be aged 16 or above. All staff are offered the opportunity to be enrolled as members, when commencing employment with the Trust.

The Trust's membership for 2019/20 and the planned membership for 2020/21 are:

	2019/20 planned	2019/20 actual	2020/21 planned
Public constituency: At year start (April 1)	6,300	6,594	6,300
New public members	550	720	550
Leaving public members	200	175	200
Minimum required under Constitution	1,400		1,400
Staff constituency: At year start (April 1)	6,500	7,479	6,500
New staff members	850	660	850
Members staff leaving	800	797	800

As at March 31 2019, the Trust had a membership of 14,101 (including 28 members with no date of birth declared and recorded). The number of new members for the period of 2019/20, including staff members was 1,380. The number of members leaving was 972, again, including staff. This evidences an overall membership increase of 408 members. The tables below provide a detailed breakdown (Figures as at March 31 2019).

<b>Total membership overview</b>	
Public members	6,594
Staff members	7,479
Members with no DOB recorded	28
<b>Total members</b>	<b>14,101</b>

<b>Age group – public members</b>	<b>Number</b>	<b>Percentage</b>	<b>Population*</b>
0 to 16	152	2.42%	19.51%
17 to 21	770	11.64%	5.85%
22 +	5,644	85.52%	74.64%
DoB not stated	28	0.43%	n/a
<b>Total</b>	<b>6,594</b>	<b>100%</b>	<b>100%</b>

### Breakdown by constituency

<b>Constituency</b>	<b>Male</b>	<b>Female</b>	<b>Not stated</b>	<b>Total</b>
Goole and Howdenshire	235	355	0	590
North East Lincolnshire	853	1,938	0	2,791
North Lincolnshire	936	1,615	0	2,551
East and West Lindsey	223	439	0	662
Staff	1,489	5,982	8	7,479
<b>Total</b>	<b>3,736</b>	<b>10,329</b>	<b>8</b>	<b>14,073</b>

## Breakdown by ethnicity

Ethnicity	Number	Percentage	Population	Percentage
White	6,201	94.06%	372,737	97.63%
Mixed	30	0.46%	1,854	0.49%
Asian or Asian British	112	1.69%	5,529	1.45%
Black or Black British	31	0.47%	882	0.23%
Other	0	0%	786	0.21%
Not stated	220	3.33%	0	0%

Trust membership generally reflects the demographic of the population served, and is representative for the majority of categories. Membership recruitment events will continue to be undertaken in 2020/21, some of which will target various groups to further ensure representative membership (e.g. 16-year-olds through schools and colleges etc).

## Keeping in touch with members

Ensuring effective two-way communication with our members, via a combination of Trust and Governor managed formal and informal communications is very important to our organisation. We issue a 'welcome' email or letter to all new members, which provides an outline of the Trust and what we do.

Our membership office strives to maintain contact with members using a variety of methods including:

- The Trust magazine which is aimed at staff, members and the public is sent out bi-monthly and includes news from across our three hospitals and community services that we think we will be of interest to people, as well as event dates
- Trust website with a designated section for members
- Members' portal – an external website specially designed for member engagement
- Email – newsletters, invites to meetings and volunteer opportunities
- Face-to-face through informal governor drop-in sessions, membership recruitment and engagement events, and attendance at Engagements & Listening Events
- Posters around the Trust sites and publicised with our partner organisations
- Twitter and Facebook
- Engagement events provide members with an opportunity to listen to presentations and debate the hot topics of the day, and our governor drop-in sessions give people the chance to speak to Governors in private about any issues they may have

It is also an opportunity for people to pass on their praise for the services they have received. Feedback from the drop-in sessions is shared with the Membership Office who forward on queries or seek responses on behalf of Governors as appropriate and feedback to the Governors.

### **Disclosures and declarations of interests**

The Chair of the CoG has not declared any other significant commitments that require disclosure.

The Chair submits an Annual Declaration of Interest Statement and Fit and Proper Person Declaration which are reported in public at the Trust Board.

Governors are required to complete individual Declaration of Interest forms, which are held on a Trust Register and available from the Trust Secretary upon request.

### **Resolution of disputes**

The Trust Constitution sets out the process for dealing with any dispute between the Council of Governors and the Trust Board. The Council and Trust Board have a positive working relationship, and the process has not been used during the 2019/20 year.

## Remuneration Report

### Introduction

The terms and conditions of employment for most of the Trust's employees are linked to the agreed national frameworks, for example Agenda for Change. The exceptions to this are the Executive whose terms and conditions of employment and remuneration are determined by the Remuneration Committee. The details of this are set out in this chapter of the Annual Report.

The NHS Foundation Trust Annual Reporting Manual indicates this means those who influence the decisions of the Trust as a whole, rather than the decisions of individual directorates or services. For the purpose of this remuneration report the description of "senior manager" will refer to the Executive Directors and the Non-Executive Directors holding positions on the Trust Board of Directors. The remuneration report contains details of senior managers' remuneration and pensions. It also sets out further information about the appointment of those senior managers (where these have occurred during 2019/20) as required by NHSI's Code of Governance. The narrative and figures in this report relate to those individuals who have held office as a senior manager of the Trust during the periods 2019/20 and 2018/19.

The information in this section is not subject to audit by our external auditors, but they will read the narrative to ensure it is consistent with their own knowledge of the Trust. The auditable sections are the directors' remuneration tables and the pension benefits table later in this section of the Annual Report.

### Annual statement on remuneration

The Remuneration Committee took a view on remuneration of each member of the executive team individually based on performance, job evaluation, external advice and guidance, internal relativities, market consideration and comprehensive benchmarking. Remuneration levels of other staff groups within the Trust, and in the wider NHS, were also taken in consideration. The key decisions made on senior managers' remuneration in 2019/20 were as follows:

- The Remuneration Committee made its decisions concerning the chief executive and executive directors and there were no substantial changes to the policy or approach.
- There was one uplift during 2019/20 in recognition for the post holder continuing an 'acting up' role and in line with the NHS Improvement Senior Managers Remuneration benchmarking tool.

Requirements from the Secretary of State in respect of salaries higher than that of the national salary of the Prime Minister, state any salary over the threshold must receive ministerial approval. The Trust received ministerial approval for the Chief Executive's salary. The Trust has not paid out any compensation to any director during the year due to early termination of their contract. Loss of office is determined on a case by case basis.

## **Appointment and Remuneration Committee – Non-Executive Directors’ remuneration**

The overarching policy for the remuneration of the Non-Executive Directors is to award levels of remuneration in line with other comparable NHS foundation trusts, using benchmarked figures from a number of sources.

The work of the committee is also in line with the requirement of paragraph 18(2) of Schedule 7 of the Health and Social Care Act 2006. The Council of Governor’s Appointment and Remuneration Committee decide on Non-Executive Director pay and terms and conditions.

### **Senior managers’ remuneration policy**

All directors’ performance is subject to an annual appraisal, the outcome of which is reported to the Remuneration Committee by the Chief Executive. This is prior to any decision being made on executive remuneration.

The Chief Executive had his appraisal during 2019/20; this was undertaken by the Chair of the Trust together with the Senior Independent Director. From the appraisal a report was then submitted to the Remuneration Committee and also the Council of Governors.

The annual appraisal method is chosen as it is an effective way to assess performance against a range of performance targets and leadership responsibilities and includes feedback from non-executive directors.

In coming to any decision on remuneration, the committee takes account of the circumstances of the Trust, the size and complexity of the role, any changes in the director’s portfolio, the performance of the individual and any appropriate national guidance. Senior managers are remunerated based on these decisions.

In considering senior managers pay the committee has used the NHS Improvement Senior Managers benchmarking tool and guidance framework from 2018/19 onwards.

Final decisions on any recommendation to uplift remuneration are taken by the committee. It also took note of the requirement to consider any pay above a threshold of £150,000. This is a requirement from the Secretary of State in respect of salaries higher than that of the national salary of the Prime Minister. All salaries above this threshold have been sanctioned in this way.

## Future policy tables

This section describes the policy narrative relating to the components of the remuneration packages for senior managers (Executive and Non-Executive Directors). Each of the components detailed in those tables supports the Trust in terms of its long term strategic objectives.

Setting and reviewing pay is not a simple matter. It is vital to recruit and retain talent and to operate the pay system fairly; but it is also necessary to have a robust process for reviewing remuneration and to be able to demonstrate sensible use of public money.

In the case of executive jobs the Remuneration Committee made the decision that from 2018/19 job evaluation and remuneration of Senior and Very Senior Managers would be conducted using the NHS Improvement 'Guidance on the pay for very senior managers in NHS trusts and foundation trusts' tool. The Trust is identified as a medium sized acute Trust for the purpose of this tool.

The Trust also includes a performance discussion at the same time as the annual review of roles and salary but does not apply a performance related pay process. No new elements were added within the remuneration packages during 2019/20 and no changes to the current elements were made.

Element	Policy
<b>Base pay</b>	Base pay is determined through job evaluation, market benchmarking and internal relativities and is used to attract and reward the right calibre of leadership to deliver the Trust's short, medium and long term objectives.
<b>Pension</b>	Executive directors are able to join the standard NHS pension scheme that is available to all staff.
<b>Retention premium</b>	A retention premium is paid to reflect the nature of the individual contribution of the post holder and encourage retention in the face of a difficult recruitment market and in some cases in difficult to recruit into roles.
<b>Bonuses</b>	Bonuses were not given to staff, including senior managers.
<b>On call payment</b>	In relation to executive pay, no board members receive on call payment
<b>Benefits</b>	The Trust operates a number of salary sacrifice schemes including cycle scheme and child care vouchers. These are open to all members of staff. The individual foregoes an element of their basic pay in return for a defined benefit.
<b>Travel expenses</b>	Appropriate travel expenses are paid for business miles.
<b>Declaration of gifts</b>	As with all employees senior managers must declare any gifts or hospitality according to Trust policy with a value in excess of £25.

Base salaries are set in line with the NHS Improvement benchmarking tool and guidance and are designed to ensure retention, recruitment, of the calibre and experience required to deliver the aims of the Trust. Salaries are revised annually and uplifted only if:

- There is demonstrable evidence that an uplift is required to keep in line with the market
- A change of portfolio necessitates uplift.

The maximum value of each pay element is determined on a case-by-case basis with NHSI guidance being used for positioning of salaries using the tables and guidance produced.

### Remuneration policy for Non-Executive Directors

Remuneration of the Chair and NEDs for 2019/20 is as follows and is undertaken by the Council of Governors Appointments and Remuneration Committee (ARC):

<b>Name</b>	<b>Salary 2019/20</b>	<b>Salary 2018/19</b>
<b>Anne Shaw</b> (Chair)	£51,500	£50,000
<b>Linda Jackson</b>	£51,500 for Chair role £18,500 for Vice Chair	£12,500 £2,426 for Deputy Chair
<b>Terry Moran CB</b> (also Chair of HUTH where he is remunerated at the same level by them following the establishment of a single Chair role across both trusts)	£37,500 (Commenced 3 February 2020)	n/a
<b>Neil Gammon</b>	£13,045 (Commenced November 2019)	n/a
<b>Stan Shreeve</b>	n/a	£12,500 (left June 2018), £2,426 for Chair of Audit, Risk and Governance Committee
<b>Anthony Bramley</b>	£13,045, £2,499 for Chair of Audit, Risk and Governance Committee	£12,500
<b>Sandra Hills</b>	£13,045, £2,499 for Senior Independent Director	£12,500
<b>Jeffrey Ramseyer</b>	£13,045	£12,500 (Commenced June 2018)
<b>Nicholas Mapstone</b>	£12,875, £2,498 for Chair of Audit, Risk and Governance Committee (Left May 2019)	£12,500 (Commenced June 2018), £2,426 for Chair of Audit, Risk and Governance Committee
<b>Michael Whitworth</b>	£13,045 (Commenced January 2020)	n/a

### Future Policy Table for Non-Executive Directors

Element	Policy
Fee payable	They receive a base salary based on the number of days they work
Additional fees	They can claim a subsistence allowance
Percentage uplift (cost of living increase)	This is reviewed, although not applied
Travel	Appropriate travel expenses are paid for business miles
Uplift	Chair of the Audit Committee receives an uplift for being chair

### Performance and appraisal of the Executive Directors

The system of appraisal is the same as all staff, in that the Trust's appraisal process, which is linked to our vision and values, is used to appraise executives.

### Service contract obligations

HM Treasury has issued specific guidance on severance payments within 'Managing Public Money' and special severance payments when staff leave requires Treasury approval. Alongside this the Trust observe NHS Improvement 'Guidance on pay for very senior managers in NHS Trusts and Foundation Trusts' which was March 2018. All contracts are permanent with no fixed end date. However, four executive positions were Acting or Interim at various points throughout 2019/20. There are no contractual provisions for payments on termination of contract. This is the case on a substantive or interim basis.

### Policy on payments for loss of office

There is currently no provision within the Remuneration Policy for payment for loss of office on senior managers' contracts and no payments have been made during 2019/20. There is a clause which enables the Trust to reclaim relocation monies if the individual leaves within an agreed period of their appointment. None have been claimed during 2019/20.

### Statement of consideration of employment conditions elsewhere in the Trust

There has been no formal consultation regarding the senior managers' Remuneration Policy.

### Policy on notice periods

Executive Directors have to provide a period of three months' notice should they wish to terminate their employment with the Trust.

### Signature:



**Chair of the Trust and Chair of the Remuneration Committee:** Terry Moran CB

**Date:** 19 June 2020

## **Annual report on remuneration**

This section includes a description of the work of the committees that are involved in the appointments of both the Executive and Non-Executive Directors, and in determining their respective salaries and remuneration. These are:

- The Remuneration Committee
- The Appointments and Remuneration Committee.

### **The Remuneration Committee (a sub-committee of the Board of Directors)**

The Remuneration Committee is a sub-committee of the Trust Board and was established in accordance with the Trust Constitution and Monitor's NHS Foundation Trust Code of Governance (July 2014) for the purpose of setting the remuneration of Executive Directors of the Trust Board and those reporting directly to the Chief Executive.

It is responsible for determining the pay and terms of service for Executive Directors and is accountable to, and reports directly to, the Trust Board. Its key objective is to ensure that remuneration packages are sufficient to attract, retain and motivate executive directors of the quality required for the successful operation of the Trust, while avoiding paying excessively for this purpose. Remuneration includes pay, all contractual terms and conditions, pensions and redundancy or settlement entitlements.

The committee also has delegated responsibility for recommending and monitoring the level and structure of remuneration of its senior managers. The definition of senior manager for this purpose will include the first layer of management below board level (see NHSI's Code of Governance D2.2).

The committee is comprised of three Non-Executive Directors. Other Directors attend meetings or parts of meetings by invitation as required for specialist advice including the Chief Executive and Director of People and Organisational Effectiveness.

In accordance with NHSI's Code of Governance no Director is involved in deciding his/her remuneration (Para D2a).

The Remuneration Committee is independent of the executive arm of the Board of Directors. However, during 2019/20 the committee has taken advice internally from the Director of People and Organisational Effectiveness (POE).

The table overleaf illustrates the attendees and their attendance at the Remuneration Committee meetings held between 1 April 2019 and March 31 2020.

<b>Name</b>	<b>Title</b>	<b>Date of attendance</b>
<b>Anne Shaw</b>	Trust Chair, and Chair of Remuneration Committee from March 2018	<b>2019:</b> 18 April, 16 May, 30 May, 11 July, 01 August
<b>Linda Jackson</b>	Non-Executive Director/Vice Chair and Chair of Remuneration Committee from August 2019	<b>2019:</b> 18 April, 16 May, 30 May, 11 July, 01 August, 29 August, 09 October, 14 November <b>2020:</b> 04 February, 27 February
<b>Claire Low</b>	Acting Director of People and Organisational Effectiveness	<b>2019:</b> 18 April, 16 May, 30 May, 01 August, 29 August, 09 October, 14 November <b>2020:</b> 04 February, 27 February
<b>Wendy Booth</b>	Trust Secretary	<b>2019:</b> 18 April, 16 May, 30 May, 11 July, 29 August, 09 October, 14 November <b>2020:</b> 04 February, 27 February
<b>Anthony Bramley</b>	Non-Executive Director	<b>2019:</b> 18 April, 16 May, 30 May, 11 July, 01 August, 29 August, 09 October, 14 November <b>2020:</b> 04 February, 27 February
<b>Sandra Hills</b>	Non-Executive Director	<b>2019:</b> 18 April, 16 May, 30 May, 11 July, 01 August, 29 August, 14 November
<b>Nicholas Mapstone</b>	Non-Executive Director	<b>2019:</b> 18 April, 16 May
<b>Jeff Ramseyer</b>	Non-Executive Director	<b>2019:</b> 18 April, 16 May, 11 July, 01 August, 29 August, 14 November <b>2020:</b> 04 February, 27 February
<b>Wendy Stokes</b>	Exec PA to Director of People and Organisational Effectiveness – taking minutes	<b>2019:</b> 30 May, 29 August, 09 October, 14 November <b>2020:</b> 04 February, 27 February

### **Advice to the committee**

External advice to the Remuneration Committee is provided by the NHS Improvement benchmarking tool and guidance for Senior and Very Senior Managers.

NHS Improvement guidance provides both job evaluation and remuneration benchmarking from comparison of the size of the Trust, based on annual budget, against comparator Trusts of an equivalent size (budget). For the purposes of this exercise the Trust is classified as a medium sized Trust.

## Directors' contracts

Details of the contract start date for the Chief Executive and other members of the Executive Team who served during 2019/20 are set out in the table below.

<b>Name</b>	<b>Title</b>	<b>Date of contract</b>	<b>Notice period from the Trust</b>	<b>Notice period to the Trust</b>
<b>Dr Peter Reading</b>	Chief Executive	18/08/2017	Three months	Three months
<b>Jayne Adamson</b>	Director of People and Organisational Effectiveness	01/08/2016	Three months	Three months
<b>Claire Low</b>	Acting Director of People and Organisational Effectiveness	03/03/2019	Acting up arrangements continue into 2020/21	
<b>Tara Filby</b>	Chief Nurse	09/10/2015 to 16/02/2020	On secondment from 01/10/2018 to 16/02/2020	
<b>Ellie Monkhouse</b>	Chief Nurse (Interim Chief Nurse)	01/05/2019 (Nov 15 2018 – April 30 2019)	Three months	Three months
<b>Mr Lawrence Roberts</b>	Medical Director	07/07/2015 to 24/04/2019	Three months	Three months
<b>Kate Wood</b>	Medical Director	01/04/2019	Three months	Three months
<b>Wendy Booth</b>	Trust Secretary	01/10/2018	Three months	Three months
<b>Marcus Hassall</b>	Director of Finance	01/08/2014	Three months	Three months
<b>Richard Eley</b>	Interim Director of Finance	17/12/2018 to 22/09/19	n/a	n/a
<b>Pam Clipson</b>	Director of Strategy and Planning	13/06/2014 to 30/08/2019	Three months	Three months
<b>Jug Johal</b>	Director of Estates and Facilities	14/08/2014	Three months	Three months
<b>Shaun Stacey</b>	Chief Operating Officer	29/05/2018	Three months	Three months
<b>Ivan McConnell</b>	Director of Strategic Development	16/03/2020	Three months	Three months
<b>James Hayburn</b>	Interim Director of Finance	16/09/2019	n/a	n/a

Details of the non-executive directors who have served during the course of 2019/20 are shown in the table below, along with details of their current terms of appointments. The tenure (length) of employment for Non-executive Directors is set out in the Trust's Constitution and is for three years, and then subject to reappointment. Any terms beyond six years is subject to rigorous review by the Council of Governors (CoG) and Non-executive Directors serving beyond this are subject to an annual reappointment.

<b>Name</b>	<b>Appointment date</b>	<b>Start of current term</b>	<b>End of current term</b>
<b>Anne Shaw</b> (Chair)	14/09/2016	14/09/2016	14/09/2019
<b>Terry Moran</b> (Joint Chair with HUTH)	03/02/2020	03/02/2020	31/01/2022
<b>Linda Jackson</b> NED and Deputy Chair	29/09/2016	01/11/2017	15/09/2019
Acting Chair	16/09/2019	16/09/2019	29/02/2020
NED and Deputy Chair	01/03/2020	01/03/2020	05/09/2021
<b>Anthony Bramley</b>	03/01/2017	03/01/2017	03/01/2022
<b>Sandra Hills</b>	03/01/2017	03/01/2017	03/01/2022
<b>Nicholas Mapstone</b>	26/06/2018	26/06/2018	17/05/2019
<b>Jeffrey Ramseyer</b>	26/06/2018	26/06/2018	26/06/2020
<b>Neil Gammon</b>	25/11/2019	25/11/2019	24/11/2020
<b>Michael Whitworth</b>	08/01/2020	08/01/2020	07/01/2021

### **The Appointments and Remuneration Committee (a sub-committee of the Council of Governors)**

The Appointment and Remuneration Committee (ARC) is a sub-committee of the Council of Governors. It sets the remuneration and terms of service for the Non-Executive Directors (NEDs), and it plays a role in the appointment of NEDs. The table below shows the number of Appointments and Remuneration Committee meetings in 2019/20 that were attended by each member of the committee.

## Appointment of Executive and Non-Executive Directors in 2019/20

There were two executive appointments during 2019/20. There were two non-executive director appointments in 2019/20.

Meeting dates						
<b>PUBLIC GOVERNOR MEMBERS</b>	<b>03/07/19</b>	<b>10/09/19</b>	<b>12/12/19</b>	<b>19/12/19</b>	<b>25/03/20</b>	<b>Total</b>
<b>Brian Page (ARC chair)</b>	P	P	P	P	P	5 out of 5
<b>Jeremy Baskett</b>	A	P	P	P	P	4 out of 5
<b>Paul Grinell</b>	P	P	P	P	P	5 out of 5
<b>Tim Mawson</b>	P	P	P	P	A	4 out of 5
<b>Rob Pickersgill</b>	P	A	P	P	P	4 out of 5
<b>Liz Stones</b>	A	P	P	P	A	3 out of 5
<b>Claire Low</b> (Acting Director of People and Organisational Effectiveness)				P		1 out of 1
<b>Paul Bunyan</b> (Head of Recruitment and Employment Services)	P				P	2 out of 2
<b>Wendy Booth</b> (Trust Secretary)	P	P	P	P	P	5 out of 5
<b>Warren Brown</b> (Director of Performance and Improvement, NHSE/I)				P		1 out of 1
<b>Sandra Hills</b> (NED and Senior Independent Director)	P	P	P	P	P	5 out of 5
<b>Alison Hurley</b> (Membership Manager and Assistant Trust Secretary)			P	P		2 out of 2
<b>Linda Jackson</b> (Interim Trust Chair)			P			1 out of 1
<b>Peter Reading</b> (Chief Executive)				P		1 out of 1
<b>Anne Shaw</b> (Trust Chair)	P					1 out of 1

## Off payroll engagements

**Table 1: Off-payroll engagements longer than six months**

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

	Number
Total number of existing engagements as of 31 March 2020	0
<i>Of which, the number that have existed:</i>	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	0
for between two and three years at the time of reporting	0
for between three and four years at the time of reporting	0
for four or more years at the time of reporting	0

**Table 2: New Off-payroll engagements**

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

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	0
<i>Of which:</i>	
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

**Table 3: Off-payroll board member/senior official engagements**

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

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure should include both on payroll and off-payroll engagements	23

## Directors and Governors expenses 2019/20

	Total in office	Total receiving expenses	Total expenses
			£00's
<b>2019/20</b>			
Directors	23	15	314
Governors	25	12	40
<b>2018/19</b>			
Directors	23	17	444
Governors	19	9	45

### Remuneration of all other staff

Agenda for Change (AfC), the nationally introduced pay reform for the NHS which was introduced in October 2004, covers all directly employed staff, except very senior managers and those covered by the Doctors Dentists Pay Review Body.

For all local pay arrangements not determined by AfC, pay increases were consisted with AfC increases. A robust system of appraisal and personal development planning has been adopted for all staff.

A different approach is adopted in relation to the Trust Executive because all other staff are on national terms and conditions and the executive team members' remuneration is determined locally.

AfC staff have clear incremental progression, which is performance related, and medical and dental staff are on a separate contractual agreement which also allows for incremental progression and the award of substantial additional payments for clinical excellence. They are also able to benefit from an annual cost of living award, if this is agreed nationally.

It was not felt appropriate for executive team members to be on an incremental scale unless this involved performance related assessments. The priority was to provide a simple, clear and transparent model in which senior posts are operating.

Salaries are inclusive and there is no additional cost of living award. Strategically, this strategy is designed to enable the Trust to recruit and retain the level of skills and expertise we cannot effectively function without.

The remuneration policy for senior managers is determined independently to that for employees of the Trust.

### Expenditure on consultancy

During 2019/20 the Trust has spent £1,935k on consultancy fees compared to £2,640k in the previous financial year.

### Pay multiple statement (subject to audit)

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

The banded remuneration of the highest paid director in Northern Lincolnshire and Goole NHS Foundation Trust in the financial year 2019/20 was £230,000 - £235,000 (2018/19, £190,000-195,000).

This was 9.6 times (2018/19, 8.2 times) the median remuneration of the workforce, which was £24,000 (2018/19, £24,000).

In 2019/20, no employees received remuneration in excess of the highest-paid director.

Information on the gender pay gap can be found on the Cabinet Office website (<https://gender-pay-gap.service.gov.uk/>).

The Trust's gender pay gap is reported on its website and can be found here: <https://www.nlg.nhs.uk/content/uploads/2019/03/Gender-Pay-Gap-Report-March-19.pdf>

### Pay multiple table (subject to audit)

	2019/20	2018/19	Notes
Band of highest paid director's total remuneration (£000)	230-235	190-195	
Median remuneration (£000)	24	24	2
Ratio	9.6	8.2	3

## Directors' remuneration 2019/20 (subject to audit)

Name and Title		Salary	Benefits in kind	Pension Related benefit	Total	
		(bands of £5,000)	(£s, to the nearest £100)	(bands of £2,500)	(bands of £5,000)	
		£000's	£'s	£000's		
<b>Mr T Moran</b>		Chair joint with Hull University Teaching Hospitals NHS Trust (appointed 3/2/20)	£5 - £10	-	-	£5 - 10
<b>Mrs L Jackson</b>		Chair (16/9/19-2/2/20) and Non Executive Director	£30 - £35	-	-	£30 - £35
<b>Mrs A Shaw</b>		Chair (Resigned 15/9/19)	£25 - £30	-	-	£25 - £30
<b>Dr PR Reading</b>	1	Chief Executive	£200 - £205	13,300	-	£210 - £215
<b>Mr S Stacey</b>		Chief Operating Officer	£125 - £130	-	£10.5 - £12.5	£135 - £140
<b>Miss C Low</b>		Acting Director of People and Organisational Effectiveness	£95 - £100	-	-	£95 - £100
<b>Mrs VJ Adamson</b>		Director of People and Organisational Effectiveness	£125 - £130	-	£27.5 - £30.0	£155 - £160
<b>Mrs E Monkhouse</b>		Chief Nurse (Interim from 15/11/18, appointed 1/5/19)	£155 - £160	-	£92.5 - £95.0	£250 - £255
<b>Mr L Roberts</b>		Medical Director (Resigned 24/4/19)	£25 - £30	-	-	£25 - £30
<b>Mrs KA Wood</b>		Medical Director	Disclosure omitted			
<b>Mrs W Booth</b>		Director of Performance Assurance and Trust Secretary	£95 - £100	-	-	£95 - £100
<b>Mr M Hassall</b>	1	Director of Finance	£120 - £125	2,000	£50 - £52.5	£175 - £180

Mrs K Wood has opted for her information not to be disclosed.

## Directors' remuneration 2019/20 (subject to audit) continued

Name and Title		Salary	Benefits in kind	Pension Related benefit	Total	
		(bands of £5,000)	(£s, to the nearest £100)	(bands of £2,500)	(bands of £5,000)	
		£000's	£'s	£000's		
<b>Mr J Hayburn</b>		Interim Director of Finance (Appointed 16/9/19)	£120 - £125	-	-	£120 - £125
<b>Mr R Eley</b>		Interim Director of Finance (Resigned 27/9/19)	£105 - £110	-	-	£105 - £110
<b>Mr IP McConnell</b>		Director of Strategic Development (appointed 16/3/20)	£5 - £10	-	-	£5 - £10
<b>Mrs P Clipson</b>		Director of Strategy and Planning (resigned 30/8/19)	£60 - £65	-	£22.5-£25.0	£85 - £90
<b>Mr J Johal</b>	1	Director of Estates and Facilities	£115 - £120	14,200	£60.0 - £62.5	£190 - £195
<b>Mr A Bramley</b>		Non Executive Director	£15 - £20	-	-	£15 - £20
<b>Mr N Gammon</b>		Non Executive Director (Appointed 18/11/19)	£0 - £5	-	-	£0 - £5
<b>Mrs S Hills</b>		Non Executive Director	£10 - £15	-	-	£10 - £15
<b>Mr N Mapstone</b>		Non Executive Director (resigned 17/5/19)	£0 - £5	-	-	£0 - £5
<b>Mr J Ramseyer</b>		Non Executive Director	£10 - £15	-	-	£10 - £15
<b>Mr M Whitworth</b>		Non Executive Director (appointed 8/1/20)	£0 - £5	-	-	£0 - £5
		<b>£000</b>	<b>£'s</b>			
<b>Gross remuneration – including national insurance and pension contributions</b>		2,084	29,500			

## Audited directors' remuneration 2018/19

Name and Title		Salary	Benefits in kind	Pension Related benefit	Total
		(bands of £5,000)	(£s, to the nearest £100)	(bands of £2,500)	(bands of £5,000)
		£000's	£'s	£000's	
Mrs A Shaw		Chair	£50 - £55	-	£50 - £55
Dr PR Reading	1	Chief Executive	£195 - £200	12,100	£205 - £210
Mr R Sunley		Deputy Chief Executive (Resigned 31/5/18)	£20 - £25	-	£20 - £25
Mr S Stacey		Chief Operating Officer	£100 - £105		£202.5 - £205.0 £310 - £315
Miss C Low		Acting Director of People and Organisational Effectiveness	£0 - £5	-	£0 - £5
Mrs VJ Adamson		Director of People and Organisational Effectiveness	£125 - £130		£18.5 - £20.0 £145 - £150
Mrs E Monkhouse		Interim Chief Nurse (Interim from 15/11/18)	£45 - £50	-	£45 - £50
Miss E Coghill		Acting Chief Nurse (1/10/18 – 14/11/18)	£10 - £15	-	£77.5 - £80 £90 - £95
Mrs T Filby		Chief Nurse (Resigned 30/9/18)	£60 - £65	5,500	£222.5 - £225 £285 - £290
Mr L Roberts		Medical Director	£190 - £195	-	£190 - £195
Mrs KA Wood		Acting Medical Director	Disclosure omitted		
Mrs W Booth	1	Director of Performance Assurance and Trust Secretary	£80 - £85	-	£80 - £85
Mr M Hassall	1	Director of Finance	£120 - £125	6,800	£845 - £847 £975 - £980
Mr R Eley		Interim Director of Finance (Resigned 27/9/19)	£65 - £70	-	£65 - £70

## Audited directors' remuneration 2018/19 continued

Name and Title		Salary	Benefits in kind	Pension Related benefit	Total	
		(bands of £5,000)	(£s, to the nearest £100)	(bands of £2,500)	(bands of £5,000)	
		£000's	£'s	£000's		
<b>Mrs P Clipson</b>		Director of Strategy and Planning	£110 - £115	-	£7.5 - £10.0	£120 - £125
<b>Mr J Johal</b>	1	Director of Estates and Facilities	£120 - £125	11,300	£15.0 - £17.5	£140 - £145
<b>Mr A Bramley</b>		Non Executive Director	£10 - £15	-	-	£10 - £15
<b>Mrs S Cousland</b>		Non Executive Director	£0 - £5	-	-	£0 - £5
<b>Mrs S Hills</b>		Non Executive Director	£10 - £15	-	-	£10 - £15
<b>Mrs L Jackson</b>		Non Executive Director	£10 - £15	-	-	£10 - £15
<b>Mr N Mapstone</b>		Non Executive Director	£5 - £10	-	-	£5 - £10
<b>Mr J Ramseyer</b>		Non Executive Director	£5 - £10	-	-	£5 - £10
<b>Mr S Shreeve</b>		Non Executive Director	£0 - £5	-	-	£0 - £5
		<b>£000</b>	<b>£'s</b>			
<b>Gross remuneration – including national insurance and pension contributions</b>		2,000	35,700			

**Pension Benefits 2019/20 (subject to audit)**

Name	Title	Real Increase/(Decrease) in pension at pension age (bands of £2,500)	Real Increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real Increase/(Decrease) in Cash Equivalent Transfer Value
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Mrs VJ Adamson</b>	Director of People and Organisational Effectiveness	0 - 2.5	-	20 - 25	-	381	339	42
<b>Mrs E Monkhouse</b>	Chief Nurse	5.0 - 7.5	7.5 - 10	40 - 45	90 - 95	672	511	161
<b>Mr M Hassall</b>	Director of Finance	2.5 - 5.0	2.5 - 5.0	45 - 50	105 - 110	857	782	75
<b>Mr J Johal</b>	Director of Estates and Facilities	2.5 - 5.0	2.5 - 5.0	20 - 25	35 - 40	327	273	54
<b>Mr IP McConnell</b>	Director of Strategic Development	7.5 - 10	0.0	5 - 10	-	134	-	134
<b>Mr S Stacey</b>	Chief Operating Officer	0 - 2.5	-	10 - 15	25 - 30	277	239	38
<b>Mrs KA Wood</b>	Medical Director	Disclosure omitted						

The Chairman and Non-Executive Directors do not receive pensionable remuneration, therefore there are no entries in respect of pensions for the Chairman and Non-Executive Directors.

**Notes to salary and pension entitlements and pay multiple tables**

- 1 - Benefit in kind relates to Lease Cars
- 2 - The median Remuneration is the middle item salary when the annualised salaries of all members of staff including agency and seconded staff, (excluding bank staff and the highest paid director) are arranged in descending order.
- 3 - The ratio is obtained by dividing the highest paid directors salary by the median salary.
- 4 - Where the calculation of the pension related benefit results in a negative value, this has been shown as zero.

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The basis of CETV calculations are based in the Department of Work and Pensions regulations which came into force on 13th October 2008.

This year the CETV's shows reduction in real term in most cases due to not having any inflation factors applied.

## Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period. No inflation factors have been applied this financial year as per the guidance from NHS Pensions Agency.

**Signature:**



**Chief Executive and Accountable Officer:** Dr Peter Reading

**Date:** 19 June 2020

## Staff Report

The Trust recognises that it can only deliver compassionate, safe quality care if it has an enthusiastic, innovative, hardworking and engaged workforce. How staff feel about working here and their commitment to their patients and the Trust are all essential if they are to provide outstanding care to patients. This is never more true than during the coronavirus challenges facing the NHS towards the end of this report's reporting period.

The Trust cannot underestimate the drivers and impact of continued double special measures and COVID-19 is having on its workforce and how this affects the Trusts organisation culture transformation plan.

During normal circumstances or the recent challenges facing the Trust recruiting and retaining the right people, and thereafter supporting their health and wellbeing, invest in them so they maintain the highest knowledge and skills, and supports them in doing their jobs vitally important. The morale and staff voice across all staff groups has been low in recent years as demonstrated through the national staff survey and the recent medical engagement scale survey.

In response to these surveys the Trust has continued to invest in its Pride and Respect Programme and improving its staff engagement and staff reward schemes. The fantastic response to these initiatives has seen an increasing number of staff becoming Pride and Respect Champions; over 3000 staff have now voluntarily taken part in training looking at how culture and behaviour can impact on both staff and patient experience; and a number of staff have taken advantage of the Trust's mediation service to overcome issues with their colleagues. Furthermore many more staff have celebrated long service awards or become recipients of Team of the Week, or other new recognition awards.

The Trust's quality improvement programme – Improving Together – continues to focus on delivering safe staffing levels across all services at the Trust, with particular focus on registered nurses, medical staff and Allied Health Professionals.

From April 2019 to March 2020 vacancies increased by 40.7 whole time equivalents (wte) from 372.65 wte to 413.35 wte. However during this period the budgeted establishment increased by 109 wte. Over the period vacancies for registered nurses remained constant, despite an increase in establishment, and vacancies for doctors fell by 13 wte.

The medical vacancy position has continued to improve and 19/20 saw the lowest medical vacancy rate in over 5 years. The Deanery training rotation fill rate improved further from 77.12% in August 2018 to 88.02% in August 2019.

Staff turnover (12 month moving average, for all staff groups) between April 2019 and March 2020 is 8.7%, and, even taking into account in month variation, has remained consistently below the Trust's turnover target of 9%.

## Apprenticeships

The Trust is committed to utilising the Apprenticeship Levy for the development of our staff and to support our community. We currently offer 40 different apprenticeships from level 2 to level 7 over a range of clinical and non-clinical roles. The Trust is recognised regionally and nationally for 'leading the way' with the use of the apprenticeship levy in developing current staff to grow our own and using the Levy to support innovative new roles. In 2019/20 the Trust also used the Levy to support four social care providers with over £200k with of levy transfer to support a system wide approach to supporting patient pathways and developing a skilled work force across health and social care.

## Volunteers

The enormous contribution made by volunteers continues to humble the Trust as they dedicate their time for free. Even more humbling was volunteers continuing to come in to help during the coronavirus outbreak. The Trust is truly grateful to the 450 volunteers who helped out across the three hospital offering support and help to patients and staff. They tirelessly work in the hospitals providing a range of services from 'meet and greet', which sees them escorting patients and visitors around the hospital sites, to assisting patients at mealtimes and helping in clinics. Many more opportunities for volunteering are available and the Trust will endeavour to place each individual in the most appropriate area to suit their skills and expertise. Volunteers from external agencies including the League of Friends and Hospital Radio also provide services that enhance a patients' hospital experience.

## Information on health and safety performance

Health and safety compliance is managed by the safety and statutory compliance team. It is monitored via the Health, Safety and Fire (HFS) Group is a sub-group of, and reports to, the Trust Audit, Risk and Governance (ARG) Committee, which is a sub-committee of the Trust Board. Governance and Health and Safety Groups are established in divisions as well as those existing with other groups such as ARG, Security Group and Joint Negotiating Consultative Committee (a Senior Management Team from Estates and Facilities attends JNCC). Highlight reports are submitted where appropriate to the relevant groups and board briefings on health and safety are undertaken at appropriate times. Working with the Estates and Facilities directorate the team also offers health and safety advice to other divisions and groups to enable consistent implementation of safety management throughout the Trust. The non-clinical performance of the Trust is monitored via the HFS Group which has union and non-union safety representatives and escalates any issues to the relevant groups, and also to Directors when required. The team has also worked during the year to build in practices and procedures which will improve the safety management system and work towards accreditation to the ISO45001 standard. In addition the Trust has had a bespoke training course developed for managers and team leaders which is licenced via IOSH (Institution of Occupational Health) the professional body for health and safety within the UK. In respect of reporting incidents under the RIDDOR requirements there were seven incidents that required reporting via the HSE reporting portal for the 2019/20 period.

## Staff policies and actions

<p>Policies for giving full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities</p>	<p>The Trust has a recruitment and selection policy, which sets out how the Trust ensures fair recruitment practices throughout the attraction, selection and recruitment of candidates, including compliance with the Jobcentre Plus “Disability Confident” standards. This is reviewed through the Trust’s electronic tracking ‘TRAC’ recruitment system.</p>
<p>Policies applied for continuing the employment of, and for arranging appropriate training for, employees who become disabled during the period</p>	<p>The Trust adheres to the Equality Act 2010, and has introduced an Equality Impact Assessment Policy and Procedure that supports, line managers to make reasonable adjustments and use referrals to the occupational health team to ensure the continued employment of employees who become disabled persons. In addition, the HR team provides direct support to staff affected and managers. Going forward plans are in place to introduce a new Workforce Disability Equality standard which will help to measure the experience of our disabled staff.</p>
<p>Policies applied during the year for the training, career development and promotion of disabled employees</p>	<p>There is equality access to training for all staff. Policies applied during the year for the training, career development and promotion of disabled employees are:</p> <ul style="list-style-type: none"> <li>• Personal Development Review Policy</li> <li>• Recruitment Policy</li> <li>• Attendance Management Policy</li> <li>• Managing Employee Performance</li> <li>• Special Leave Policy</li> <li>• Safeguarding Policy</li> </ul> <p>All our policies have an equality impact assessment.</p>
<p>Actions taken in the year to provide employees systematically with information on matters of concern to them as employees</p>	<p>The Trust uses a variety of internal communications channels to inform staff including: all staff emails; a weekly team brief which is emailed to all staff; bulletins posted on the Intranet; chief executive monthly senior leadership community briefing; face-to-face channels and the staff/members magazine.</p>
<p>Actions taken to consult staff on a regular basis so that the views of staff can be taken into consideration in making decisions which are likely to affect their interests</p>	<p>The Trust has regular meetings with its Joint Negotiating Consultative Committee for formal discussions relating to staffing issues. Collective consultations would be enacted where there are more specific issues affecting employees i.e. restructures. In addition an initiative called Pride &amp; Respect, which launched in 2017, is involving employees in a cultural change programme designed to improve engagement with all staff.</p>

## Information on occupational health

Occupational Health (OH) is concerned with the impact of health on work and work on health, with a focus on keeping Trust staff healthy and at work. The service accepts referrals from members of staff, managers and recruitment. Over the last year OH has worked hard to streamline its processes and work in different ways to increase efficiency and productivity and this has been reflected in the significant improvements to waiting times for appointments and pre-employment health clearances.

A major contributor to the improved time to recruit (from an Occupational Health perspective) has been the successful introduction of Occupational Health Technicians. Another major success for the Trust as a whole has been the use of Peer Vaccinators and subsequent achievement of 66% uptake of the influenza vaccine in frontline workers.

This means that a greater proportion of frontline staff have helped to protect themselves, their families and patients than ever before. Over the coming year OH will consolidate the improvements made and the service will also begin to change the way it works to help to keep staff healthy and well physically, emotionally and mentally. It is looking to work differently with line managers to become more responsive and better support members of staff who become ill to remain in or return to work.

## Involvement of employees

Staff at the Trust have a number of ways to get involved in the work and development of the Trust, and to be consulted on any changes. These are:

- A monthly JNCC (Joint Negotiating and Consultation Committee Meeting) for Staffside representatives
- A monthly JLNC (Joint Local Negotiating Committee) for medics
- Fortnightly policy sub-group meetings with representatives to discuss and agree policy updates
- Staff networks, including Multicultural and Faith, LGBT+ and the recently launched Disability network
- A Pride and Respect Steering Group, chaired by a clinician, to work on driving cultural change through behavioural frameworks and embedding the Trust's values of Kindness Courage Respect
- Staff Governors who meet regularly with senior management and take part in the Council of Governors meetings throughout the course of the year

## Trade union facility time

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
15	6783

### Percentage of time spent on facility time

Percentage of time	Number of employees
0	6768
1-50	12
51-99	1
100	2

### Percentage of pay bill spent on facility time

	Figures
Total cost of facility time	£109,689.47
Total pay bill	£294,640,000
Percentage of the total pay bill spent on facility time	0.037

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.12
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## Staff sickness absence

Figures converted by DH to Best Estimates of Required Data Return		Statistics published by NHS Digital from ESR Data Warehouse	
	Expected sign	2019/20 Number	2018/19 Number
Total days lost	+	70,696 (FTE days lost)	86,330 (FTE days lost)
Total staff years	+	6,152 (Total staff FTE)	5,612 (Total staff FTE)
Average working days lost (per WTE)	+	12	15

## Staff engagement and communications

In 2019/20 the Trust continued to work hard to communicate with staff and help them feel involved in the work and the decisions of the Trust. The Communications Team at the Trust is working hard to present information to staff under four headings:

- Thanking and celebrating them
- What the Trust is doing to improve services
- Service changes when they happen and plans for future ones
- More detail on the Trust's performance against national targets. Its own self-defined priorities and its financial positions.

The team and other colleagues are always looking to try to find new ways to communicate staff and also to build on what already exists. This included:

- Running development sessions for senior leaders
- Putting on a number of events to talk to staff directly about the latest developments with the Humber Acute Service Review
- Continuing its monthly briefing of senior leaders
- Continuing to answer staff questions and concerns through the very successful and very popular 'Ask Peter' service where staff can directly ask the Chief Executive a question and have an answer published for all staff to read
- Producing six printed newsletters every year for staff to find out more about what is happening across the Trust
- Publishing regular content on the Trust's social media channels – particularly Facebook and Twitter
- Sending out a weekly email to all staff to provide timely information about, for example, changes to senior personnel, estates or policies and procedures
- A regular email from the Chief Executive every Monday to inform staff of his work, his visits and the priorities for the coming week

## Fraud, bribery and corruption statement

Fraud is estimated to cost the NHS over a billion pounds a year that could have been spent on patient care, so everyone has a duty to help prevent it. NHS fraud may be committed by staff, patients and suppliers of goods/services to the NHS. The Trust is committed to deterring and detecting all instances of fraud, bribery and corruption as far as possible within the Trust and ensuring that losses are reduced to an absolute minimum, therefore ensuring that valuable public resources are used for their intended purpose of delivering the best possible care and patient experience. The NHS Counter Fraud Authority (NHSCFA) provides the national framework through which NHS trusts seek to minimise losses through fraud. The Director of Finance is nominated to lead counter fraud work and is supported by the Trust's Local Counter Fraud Specialist (LCFS). The Trust follows the guidance contained in the NHS Provider Standards and ensures our contractual obligations with our local clinical commissioning groups are adhered to.

The Trust has a robust Local Counter Fraud, Bribery and Corruption Policy and Response Plan which provides a framework for responding to suspicions of fraud and provides advice and information on various aspects of fraud investigations. The Trust also has a Standards of Business Conduct Policy which sets out the expectations we have of all our staff where probity is concerned. The policy also contains a statement from the Trust's Chief Executive in relation to ensuring that the organisation is free from bribery and corruption. There are references to counter fraud measures and reporting processes in various other Trust policies and procedures.

The Trust has an in-house collaborative counter fraud arrangement with two other local acute NHS trusts, which allows the Trust to have a LCFS permanently on site, supported by a small team of counter fraud specialists dedicated to combatting fraud within a secondary care setting. In addition to raising awareness of fraud against the NHS throughout the year, those efforts were amplified in November 2019 when the Trust held a Fraud Awareness Month and the Trust was an official supporter of International Fraud Awareness Week in the same month.

An annual work plan, approved by the Director of Finance with oversight from the Trust's Audit, Risk and Governance Committee, has been in place over the last year. The key aims are to seek to proactively create an anti-fraud culture, implement appropriate deterrents and preventative controls and ensure that allegations of fraud are appropriately and professionally investigated to a criminal standard. Progress reports on all aspects of counter fraud work and details of investigations are received at each meeting of the Trust's Audit, Risk and Governance Committee. The Trust has a well-publicised system in place for staff to raise concerns if they identify or suspect fraud. They can do this via the LCFS, the Director of Finance, the Trust's electronic anonymous reporting system 'Bad Apple', via the NHS fraud and corruption reporting line on 0800 028 40 60 or online at [www.cfa.nhs.uk/reportfraud](http://www.cfa.nhs.uk/reportfraud)

Patients and visitors can also refer suspicions of NHS fraud to the Trust via the same channels with the exception of the 'Bad Apple' reporting system which is an internal staff system.

## **NHS staff survey**

The NHS staff survey is conducted annually. From 2018 onwards the results from questions are grouped to give ten indicators, with an eleventh (Team Working) being added in 2019. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The results of the 2019 National Staff Survey were published in February 2020. 2,571 staff took part in the survey, which ran from September 2019 to December 2019. The response rate was 39 per cent, which is 4% up from the previous year. Scores for each indicator together with that of the survey benchmarking group (acute trusts) are presented on the table overleaf. The survey gives staff the opportunity to provide feedback to the Trust on a range of areas such as culture, managers, safety, and workload.

The results showed some improvement across the majority of questions compared to the 2018 survey, but also showed a clear picture of much more work needing to be done. 73% of staff surveyed said they were enthusiastic about their job with an increasing number of them recommending the Trust as a place to work and receive treatment compared to previous years. Reading the comments showed the Trust is starting to see the signs of positive culture change. More staff felt confident about raising concerns and reporting incidents and felt more confident the Trust would act on feedback from staff and patients. Fewer staff are reporting that they are seeking alternative employment which triangulates with the Trust reducing staff turnover figures.

Staff morale continues to improve from 2018, which is reassuring, whilst it is still recognised that the Trust remains behind the average acute Trust. Importantly, from the 2019 survey, the Trust recognises that investment in staff appraisals continues to be required to ensure they are seen as adding value by staff and contributing to achieving the Trust objectives.

## **Future priorities and targets**

Like most Trusts a crucial issue is having enough staff to do everything needed to be done and to lessen the pressure staff face on a daily. Significant investment has taken place in retaining staff as well as reducing the vacancy rate and its reliance on agency staff.

The fill rate for Deanery training rotation in August 2020 cannot be estimated at the time of writing; however the Trust has built significant capability in recruiting to junior doctor backfill for vacancies.

In addition to traditional sourcing methods ongoing engagement with the medical training initiative has resulted in highly experienced trainees recruited from overseas with an ongoing pipeline being developed. The Trust has also engaged with the Lincolnshire Refugee Doctor project in hosting and providing clinical training placements for refugee doctors. 2020 will see the Trust's Talent Acquisition Team focus on sourcing senior medical staff to support the Consultant vacancy position.

Around 80 newly qualified nurses are expected to start in Autumn 2020 and engagement is ongoing with these potential staff. In addition to locally trained nurses the Trust is also working closely with the HEE global programme to start 50 nurses from overseas with staggered cohorts starting throughout the year. The Trust has set five priorities for 2019/20 to improve culture and morale. These are:

- Further investment in the Trusts OD led organisational culture transformation programme
- Improve staff appraisals – both compliance and quality
- To bolster its staff health and wellbeing offer
- To invest in further staff engagement interventions
- Publish and start implementing a Leadership Development Strategy

Progress against these priorities will be monitored through the Trust's Workforce Committee.

### Staff survey results: comparison over the last three years

	2019/20		2018/19		2017/18	
	Trust	Benchmarking Group	Trust	Benchmarking group	Trust	Benchmarking group
Equality, diversity and inclusion	9.0	9.0	9.0	9.1	9.0	9.1
Health and wellbeing	5.5	5.9	5.5	5.9	5.5	6.0
Immediate managers	6.4	6.8	6.4	6.7	6.3	6.7
Morale	5.9	6.1	5.8	6.1	n/a	n/a
Quality of appraisals	4.8	5.6	4.6	5.4	4.7	5.3
Quality of care	7.4	7.5	7.2	7.4	7.1	7.5
Safe environment – bullying / harassment	7.7	7.9	7.6	7.9	7.8	8.0
Safe environment – violence	9.5	9.4	9.4	9.4	9.3	9.4
Safety culture	6.2	6.7	6.2	6.6	5.9	6.6
Staff engagement	6.6	7.0	6.5	7.0	6.4	7.0
Team working	6.4	6.6				

## Trust staff in numbers

### Staff costs (subject to audit)

	Group			
			2019/20	2018/19
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	218,835	387	<b>219,222</b>	203,543
Social security costs	21,335	-	<b>21,335</b>	20,346
Apprenticeship levy	1,107	-	<b>1,107</b>	1,057
Employer's contributions to NHS pension scheme	24,159	10,579	<b>34,738</b>	22,622
Temporary staff	-	18,238	<b>18,238</b>	23,366
<b>Total gross staff costs</b>	<b>265,436</b>	<b>29,204</b>	<b>294,640</b>	<b>270,934</b>
Recoveries in respect of seconded staff	-	-	-	-
<b>Total staff costs</b>	<b>265,436</b>	<b>29,204</b>	<b>294,640</b>	<b>270,934</b>

### Average number of employees: WTE basis (subject to audit)

	Group			
			2019/20	2018/19
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	603	61	<b>664</b>	631
Administration and estates	1,320	29	<b>1,349</b>	1,318
Healthcare assistants and other support staff	1,166	39	<b>1,205</b>	1,175
Nursing, midwifery and health visiting staff	1,542	302	<b>1,844</b>	1,796
Scientific, therapeutic and technical staff	1,074	16	<b>1,090</b>	1,059
<b>Total average numbers</b>	<b>5,705</b>	<b>447</b>	<b>6,152</b>	<b>5,979</b>

### Analysis of gender distribution of staff 2019/20

	Female	Male	Total	Female %	Male %
Directors	3	9	12	25	75
Other Senior Managers	191	85	276	69	31
Employees excluding the above categories	5266	1229	6495	81	19
<b>Total</b>	<b>5460</b>	<b>1323</b>	<b>6783</b>		

**Number of people**

	2019/20	2018/19
Other	19	56
Medical	630	602
Band 9	16	10
Band 8	216	218
Band 7	531	503
Band 6	827	815
Band 5	1322	1303
Band 4	365	337
Band 3	862	848
Band 2	1921	1581
Band 1	65	423
Apprentices	9	9
<b>Total</b>	<b>6783</b>	<b>6705</b>

**Age profile of staff**

	2019/20	2018/19
< 25	484	505
26 - 35	1634	1585
36 - 45	1415	1427
46 - 50	892	935
51 - 55	993	992
56 - 60	826	769
61-65	442	395
65+	97	95
Unknown		2
<b>Total</b>	<b>6783</b>	<b>6705</b>

**Staff profile**

	Number of people	
	2019/20	2018/19
Add prof scientific and technical	171	182
Additional clinical services	1468	1488
Administrative and clerical	1464	1433
Allied health professionals	368	377
Estates and ancillary	672	655
Healthcare scientists	219	212
Medical and dental	630	602
Nursing and midwifery registered	1775	1735
Students	16	12
Unknown		9
<b>Total</b>	<b>6783</b>	<b>6705</b>

### Ethnic minority breakdown of staff

	2019/20		2018/19	
	Number	%	Number	%
Asian	514	7.6	446	6.7
Black	123	1.8	125	1.9
Mixed	44	0.6	39	0.6
Other	52	0.8	40	0.6
Unknown	274	4	249	3.7
White	5776	85.2	5806	86.6
<b>Total</b>	<b>6783</b>		<b>6705</b>	

### Exit packages (subject to audit)

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<b>Exit package cost band (including any special payment element)</b>			
<b>2019/20</b>			
<£10,000	-	-	-
£10,000 - £25,000	-	-	-
£25,001 - 50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
<b>Total number of exit packages by type</b>	-	-	-
<b>Total cost (£)</b>	£0	£0	£0
<b>2018/19</b>			
<£10,000	-	-	-
£10,000 - £25,000	1	-	1
£25,001 - 50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
<b>Total number of exit packages by type</b>	1	-	1
<b>Total resource cost (£)</b>	£23,000	£0	£23,000

**Exit packages: other (non-compulsory) departure payments**

	<b>2019/20 Agreements</b>	<b>2019/20 Total value of agreements</b>	<b>2018/19 Agreements</b>	<b>2018/19 Total value of agreements</b>
	<b>Number</b>	<b>£000s</b>	<b>Number</b>	<b>£000s</b>
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	-	-
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
<b>Total</b>	-	-	-	-
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	-	-	-	-

## NHS Foundation Trust Code of Governance

*The NHS Foundation Trust Code of Governance (the Code of Governance)* was first published in 2006 and was most recently updated in July 2014. The purpose of the Code of Governance is to assist NHS foundation trust boards in improving their governance practices by bringing together the best practice of public and private sector corporate governance.

The code is issued as best practice advice, but imposes some disclosure requirements. Northern Lincolnshire and Goole 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. For the year ending March 31 2020, the Board considers that it was fully compliant with the provisions of the NHS Foundation Trust Code of Governance.

The Board of Directors is committed to high standards of corporate governance, understanding the importance of transparency and accountability and the impact of Board effectiveness on organisational performance.

The Trust carries out an ongoing programme of work to ensure that its governance procedures are in line with the principles of the Code, including:

- Supporting governors to appoint non-executive directors and external auditors with appropriate skills and experience
- Ensuring a tailored and in-depth induction programme for new non-executive directors and governors
- Facilitating internal and external reviews of the Trust's governance arrangements and acting on the findings. This included during 2018/19 a review of the governance arrangements within clinical divisions. Further details can be found in the Annual Governance Statement section of the report
- Working with governors to ensure they can engage with and hold the Board to account. The mechanisms in place are captured within a 'Governor Engagement Policy'.
- Ongoing review of compliance with the Code of Governance by the Council of Governors and Board of Directors when making decisions which impact on governance arrangements. This includes review and refresh of relevant policies and procedures and the Trust's Constitution
- Implementation of a development programme for the Trust Board and Executive Directors which include the governance requirements for Board

Full details on the disclosure required by the Code of Governance are set out in the following pages.

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
2: Disclose	Board and Council	A.1.1	Clear statement detailing roles and responsibilities of the council of governors. Should also describe how any disagreements between the CoG and the board of directors will be resolved. Statement on how the board of directors and the CoG operate, including a summary of the types of decisions taken by each of the boards and which are delegated to the executive management of the board of directors.	Governor report – role of the governors  Governor report – resolution of disputes  Directors’ report – operation of the Board
2: Disclose	Board, Audit Committee and Remuneration Committee	A.1.2	Identify the chairperson, the deputy chair, the CEO, the senior independent director and the chair of the audit and REMCOM. Also set out the number of meetings of the board and those committees and individual attendance by directors.	Directors’ report  Directors’ report
2: Disclose	Council of Governors	A.5.3	Identify the members of the council, including a description of the constituency or organisation they represent, whether they were elected or appointed, and the duration of the appointments. Should identify the lead governor.	Governor report – members of the Council of Governors

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Additional requirement of FT ARM	Council of Governors	n/a	Statement about the number of meetings of the CoG and individual attendance by governors and directors.	Governor report – governor attendance at Council of Governors
2: Disclose	Board	B.1.1	Identify each non-executive director it considers to be independent, with reasons where necessary.	Directors' report
2: Disclose	Board	B.1.4	<p>A description of director's skills, expertise and experience.</p> <p>Alongside this a clear statement about the board's balance, completeness and appropriateness to the requirements of the FT.</p>	<p>Directors' report – brief details of serving executives and non-executives</p> <p>Directors' report – balance of the board</p>
Additional requirement of FT ARM	n/a	n/a	Brief description of the length of appointment of the non-execs, and how they may be terminated.	Directors' report
2: Disclose	ARC	B.2.10	Describe the work of the Appointments and Remuneration Committee (ARC), including the process it has used in relation to board appointments.	Governor report

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Additional requirement of FT ARM	Council of Governors	n/a	Statement about the number of meetings of the CoG and individual attendance by governors and directors.	Governor report – governor attendance at Council of Governors
Additional	ARC	n/a	An explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-exec director	n/a for 2019/20
2: Disclose	Chair / Council of Governors	B.3.1	<p>Chair's other significant commitments should be disclosed.</p> <p>Changes to such commitments should be reported to the CoG as they arise, and included in the next annual report.</p>	Chair's Foreword and Directors' report
2: Disclose	Council of Governors	B.5.6	<p>Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors.</p> <p>The annual report should contain a statement as to how this requirement has been undertaken and satisfied.</p>	Governor report – governor engagement

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Additional requirement of FT ARM	Council of Governors	N/A	<p>If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.</p> <p>This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.</p> <p>*Power to require one or more of the directors to attend a governors meeting for the purpose of obtaining information about the foundation trust's performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors performance).</p> <p>** As inserted by section 151(6) of the Health and Social Care Act 2012).</p>	Governor report – holding the Non-Executive Directors to account for the performance of the Trust Board
Disclose	Board	B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chair, has been conducted.	Directors' report – operation of the Board

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Disclose	Board	B.6.2	Where there has been external evaluation of the board and/or governance of the trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	Directors' report – Evaluation of the Board/its committees/directors and Chair
Disclose	Board	C.1.1	The directors should explain their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy.	Directors' report
Disclose	Board	C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Directors' report - Trust Audit, Risk and Governance Committee  Annual Governance Statement

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Disclose	Audit committee / control environment	C.2.2	A trust should disclose in the annual report: a) If it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes	Director's report – Trust Audit, Risk and Governance Committee
Disclose	Audit Committee/ Council of Governors	C.3.5	If the Council of Governors does not accept the Audit Committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include a statement in the annual report from the Audit Committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	Not applicable

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Disclose	Audit Committee	C.3.9	<p>A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include:</p> <p>(a) The significant issues that the committees considered in relation to financial statements, operations and compliance, and how these issues were addressed</p> <p>(b) An explanation of how it has addressed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenures of the current audit firm and when a tender was last conducted</p> <p>(c) If the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence.</p>	Director's report – Trust Audit, Risk and Governance Committee

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Disclose	Board / Remuneration Committee	D.1.3	Where an NHS FT releases an executive director, for example to serve as a Non-Executive Director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Not applicable
Disclose	Board	E.1.5	The board of directors has taken steps to ensure that the members of the board and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face to face contact, surveys of members opinions and consultations.	<p>Directors report – operation of the board</p> <p>Governors’ report - Addressed through attendance of NEDs at CoG business meetings, the COG Annual Review Meeting, the Annual Members Meeting and the Board Assurance Sub-committee NED Chairs attendance at the aligned CoG sub-groups meetings.</p> <p>Governors’ report - Mechanisms for governors to engage with and hold the Board to account are captured within a ‘Governor Engagement Policy’</p>

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Disclose	Board/ Membership	E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Membership report
Disclose	Membership	E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Membership report

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Additional requirement of FT ARM	Membership	N/A	<p>The annual report should include:</p> <p>(a) A brief description of the eligibility requirements for joining different membership</p> <p>(b) Information on the number of members and the number of members in each constituency</p> <p>(c) A summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership including progress towards any recruitment targets for members.</p>	Membership report - membership strategy
Additional requirement of FT ARM	Board / Council of Governors	N/A	<p>The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possible seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors; interests which are available to the public, and alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.</p>	<p>Membership report – disclosures and declarations of interests</p> <p>Directors' report – Registers of interests</p>

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Comply or explain	Board	A.1.4	The board should ensure that adequate systems and processes are maintained to measure and monitor the NHS FT's effectiveness, efficiency and economy as well as the quality of its healthcare delivery	Comply
6: Comply or explain	Board	A.1.5	The board should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance	Comply – Integrated Performance Report
6: Comply or explain	Board	A.1.6	The board should report on its approach to clinical governance	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	A.1.7	The chief executive as the accounting officer should follow the procedure set out by NHS Improvement for advising the board and the council and for recording and submitting objections to decisions.	Comply
2: Disclose	Board	E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS FT, for example through attendance at meetings of the CoG, direct face-to-face contact, surveys of members' opinions and consultations.	<p>Governors' report - Addressed through attendance of NEDs at CoG business meetings, the COG Annual Review Meeting, the Annual Members Meeting and the Board Assurance Sub-committee NED Chairs attendance at the aligned CoG sub-groups meetings.</p> <p>Governors' report - Mechanisms for governors to engage with and hold the Board to account are captured within a 'Governor Engagement Policy'.</p>

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
Additional requirements of FT ARM	Membership	n/a	<p>The annual report should include:</p> <ul style="list-style-type: none"> <li>• a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership</li> <li>• information on the number of members and the number of members in each constituency; and</li> <li>• a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members</li> </ul>	Membership report
6: Comply or explain	Board	A.1.8	The board should establish the constitution and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life.	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	A.1.9	The board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility.	Comply
6: Comply or explain	Board	A.1.10	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.	Comply
6: Comply or explain	Chair	A.3.1	The chairperson should, on appointment by the council, meet the independence criteria set out in B.1.1. A chief executive should not go on to be the chairperson of the same NHS foundation trust.	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	A.4.1	In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.	Comply
6: Comply or explain	Board	A.4.2	The chairperson should hold meetings with the non-executive directors without the executives present.	Comply
6: Comply or explain	Board	A.4.3	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.	Directors' report - How the Directors are assisted in their roles
6: Comply or explain	Council of Governors	A.5.1	The council of governors should meet sufficiently regularly to discharge its duties.	Comply
6: Comply or explain	Council of Governors	A.5.2	The council of governors should not be so large as to be unwieldy.	Comply
6: Comply or explain	Council of Governors	A.5.4	The roles and responsibilities of the council of governors should be set out in a written document.	Comply – Trust Constitution, Governor Role Requirements and Governor Handbook

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Council of Governors	A.5.5	The chairperson is responsible for leadership of both the board and the council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives, as appropriate.	Comply
6: Comply or explain	Council of Governors	A.5.6	The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.	Comply- Council of Governors Engagement Policy
6: Comply or explain	Council of Governors	A.5.7	The council should ensure its interaction and relationship with the board of directors is appropriate and effective.	Comply
6: Comply or explain	Council of Governors	A.5.8	The council should only exercise its power to remove the chairperson or any non-executive directors after exhausting all means of engagement with the board.	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Council of Governors	A.5.9	The council should receive and consider other appropriate information required to enable it to discharge its duties.	Comply
6: Comply or explain	Board	B.1.2	At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.	Comply
6: Comply or explain	Board/Council of Governors	B.1.3	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	ARC(s)	B.2.1	The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of executive and non-executive directors.	Comply: Directors' report
6: Comply or explain	Board/Council of Governors	B.2.2	Directors on the board of directors and governors on the council should meet the "fit and proper" persons test described in the provider licence.	Comply - Directors' report – Code of Conduct for the Trust Board. Membership report - Disclosures and declarations of interests
6: Comply or explain	Remuneration Committee	B.2.3	The nominations committee(s) should regularly review the structure, size and composition of the board and make recommendations for changes where appropriate.	Comply
6: Comply or explain	Nomination Committee(s)/ Council of Governors	B.2.5	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors.	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Nomination Committee(s)	B.2.6	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors.	Comply Remuneration Report - The Appointments and Remuneration Committee (a sub-committee of the Council of Governors) and the Appointments and Remuneration Committee Terms of Reference (which state a core membership of six governors)
6: Comply or explain	Council of Governors	B.2.7	When considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position.	Comply Membership report – appraisal and appointment
6: Comply or explain	Council of Governors	B.2.8	The annual report should describe the process followed by the council in relation to appointments of the chairperson and non-executive directors.	Comply Membership report – appraisal and appointment
6: Comply or explain	Remuneration Committee	B.2.9	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	Comply Remuneration report

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	B.3.3	The board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.	Comply Directors' report
6: Comply or explain	Board/Council of Governors	B.5.1	The board and the council governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	Comply Directors' report – Operation of the Board Governor report – Council of Governors
6: Comply or explain	Board	B.5.2	The board, and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	Comply. NED challenge roles in place and reviewed annually

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	B.5.3	The board should ensure that directors, especially non-executive directors, have access to the independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors.	Comply Directors' report - How the Directors are assisted in their roles
6: Comply or explain	Board/ Committees	B.5.4	Committees should be provided with sufficient resources to undertake their duties.	Comply Directors' report – Board Committees
6: Comply or explain	Chair	B.6.3	The senior independent director should lead the performance evaluation of the chairperson.	Comply Directors' report – Senior Independent Chair
6: Comply or explain	Chair	B.6.4	The chairperson, with assistance of the board secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for non-executive directors relevant to their duties as board members.	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Chair/Council of Governors	B.6.5	Led by the chairperson, the council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.	Comply  Governor report – governor engagement
6: Comply or explain	Council of Governors	B.6.6	There should be a clear policy and a fair process, agreed and adopted by the council, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	Comply Governor report – role of governors
6: Comply or explain	Board/ Remuneration Committee	B.8.1	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	Comply

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	C.1.2	The directors should report that the NHS foundation trust is a going concern with supporting assumptions or qualifications as necessary. See also ARM paragraph 2.12.	Comply Performance report - Going Concern
6: Comply or explain	Board	C.1.3	At least annually and in a timely manner, the board should set out clearly its financial, quality and operating objectives for the NHS foundation trust and disclose sufficient information, both quantitative and qualitative, of the NHS foundation trust's business and operation, including clinical outcome data, to allow members and governors to evaluate its performance.	Comply Directors report – Non-Executive Directors

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	C.1.4	<p>a) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public's interest to bring to the public attention, any major new developments in the NHS foundation trust's sphere of activity which are not public knowledge, which it is able to disclose and which may lead by virtue of their effect on its assets and liabilities, or financial position or on the general course of its business, to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust.</p> <p>b) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in:</p> <ul style="list-style-type: none"> <li>• the NHS foundation trust's financial condition</li> <li>• the performance of its business; and/or</li> <li>• the NHS foundation trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust.</li> </ul>	Comply - Council of Governor's Engagement Policy

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board/Audit Committee	C.3.1	The board should establish an audit committee composed of at least three members who are all independent non-executive directors.	Comply Directors' report – Trust Audit and Risk Governance Committee
6: Comply or explain	Council of Governors/Audit Committee	C.3.3	The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.	Comply Governor report – role of governors
6: Comply or explain	Council of Governors/Audit Committee	C.3.6	The NHS foundation trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans of the NHS foundation trust.	Comply Director's report – Trust Audit, Risk and Governance Committee
6: Comply or explain	Council of Governors	C.3.7	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHS Improvement informing it of the reasons behind the decision.	Comply, n/a in 2019/20

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Audit Committee	C.3.8	The audit committee should review arrangements that allow staff of the NHS foundation trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.	Comply Director's report – Trust Audit, Risk and Governance Committee
6: Comply or explain	Remuneration Committee	D.1.1	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.	Comply Remuneration report
6: Comply or explain	Remuneration Committee	D.1.2	Levels of remuneration for the chairperson and other non-executive directors should reflect the time commitment and responsibilities of their roles.	Comply Remuneration report

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Remuneration Committee	D.1.4	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.	Comply Remuneration report
6: Comply or explain	Remuneration Committee	D.2.2	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.	Comply Remuneration report
6: Comply or explain	Council of Governors/ Remuneration Committee	D.2.3	The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	Comply Governor report – appraisal and appointments

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in the annual report and further explanation
6: Comply or explain	Board	E.1.2	The board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums.	Comply Trust Constitution
6: Comply or explain	Board	E.1.3	The chairperson should ensure that the views of governors and members are communicated to the board as a whole.	Comply Governor report – Governor engagement
6: Comply or explain	Board	E.2.1	The board should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate.	Comply Directors' report
6: Comply or explain	Board	E.2.2	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	Comply Directors' report

## **Statement of the chief executive's responsibilities as the accounting officer of Northern Lincolnshire and Goole 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 Northern Lincolnshire and Goole 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 Northern Lincolnshire and Goole NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

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

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts 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.

**Signature:**

A handwritten signature in black ink, appearing to read 'Peter Reading', written over a light grey rectangular background.

**Chief Executive and Accountable Officer: Dr Peter Reading**

**Date:** 19 June 2020

## NHS Improvement Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes: Quality; Finance and use of resources; Operational performance; Strategic change; and Leadership and improvement capability (well led).

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence. The Single Oversight Framework applied from quarter 3 of 2016/17.

### Segmentation

This segmentation information is the Trust's position as at 31 March 2020. NHS Improvement placed the Trust in segment 4 and the Trust is in special measures for both quality and finance. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

### Finance and use of resources

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

### Signature:



**Chief Executive and Accountable Officer:** Dr Peter Reading

**Date:** 19 June 2020

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

## Annual Governance Statement

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Lincolnshire and Goole 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 Northern Lincolnshire and Goole 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 Accountable Officer Memorandum*.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Northern Lincolnshire and Goole 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 Northern Lincolnshire and Goole NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

#### *Leadership and accountability*

##### Leadership Generally

During 2019/20 and up to the date of publishing this report, the Trust further strengthened its Trust Board / senior leadership structure with appointments to the substantive Chief Nurse and Medical Director posts, following a period of acting and interim arrangements, and the appointment of a Director of Strategic Development, a Chief Information Officer and a replacement Trust Secretary. The Trust also appointed an experienced joint Trust Chair with Hull University Teaching Hospitals (HUTH) to provide both a strong Trust voice at local, regional and national level and to ensure a greater strategic alignment between the two organisations in support of the Humber Acute Services Review (HASR).

The HASR is the collaboration between Northern Lincolnshire and Goole NHS Foundation Trust and Hull University Teaching Hospitals which was created to ensure the provision of high quality, safe and sustainable, services for our local populations.

The appointment of the joint Trust Chair has been supported by the appointment of a Vice Chair in each trust. The Vice Chair in each Trust has also become a member of the Trust Board of the other organisation in a non-voting capacity as an Associate Non-Executive Director. The Trust also appointed two further Non-Executive Directors during this period.

During 2019/20 the Trust and Trust Board continued to embed the changes arising from the Well Led Review undertaken during 2017/18 including the regular review and development of the Board Maturity Matrix and changes to meeting and accountability structures. An assessment of whether services are well led was undertaken as part of the 2019 CQC inspection arising from which the Trust moved from 'Inadequate' to 'Requires Improvement' in the 'Well Led' domain.

The Trust also completed a comprehensive, externally supported Board Development Programme. As part of this programme, a formal skills matrix in respect of the Trust Board was completed and will be used to inform future Board appointments.

The changes made to the Divisional leadership structures during 2018/19 have continued to be embedded during 2019/20. This has included the appointment of a local GP as Divisional Clinical Director for Community and Therapies and the appointment of a new Divisional Clinical Director for Medicine, in turn, further strengthening the Trust's clinical leadership. There is still further planned work to do to strengthen the clinical governance arrangements in place within some Divisions.

Leadership development programmes are in place and ongoing including for clinical and ward leaders. The Senior Leadership Community, which brings together on a monthly basis all of the organisation's senior clinical and managerial leaders, is now well established and embedded and is a key mechanism for communication and engagement within the Trust on key messages and priorities.

An overarching People Strategy is currently in draft format and is due to be circulated for comment and engagement. This strategy incorporates leadership development and consolidates and builds on the work undertaken on leadership and leadership development to date. The strategy is due to be ratified by the Trust Board in June 2020.

### Leadership – Governance and Risk Management

In respect of governance and risk management, responsibility for quality governance sits within the portfolio of the Medical Director ensuring greater clinical engagement with and ownership of these arrangements across the Trust. The Medical Director is supported by two Deputy Medical Directors and an Associate Director of Quality Governance. The Associate Director of Quality Governance continues to work with the Clinical Divisions to strengthen their governance structures. The Deputy Medical Director with a focus on clinical / quality governance and patient safety is leading work on improving clinical engagement with the Trust's clinical / quality governance arrangements.

Following the publication of the NHSE/I Patient Safety Strategy (2019), the Trust developed its own Patient Safety Strategy and has identified the Associate Director of Quality Governance as the Patient Safety Lead for the organisation.

Responsibility for corporate governance remains within the remit of the Trust Secretary portfolio.

### Accountability

The Trust has in place a Performance Management Framework, which outlines the approach to holding Directorates and Divisions to account for delivery of objectives and improvements including those relating to governance and risk management. This includes monthly performance review improvement meetings.

The above arrangements and changes made during 2019/20 reflect the Trust's ongoing commitment to effective governance and quality governance including risk management processes.

The Trust's Internal Audit Programme continues to be used to test key aspects of the Trust's governance and risk management arrangements annually; not least the annual review of the Board Assurance Framework and the risk management systems and process which underpin it.

### *Training*

The Trust has in place a mandatory training programme which includes training on specific risk topics such as fire safety, moving and handling, infection control etc. There is also regular raising of awareness of the responsibilities of staff in respect of incident reporting and duty of candour. Whilst not mandatory, training is also provided on Root Cause Analysis in support of the Trust's arrangements for investigating and managing incidents. External Training is also provided, as required; a previous example includes risk register training.

Further training needs – particularly those within Clinical Divisions – have been identified and addressed as part of the strengthening of the divisional governance arrangements already referred to above – in order to ensure that staff are trained and equipped to identify and manage risk in a manner appropriate to their authority, duties and experience. This has included internal training and risk clinics which commenced in Divisions, as needed, in 2019.

The Trust's mandatory training programme is regularly reviewed to ensure that it remains responsive to the needs of Trust staff. There is regular reinforcement of the requirements of the Trust's Mandatory Training Policy and Training Needs Analysis and the duty of staff to complete training deemed mandatory for their role and in order to mitigate risk. The Trust's Training Needs Analysis is regularly reviewed to ensure that mandatory training remains targeted and appropriate as well as manageable for staff.

The Trust continues to work hard to achieve good levels of compliance with mandatory training requirements – with compliance at the end of March 2020 being 89% against a target of 85% although compliance is not consistent across all areas and staff groups; an issue highlighted during the September 2019 CQC inspection. One such example being the uptake of the European Paediatric Advanced Life Support (EPALS) training within Accident and Emergency.

Monitoring and escalation arrangements are in place to ensure that the Trust maintains the good performance seen and can ensure targeted action in respect of areas or staff groups where performance is not at the required level although inevitably compliance will be impacted by COVID-19 during 2020/21 with classroom based / face to face training being paused in many instances.

Work has, however, commenced on the development of a leader board of compliance with mandatory training which will be used to target those areas that may require additional support to reach compliance levels.

This work is being led by the Acting Director of POE and Head of Training and Development. In respect of the EPALS training, the Quality and Safety Committee has been tasked by the Trust Board with oversight for monitoring compliance with the reinstatement and uptake of this training.

### ***Control mechanisms including ‘Learning lessons’***

A single IT Risk Management System (Datix) is in place which links key risk elements (including incident reporting, complaints / PALS and claims management) and which, in turn, informs the Trust’s Risk Register (which is also held on Datix). Lessons learned when things go wrong are shared throughout the organisation via a range of mechanisms including safety alerts, ‘learning lessons’ newsletters, safety huddles / handovers and governance forums.

However, this remains an area of focus for the Trust as these arrangements are not as well embedded in some areas of the organisation. A Serious Incident (SI) Review Group was introduced during 2019/20.

This has provided a further mechanism for the sharing of transferrable lessons and for testing that this learning and agreed actions have led to embedded and sustained improvements. There has been NED oversight of the SI process during 2019/20.

The Quality and Safety Committee, on behalf of the Trust Board, routinely receives information on SIs including lessons identified and learned. The Trust is also a member of and provides assurance to commissioners on its arrangements for investigating and learning from SIs via a community-wide SI Collaborative Group.

The Quality and Safety Committee and the external Patient Safety Group also continue to receive updates on the outcome of clinical harm reviews.

The clinical harm review process in turn dovetails in to existing governance processes including the SI and Being Open and Duty of Candour Policy and Procedures with instances of harm being escalated as potential SIs to the weekly Executive led SI panel for discussion as to whether they meet the criteria for reporting or, if not, would benefit from the added resource that an SI investigation would bring.

Improvements were made to the training on and quality of SI investigations during 2019/20 with a more robust sign off process. However, recent internal audit review of the Trust's SI arrangements provided 'limited assurance' citing that whilst there is a strong policy in place there are weaknesses with the consistent application of the policy. Further strengthening of the process is planned for 2020/21.

The Trust Board routinely considers specific risk issues and receives minutes and highlight reports from Board Sub-Committees including the Audit, Risk and Governance Committee, Finance and Performance Committee, Workforce Committee and the Quality and Safety Committee.

These committees provide oversight and challenge in respect of key areas of Trust business and in turn provide assurance and / or escalate concerns to the Trust Board. The Trust also has in place the Health Tree Foundation Trustees' Committee, which is responsible for overseeing and managing the affairs of the Northern Lincolnshire and Goole NHS Foundation Trust Charitable Funds.

The Trust actively encourages networking and has strong links with relevant central bodies, e.g. NHS Resolution (NHSR), Health and Safety Executive (HSE), and acts on recommendations / alerts from these bodies as appropriate.

The Trust has continued to develop its relationship with the CQC - escalating risks / concerns in respect of patient safety / quality as they occur, together with the actions taken or proposed, and in order to provide assurance that the Trust and Trust Board has appropriate oversight of its quality governance / patient safety risks. Monthly relationship meetings are held.

The Trust also routinely considers and acts upon the recommendations of relevant national high level enquiries through the use and monitoring of robust action plans.

## **The risk and control framework**

### ***The management of risk***

The Northern Lincolnshire and Goole NHS Foundation Trust is committed to the management of risk (both clinical and non-clinical) in order to improve the quality of care; provide a safe environment for the benefit of patients, staff and visitors by reducing and, where possible, eliminating the risk of loss, harm or damage; and protecting its assets and reputation. This is achieved through a process of identification, analysis, evaluation, control, elimination and transfer of risk.

The Trust has in place a Governance and Risk Management Strategy for 2019 to 2024 which provides a framework for the ongoing monitoring and review of risks, linked to the Trust's Strategic Objectives.

The Trust's Governance and Risk Management Strategy is an integral part of the Trust's approach to continuous quality improvement and is intended to support the Trust in delivering key quality objectives by ensuring that staff understand and act on the risks to the achievement of those objectives as well as ensuring compliance with external standards, duties and legislative requirements.

Risks are identified routinely from a range of reactive and pro-active and internal and external sources including workplace risk assessments, analysis of incidents, complaints / PALS, claims, external safety alerts and other standards, targets and indicators etc.

Risks are appropriately graded and included on the Trust's Risk Register and, in respect of those strategic risks which threaten the achievement of the Trust's strategic objectives, also within the Board Assurance Framework (BAF).

The Trust recognises that, as risks can change and new risks can emerge over time, the review and updating of risks on the risk register and within the BAF is an ongoing, dynamic process. A Risk Register – 'Confirm or Challenge' Group is in place to review and monitor risks added to the Risk Register and to ensure that the appropriate mitigation actions are in place.

The Audit, Risk and Governance Committee has the delegated authority on behalf of the Trust Board for ensuring these arrangements are in place and are effective. The BAF and risk register are used to inform the agenda of the Trust Board and Board assurance sub-committees with the relevant risks being aligned to and reviewed by the relevant committees quarterly.

The Trust Board undertakes an annual deep dive into the BAF and, as part of this process, also annually reviews the organisation's 'Risk Appetite'.

There is annual Internal Audit review of the BAF and the risk management processes supporting it to ensure they are fit for purpose and comply with good practice.

A rating of 'significant' assurance was received following the 2019/20 Internal Audit review although some recommendations for further strengthening the BAF have been made and will be acted on during 2020/21.

The Trust's current strategic risks are as follows:

- Risk of non-delivery of constitutional performance targets, specifically; (a) Cancer 62 day, (b) A and E, (c) RTT - 18 weeks, (d) Diagnostics.
- Risk of non-delivery of agreed quality and clinical improvements (includes the risk of non-delivery of a reduction in the mortality ratio).

- Adverse impact of external events (i.e. Britain's exit from the European Union; Pandemic) on business continuity and the delivery of safe care.  
*[Note: Scope of risk extended from March 2020].*
- Inability to secure sufficient numbers of appropriately skilled staff in the short, medium and longer term.
- Ineffective staff engagement and ownership of Trust agenda affects morale and failure to change and improve the culture.
- Finance risk, specifically; (a) Not achieving the control total target agreed with NHS Improvement for the Trust and failure to achieve the overall Northern Lincolnshire system target; (b) Risk of non-delivery of the long term financial plan to produce a balanced financial position, working in conjunction with relevant stakeholders to achieve a system balance.
- Risk of failure of the Trust's infrastructure; specifically
  - (a) Ageing estate and equipment: the inability to maintain legislative compliance and improve the current estate and equipment due to a lack of capital and backlog maintenance (includes Legionella);
  - (b) Longer term estate sustainability: failure to secure a sustainable estate future for SGH (and to a lesser extent DPOWH) this may give rise to buildings or parts of buildings becoming unsafe to occupy;
  - (c) IT / Digital Strategy / Cyber Security: failure of the IT infrastructure and adverse impact on the delivery of the Digital Strategy and on business continuity and the delivery of safe care; and the lack of adequate controls to defend the Trust's IT systems when a cyber-attack occurs.
- Inability to pursue a clear organisational strategy that staff and stakeholders are aware of and support.
- Lack of a clear service strategy for the area to ensure long term service sustainability (includes the risk of not developing the required external relationships and linked to HASR).
- The risk of ineffective relationships with stakeholders.
- Risk of insufficient investment and development of the Trust's leadership (including clinical leadership) – capacity and capability.

As referred to above, the Trust Board has also completed during 2019/20 its annual deep dive review of the BAF and the above strategic risks in order to ensure that:

- they are an accurate reflection of the organisation's current risk profile;
- the Board and the sub-committees are focussing on the areas of strategic importance i.e. those which have the potential to threaten the achievement of the Trust's strategic objectives; and
- the necessary controls and assurances are in place and effective.

The relevant Board sub-committees review and challenge relevant sections of the BAF, with escalation of issues or concern to the Trust Board through the monthly highlight report, which has been adapted for this purpose.

The Audit, Risk and Governance Committee has the overarching lead role for ensuring the arrangements in place underpinning the BAF are in place and are robust.

*[Note: During the period of the COVID-19 pandemic and in the absence of the operation of other Trust Board sub-committees, the Audit, Risk and Governance has assumed general oversight of the Board Assurance Framework including challenging risks and risk ratings and will escalate any issues or concerns to the Trust Board.]*

The Trust Board holds an annual self-certification event to assess and confirm compliance or otherwise with the requirements of its NHS Provider Licence including condition FT4(8) relating to governance.

This work is supported by Internal Audit review of the assurances in place in support of the required declarations in order to test and validate their validity.

In line with the principles of devolution within the Northern Lincolnshire and Goole NHS Foundation Trust, and in accordance with the Scheme of Delegation, responsibility for the management / control and funding of a particular risk rests with the Directorate / Division concerned.

However, where action to control a particular risk falls outside the control / responsibility of that domain, where local control measures are considered to be potentially inadequate or require significant financial investment or the risk is 'significant' and simply cannot be dealt with at that level, such issues are escalated to the Executive Team / Trust Management Board or Trust Board for a decision to be made.

Supporting this devolved structure are central Non-Clinical Directorates. These Directorates have a nucleus of experienced and appropriately qualified staff to support and advise staff at all levels across the organisation with the identification and management of risk – clinical and non-clinical.

Risk Management is embedded in the activity of the organisation by virtue of robust organisational and committee structures which were further reviewed and strengthened during 2019/20.

Of fundamental importance to the early identification, escalation and control of risk is the Trust's commitment to the ongoing development of a 'fair blame' culture, where incident reporting is openly and actively encouraged and the focus when things go wrong is on 'what went wrong, not who went wrong'.

The Trust also has in place long standing 'speaking out' and safeguarding policies and procedures. The Trust has a Freedom to Speak Up Guardian (FTSUG) in place. The Trust continues to embed and build on the changes arising from the review of the Trust's speaking up arrangements undertaken by the National Guardian's Office during 2017/18, with support from the NHSI Complaints and Whistleblowing Team.

This has included a dedicated board development session, facilitated on behalf of the Trust by NHSI, the output of which will inform the Trust's first Freedom to Speak Up Strategy and objectives for the coming year. Internal audit review of the Trust's speaking up arrangements during 2019/20 provided 'significant assurance' as to the effectiveness of these arrangements.

The Pride and Respect programme: an employee driven and owned programme which aims to improve the standard in which Trust staff deliver care and interact with each other, has become the vehicle for driving forward the Trust's culture change programme.

Relevant governance / risk management Key Performance Indicators (KPIs) are shared through the performance management framework and are reported up to the Trust Board through the integrated performance report. Business Planning and Service Development proposals do not proceed without an appropriate assessment of and therefore recognition / acceptance of the risks involved and the involvement of the relevant risk management expertise e.g. health and safety and fire, infection control.

In respect of the control of risk, Directors individually and collectively have responsibility for providing assurance to the Trust Board on the controls in place to identify, manage and mitigate risks to compliance with the Trust's licence.

The sub-committees of the Trust Board in turn have responsibility for providing assurance in respect of the effectiveness of those controls. A system of 'highlight' reports to the Trust Board is in place to highlight any risks to compliance.

Board sub-committees are chaired and attended by Non-Executive Directors as core members, with relevant Executive Directors as well as by other key Trust staff, being 'in attendance'. There is a clear separation between Board assurance sub-committees and day to day management meetings.

### ***Patient and Public Involvement (PPI)***

The Trust ensures that public stakeholders are involved in understanding the risks which impact upon them by a variety of means: the principal amongst these being the operation of the Council of Governors and the holding of Board meetings in public. The Council meets at least five times per year in public and receives a comprehensive report on performance (and risks of non-delivery) on each occasion. These reports are published along with the rest of the council papers on the Trust internet site.

A PPI Policy and Procedure is also in place and reflects the requirements of the DOH guidance 'Real Involvement' and the comments from PPI representatives.

Additionally, the Trust engages actively with three local Overview and Scrutiny Committees and continues to collaborate closely with the three local Health Watch organisations. A Protocol for joint working with Health Watch is in place and is reviewed annually and opportunities for joint working are agreed.

The Trust's comprehensive internet website provides the public with ready access to information across all areas of Trust activity and the organisation also uses its newsletter for members to inform the public of new developments and items of interest.

### **Quality risks**

The Trust also has in place a range of mechanisms for managing and monitoring risks in respect of quality including:

- The Trust agrees annual quality priorities.
- The Trust has in place a Quality and Safety Committee (a sub-committee of the Board) which meets monthly and is chaired by a Non-Executive Director. The Quality and Safety Committee is responsible for monitoring performance against the agreed annual quality priorities and other quality issues.

The minutes of the Quality and Safety Committee are submitted to the Trust Board. The Quality Governance Group – the management and delivery group – in turn provides assurance on quality and safety activities to the Quality and Safety Committee.

- The Trust publishes an Annual Quality Account, which is subject to consultation with key external stakeholders. *[Note: Given amendments to regulations for quality accounts have not yet been concluded, the Foundation Trust Annual Reporting Manual no longer requires preparation of a Quality Account for 2019/20. This is one of the impacts of the current COVID-19 pandemic crisis.]*
- Performance against key quality indicators are reported up to the Trust Board through the Integrated Performance Report, although this report is currently being revised.
- The Trust Board has approved a Quality Strategy, a Quality Improvement Strategy and has introduced a Quality Improvement Training Faculty.
- The Trust has in place arrangements and monitoring processes to ensure ongoing compliance with other service accreditation standards e.g. CPA, MHRA (for blood products) and HTA licences for mortuary and post mortems etc.
- The Trust's Quality Governance Group monitors performance with NICE guidance implementation and minutes of that group and a supporting highlight report are submitted to the Quality and Safety Committee for assurance.

The Quality and Safety Committee approves any deviations from NICE guidance are submitted to the Quality and Safety Committee for ratification. Compliance with NICE guidance is also monitored at Divisional level via the performance

- Review process and externally via the Commissioner Quality Contract Group.
- The Medical Director has the lead for mortality supported by two site specific clinical leads. A Mortality Improvement Group, reporting to the Quality Governance Group, is in place and includes as part of its membership Divisional clinical leads, a Non-Executive Director and relevant external stakeholders. A mortality improvement plan including how the Trust learns from deaths is also in place. The Quality and Safety Committee retains a challenge and assurance role in respect of mortality ensuring that improvements are sustained or escalated appropriately. Reporting on mortality improvement to the Trust Board occurs through the Integrated Performance Report and, where relevant, through the highlight report from the Quality and Safety Committee. A key part of the Mortality Strategy centres on the NQB guidance on learning from deaths. Whilst Structured Judgement Reviews are being undertaken in the organisation, there is more to be done to ensure that reviews are being undertaken consistently and that there is feedback and implementation of learning across the organisation. This will remain a priority for 2020/21.
- The Trust has in place robust methods of pro-actively looking for potential clinical harm, both through the standard Datix reporting system, but also in the tracking of our waiting lists and reviewing all patients waiting for a prolonged period of time on our waiting lists. This data is captured in a system called COBRA, and the output is overseen by QSC with a report being provided on a regular basis. *[Please also refer to the comments on RTT & OPD Follow-ups later in this section]*
- End of Life remains a high priority for 2020/21, with good engagement seen within divisions and a detailed plan produced which incorporates CQC actions, actions from local audits and learning from deaths. These will then feed into monthly NLAG End of Life Strategy meeting for monitoring. A Patient Safety End of Life Care Focus Group has also been set up, with the first meeting taking place on 13 May 2020. The meetings are facilitated and supported by NHSEI and include membership from all relevant local stakeholders to look at system wide working in this area. The first piece of work is reviewing resources and ways of working across the system.
- The Trust has introduced a checklist for wards and departments, based on the 15 steps and aligned to the CQC Key Lines of Enquiry, ensuring the ongoing monitoring of key standards and the early identification and escalation of risk issues.

This work has involved training of staff – including Board members – to be able to conduct peer review visits. Whilst 15 steps visits to assess compliance with the relevant standards were held during the majority of 2019/20, these have been temporarily suspended in light of COVID-19 although ‘vulnerability walk rounds’ have continued during this period.

- Informal visits to wards and departments were undertaken during 2019/20 by both executive and non-executive directors. These arrangements enable staff to showcase good practice but also talk directly to members of the Trust Board on quality and safety and other issues or concerns.

- Non-Executive Directors have oversight and assurance roles in respect of specific aspects of governance, quality governance and risk. These roles are reviewed annually.
- The Medical Director is the Trust Board lead for quality and safety although in discharging this responsibility works closely with the Chief Nurse (the Trust Board Lead for patient experience) and the Chief Operating Officer.
- The Chief Nurse developed and implemented 'The Future 5' – the 5 priorities for nursing for 2019/20 and these are being built on and consolidated within a Nursing Strategy.
- A nursing dashboard is in place to monitor the nursing contribution to safety and quality. This is supported by a Nursing Metrics Panel which ensures the early identification and mitigation of risk issues.
- The Trust has in place an annual safe staffing review process in respect of nursing and midwifery, which is reviewed by the Trust Board with ongoing monitoring undertaken by the Quality and Safety Committee.
- The Trust routinely considers and acts upon the recommendations of national quality benchmarking exercises, e.g. National patient surveys.
- The Trust acts upon patient feedback from complaints and concerns and from feedback from Patient and Public Involvement (PPI) representatives (e.g. Health Watch).
- Patient Stories are presented to the Quality and Safety Committee and the Trust Board monthly and actions and lessons learned are widely shared. There are plans to introduce Staff Stories during 2020/21.

The effectiveness of the Trust's governance, quality governance and risk management arrangements also continued to be tested during 2019/20 via internal and external testing including internally via the Annual Internal Audit Programme (see **Appendix A**) and externally via relevant external reviews and visits including the CQC inspection visit in September 2019.

### ***CQC: Registration and Essential Standards of Quality and Safety***

The Trust underwent its last CQC inspection in September 2019. The full visit report was published in February 2020. Arising from that inspection the Trust retained its overall rating of 'Requires Improvement' and moved from 'Inadequate' to 'Requires Improvement' for 'Well Led'.

The Trust also received a rating of 'Requires Improvement' for 'Use of Resources', the first such assessment and a significant achievement given the Trust's financial 'special measures status'.

However, the Trust received a rating of 'Inadequate' in the 'Safe' domain'. This was due to ongoing waiting list backlogs in some specialties, the backlog in diagnostic reporting, concerns in relation to end of life care and some issues in the Trust's two emergency departments; specifically training, paediatric pathway, safe environment and sustaining improvements in ambulance handover.

The Trust remains in quality 'special measures' and continues to benefit from the support package put in place by NHSI; specifically support from an NHSI Improvement Director to implement and embed the required improvements.

The Trust has developed detailed improvement plans with Divisions in response to the CQC findings and following feedback from the CQC on our initial high level improvement plans. The Trust has also strengthened its oversight and reporting arrangements with a monthly report on progress to the Performance Review and Improvement Meetings, the relevant Trust Board sub-committees and the Trust Board.

The Patient Safety Group of the System Improvement Board, which brings together all relevant stakeholders to support the Trust in the delivery of its improvement plan, also continues to have oversight of delivery of the required improvements.

The Trust will also report progress to and discuss any issues or concerns directly with the CQC through the monthly engagement meeting.

*[Note: As a result of the COVID-19 pandemic crisis, the Trust Board has agreed the need to focus on five priority 'must dos'; specifically waiting lists, diagnostic reporting, mortality, end of life and emergency care. The Patient Safety Group has been temporarily stood down and there are fortnightly Quality and Risk Management Oversight meetings with NHSE/I and monthly with NHSE/I, CQC and the CCGs.]*

Whilst the Trust remains in quality 'special measures', the Trust has no conditions on its registration.

### **Workforce**

The Trust has in place a Workforce Committee (a sub-committee of the Trust Board – to be renamed the People Committee in 2020/21), whose remit includes ensuring that short, medium and long term workforce strategies and staffing systems are in place which assure the Board that staffing processes are safe, sustainable and effective.

The Trust Board also receives a monthly staffing report which includes workforce KPIs. In respect of compliance with the Developing Workforce Safeguards recommendations, the Trust is working with departments to identify new roles and role redesign.

The Trust has HR business partners in place to support these changes and developments. There are new roles evolving which will change the skill mix of teams to ensure we have the right people in the right place with the right skills.

New roles so far currently in training include Advanced Clinical Practitioners, Patient Care Navigators and Nursing Associates.

### ***NHS Pension Scheme***

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to 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.

### ***Equality, Diversity and Human Rights***

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust has an Equality and Diversity Strategy which encompasses our Equality Objectives. Our Equality Objectives focus on achieving legal and contractual compliance, and progress against them is reported to Trust Board, and our commissioners bi-annually by our dedicated Equality and Diversity lead.

The organisation has an Equality Impact Assessment (EIA) policy and procedure which ensures the integration of EIAs into Trust core business and to support this a training course on completing EIAs is now in place.

### ***Carbon reduction***

The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. The Trust has both a Trust Board approved Sustainable Development Management Plan (SDMP) which takes account of UK Climate Projections 2018 (UKCP18) and a Travel Plan, both of which are reviewed annually.

These documents include risk assessments alongside plans to achieve improved targets on carbon reduction. The Trust has recently appointed an Energy Manager, and introduced a role which is specifically responsible for building upon these existing documents, and working to introduce a bespoke NLaG Green Plan.

The Green Plan will allow a strategic, action based approach to sustainability. Green Plans will become embedded into our entire organisation and will aim to ensure all of our services remain fit for a greener healthcare.

The Green Plan will supersede the SDMP and will form part of standard contracts mandated by NHS England.

The Green Plan will provide us with a current picture of the Trusts carbon impact, and enable NLaG to prioritise the areas which will deliver the greatest reductions working towards Net Zero, and ensure environmental sustainability holds importance within all operational planning.

### **Conflicts of Interest**

The Trust maintains a register of Directors' interests which is reviewed by the Trust Board annually and is published through the Trust Board public meeting papers and within the Trust's Freedom of Information publication scheme. The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for other decision making staff (as defined by the Trust with reference to the *'Managing Conflicts of Interest in the NHS'* guidance) within the last twelve months.

### **Business Continuity**

The Trust has in place robust emergency preparedness and business continuity arrangements, which are considered and signed off by the Trust Board annually. These arrangements are currently being tested in response to the COVID-19 pandemic crisis.

Revised corporate governance arrangements and structures have been put in place to support decision making in relation to both the immediate crisis and the urgent business as usual items.

The Trust has also implemented command and control arrangements. In order to ensure both organisational and individual resilience, specifically in respect of those leading the Trust's response given the likely duration of the crisis, these arrangements have recently been reviewed and strengthened.

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

The Trust's clinical activities are managed under a devolved management structure, governed by a Scheme of Delegation renewed and refreshed annually. The Trust has in place a clinical management structure to support effective leadership of clinical services and ensure effective care.

The Medical Director is supported by two part time Deputy Medical Directors (who will continue to be engaged in clinical front line work). The Clinical Divisions report to the Chief Operating Officer, but the Clinical Directors, covering each clinical Division have a professional reporting line to the Medical Director. Each Clinical Director has a team of clinical leads for individual service areas. The Trust has in place a system of monthly Performance Review meetings with each Division, which covers quality, finance and performance issues.

The Finance Directorate provides dedicated support to each clinical Division and to non-Clinical Directorates through nominated Business Accountants. Business planning is led by the Trust's Improvement Programme Director. The Director of Strategic Development works to closely link strategy development across the wider health economy and the Humber Coast and Vale STP with service planning in clinical service areas. Plans are being developed to transform and streamline the way in which services are delivered ensuring patient care is provided closer to home limiting unnecessary expensive hospital attendances.

The Trust continues to adopt a project based approach to savings delivery through an established PMO-style approach. The Trust has enhanced governance and oversight arrangements in respect of savings delivery coupled with comprehensively documented plans. Savings are subject to a full Quality Impact Assessment sign off process undertaken jointly by the Chief Nurse and Medical Director.

The Trust maintains focus on performance management. All Directorates and Divisions are explicitly made responsible for the delivery of financial and other performance targets through a system of performance agreements, documented as part of the annual business planning cycle and monitored through a series of regular performance review meetings.

The Financial Plan and budget adopted annually by the Trust Board contains an overarching assessment of the strategic planning climate within which the framework has been constructed and sets out the mechanisms by which the key risks emanating from the strategic context are to be managed.

This assessment reflects both the national planning context and the local context; and recognises the financial planning context for the public sector as a whole; especially the expectation for significant efficiencies on an ongoing basis.

The Trust's Finance and Performance Committee provides assurance to the Trust Board as to the achievement of the Trust's financial plan and priorities and, in addition, it acts as the key forum for the scrutiny of the robustness and effectiveness of all cost efficiency opportunities.

It interfaces with other Trust Board sub-committees and the Trust Executive Team. It provides this assurance through scrutiny of regular reports and deep dives into areas of particular concern.

Compliance is further assured through quarterly monitoring and annual planning processes with auditors. The Trust has developed an internal audit programme, based on key business governance themes with the internal audit providers, designed to enhance focus on business governance process and support improved compliance.

The Trust understands that robust front line clinical services are the real purpose of the organisation. Delivering effective quality outcomes for patients within agreed resources is the main priority for the Trust.

The Trust is proactive and continuously reviews and realigns its structure where necessary, to allow it to adapt and respond to the rapidly changing business environment brought about by the changes in the economy, the NHS environment, competitive markets and patient pathway best practice.

The Trust has also enhanced its focus on workforce planning in order to secure a more consistent supply of appropriately skilled and qualified staff to carry out front line service delivery, specifically to review plans for future workforce numbers and to oversee implementation processes, working jointly with Commissioners and other local provider organisations.

In support of this work an overarching People Strategy is currently in development and is due to be ratified by the Trust Board in June 2020.

The Trust remains in financial special measures. However, as part of the CQC inspection process during 2019 the Trust underwent its first Use of Resources Assessment.

Arising from that process the Trust received a rating of 'Requires Improvement', a significant achievement given the Trust's financial special measures status. The Trust also achieved its 2019/20 Control Total and over-delivered on its significantly challenging Cost Improvement Programme target of £20m.

### **Information Governance (IG)**

The Trust continues to strengthen its arrangements for Information Governance and has the following arrangements in place:

- an active Information Governance Steering Group which meets monthly;
- an Information Governance Strategy and collection of Information Governance Policies along with a dedicated IT Security Policy;
- a dedicated Data Protection Officer is in post;
- a newly appointed Information Governance Assistant;
- the Trust continues to monitor Information Governance Incidents to ensure that if required they are reported to the Information Commissioner's Office (ICO) within 72 hours;
- Completion of the new Data Security and Protection Toolkit for 2019/20.
- Annual audit of the Trust's compliance with the Information Governance / Data Security and Protection Toolkit undertaken by Internal Audit.

The Information Governance Steering Group, which is chaired by the Data Protection Officer, monitors the Trust's compliance with National Data Protection Regulations and with the Data Security and Protection Toolkit, which encompasses the National Data Guardian standards. This group reports to the Audit Risk and Governance Committee which reports directly to the Trust Board.

The WebV, IT and Information Risk and Governance Meeting, which is chaired by the Trust's SIRO (Senior Information Risk Owner), continues to monitor compliance and progression with identified work streams and improvement plans. The Trust's Audit, Risk and Governance Committee receives a regular highlight report from the Information Governance Steering Group including details of audits undertaken and subsequent recommendations and actions for further improvement.

2019/20 saw the release of NHS Digital's reviewed and updated 'Beta' Data Security and Protection Toolkit. Due to the COVID-19 pandemic the decision was taken by NHS Digital to move the annual submission date from 31 March 2020 to 30 September 2020. The continued work on the action plan will be closely monitored by the Information Governance Steering Group and the WebV, IT and Information Risk and Governance meeting. Since the end of 2019/20 and up to the date of publication of this report, the Trust has identified two further significant data breaches, both of which have been reported to the ICO.

### Data Security and Protection Incidents

All incidents reported within the organisation were investigated and appropriate action taken. This could be the strengthening of policies or a change to process. Lessons learnt are disseminated through face to face Information Governance Awareness Training and through staff briefings.

During 2019/2020, the Trust, using NHS Digital's Incident Reporting Guide and Tool developed in conjunction with the ICO, reported 6 Data Security and Protection Incidents:

- 4 of these incidents were not required to be reported to the ICO.
- 2 of these incidents were reportable and required 'No further action' by the ICO. These incidents related to the disclosure of personal information to unauthorised 3rd parties.
- The Trust currently has 1 incident open with the ICO which was reported in February 2019 which is still being investigated. This related to a clinical system technical failure.

### Data Security

The following arrangements continue to be in place:

- a security feature at login to the Trust network, giving guidance to users and requiring acceptance of 'rules of use'; this is to be further strengthened following the recent review and updating of the duty of confidence statement that all new starters complete as part of their induction process.

Key points of the duty of confidence declaration, specifically those sections relating to users responsibilities will be added to the log-in screen of the Trust's network. The review and acceptance of the duty of confidence will also be an ongoing reminder, as well as at the commencement of an employee's work in the Trust.

- IT policies which take account of updated national requirements;
- a 'best practice' IT security awareness leaflet alongside a dedicated email security and best practice leaflet;
- all computer hard drives are physically destroyed on decommissioning prior to disposal;

- released security patches are rolled out in a timely manner;
- NHS Digital CareCert Notifications are reviewed and actioned, where relevant.
- annual Penetration Test;
- third party Security Operations Centre (SOC) remote monitoring;
- the encryption of all removable / portable devices including laptops, USB pens and CDs, specifically:
  - laptop encryption has been completed on all laptops / clinical tablets;
  - encrypted USB pens have been allocated to staff;
  - no machines are purchased with floppy drives as standard and port blocking software has been implemented;
  - CD/DVD writers are not issued as a standard piece of equipment. Where the use of these writers is required, the creation of data on these devices is covered by Trust policies;
- the creation of data on PACs CDs is governed by Trust policy and encryption ability is available. Tracking procedures are in place for CDs sent off site.

### **Data quality and governance**

The following measures are in place to assure the Trust Board that appropriate controls are in place to ensure the accuracy of data:

#### ***Governance and Leadership***

- The Trust's Director of Estates and Facilities/Interim Director of Digital Services is responsible for ensuring that arrangements are in place for providing timely, accurate and appropriate information and performance data. An Information Services Manager, to whom this responsibility is delegated, is also in post.
- The Trust's Director of Estates and Facilities/Interim Director of Digital Services is also responsible for ensuring that there are mechanisms in place for assuring the quality and accuracy of the performance data including external testing as appropriate.

#### ***Policies and plans in ensuring quality of care provided***

- Policies and procedures are in place in relation to the capture and recording of patient data.
- Clinical coding follows national guidelines in addition to a local policy, as per the Audit Commission's guidelines.

## ***Systems and Processes***

- Systems and processes are in place for the audit and validation of performance data.
- In respect of waiting list data, extensive work has been undertaken during 2019/20 to cleanse and strengthen the accuracy and oversight of waiting list data including the introduction of a strengthened central validation team to ensure these arrangements remain robust in order to ensure that patients are proactively tracked through the pathway.

The Trust also commissioned an external, independent audit of the Trust's data business rules due to the number of RTT clock stop errors experienced during 2019/20 (report expected at the end of May 2020) as well as a wider systems review via NHS Digital and the Trust continues to make good progress in implementing the recommendations from that review.

Once the report on the external audit of the business rules is received work will be undertaken to validate the patient pathways that were reported incorrectly. The Trust will also continue to audit the waiting list on a monthly basis for 6 months, to ensure no further errors are present.

## ***People and Skills***

- All staff involved in collecting and reporting on quality metrics are suitably trained and experienced.
- All PAS users have to receive training before being issued a password, and individual user activity is auditable.
- Clinical Coding is regularly audited both internally and externally and audits also take place with individual clinicians.

## ***Data Use and Reporting***

- A monthly Integrated Performance Report which outlines the Trust's key performance indicators (KPIs) including benchmarking and comparative data is submitted to the Trust Board monthly with the detailed review and challenge taking place Trust Board sub-committee level first.

A refresh of the Integrated Performance Report and reporting on the KPIs was completed during 2019/20 following advice and input from the NHSE/I Analytics Team, who also provided a session for the Trust Board on 'Making Data Count for Trust Boards'.

## Review of effectiveness of risk management and internal control

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

I have drawn on the 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, Risk and Governance Committee and the Quality and Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work (**Appendix A** refers).

The BAF and the monthly Integrated Performance Report provide me with evidence that the effectiveness of the controls in place to manage the risks to the organisation achieving its principal objectives have been reviewed.

Maintenance and review of the effectiveness of the system of internal control has been provided by comprehensive mechanisms already referred to in this statement. Further measures include:

- Regular reports to the Trust Board from the Trust's BAF and Risk Register including review and challenge through the relevant Board sub-committees.
- Regular risk management activity reports to the Trust Board assurance sub-committees and / or the Trust Board covering incidents / SIs, complaints/PALS and claims analysis and including details of lessons learned / changes in practice.
- Receipt by the Trust Board of minutes / reports from key forums including the Audit, Risk and Governance Committee, Finance and Performance Committee, Workforce Committee and the Quality and Safety Committee.
- The ongoing development of the BAF and Risk Register tested through the Internal Audit Programme.
- Annual independent external review by the Internal Auditors of the Trust's board assurance and self-certification processes.
- The provision and scrutiny of a monthly Integrated Performance to the Trust Board, which covers a combination of specific KPIs and priorities including the identification of key risks to future performance and mitigating actions. The Trust's performance management arrangements were further strengthened during 2019/20 including the implementation of more structured Performance Review Improvement Meetings covering finance, performance, quality and governance.

The validity of the Annual Governance Statement has been provided to me by the Audit, Risk and Governance Committee, which has considered and commented on this statement, and by the external auditors. All of the above measures serve to provide ongoing assurance to me, the Executive Team and the Trust Board of the effectiveness of the system of internal control. The measures also ensure that any internal control issues are identified. During 2019/20 significant internal control issues arose in three key areas, namely finance and sustainability, CQC and performance – further details are provided below.

## **Conclusion**

In conclusion, the following significant internal control issues arose or continued during 2019/20:

### ***Finance and sustainability***

Whilst the Trust achieved its 2019/20 Control Total, the Trust remains in breach of its Licence, specifically conditions CoS3(1)(a) and (b), CoS3(2)(c), and FT4(5)(a),(d), and (f), and remains in financial 'special measures'. Prior to the impact of COVID-19, The Trust had received its control totals for the next four financial years ending 2023/24. This recognises that the Trust is still expected to have an underlying deficit of £32.9m by the end of the period.

This is despite the inclusion of a stretching cost improvement requirement which is above tariff efficiency expectations. However, the Trust will be eligible to receive Financial Recovery Funding in order to maintain a balanced financial position if the Trust meets its financial control targets. Currently Operational Planning for 2020/21 is suspended until July 2020 at the earliest. It is envisaged the Trust will be required to outline and deliver a recovery plan. A CIP target of £13m has been identified for 2020/21 and plans are being developed to deliver against this. The management of the CIP programme will follow the robust processes as in 2019/20 and is overseen by the Improvement Programme Director.

### **CQC**

As outlined in section 4. above, whilst the Trust retained its overall rating of 'Requires Improvement, a rating of 'Inadequate' was received in the 'Safe' domain'. This was due to ongoing waiting list backlogs in some specialties, the backlog in diagnostic reporting, concerns in relation to end of life care and some issues in the Trust's two emergency departments; specifically training, paediatric pathway, safe environment and sustaining improvements in ambulance handover. Whilst an improvement plan is in place and ongoing, progress has been impacted by the COVID-19 pandemic. The Trust Board has agreed the need to focus on five priority 'must dos'; specifically waiting lists, diagnostic reporting, mortality, end of life and emergency care. Work is currently underway internally to re-allocate some existing resource to focus on these areas of work. A bid against national quality 'special measures' funding has also recently been submitted to support delivery of the CQC improvement actions. However, key to recovery for the Trust is regaining pace with the improvement work required.

### ***Information governance – data breaches***

As outlined in the Information Governance section above, since the end of 2019/20 and up to the date of publication of this report, the Trust has identified two further potential significant data breaches, both of which have been reported to the ICO.

These incidents if confirmed potentially raise concerns regarding the apparent lack of understanding of some staff in relation to the ethical, contractual and legal requirements in relation to the duty of confidentiality. Investigation is underway in relation to both of these incidents. Communications have been issued to all staff reminding them of their obligations in relation to confidentiality and a review of IG training content and compliance is underway.

The outcome of our investigations will be reported in the report for 2020/21.

### ***Performance***

#### **A and E**

Whilst the Trust continues to treat more patients within 4 hours than in the previous year and performance improved in January and February 2020, performance during 2019/20 remained challenging. Recovery actions have been in place and ongoing.

The Finance and Performance Committee provide the detailed scrutiny and challenge in respect of performance – including A and E performance – with reporting to the Board through the Integrated Performance Report and highlight report from the Finance and Performance Committee. Improvement actions are also monitored through the system-wide A and E Delivery Board with stakeholder support being seen as key to a return to improvement trajectory.

#### **Cancer Performance**

Whilst the Trust continues to deliver 2ww, compliance with the 62 day cancer metric remained challenging during 2019/20. Tertiary capacity also continues to be challenging. The Trust continues to focus its improvement efforts including collaboration with HUTH.

The COVID-19 pandemic will inevitably further impact. Work is underway to assess the impact on planned improvement trajectories and to assess the risk to patients waiting. The Trust is also an active participant in the Humber, Coast and Vale Cancer Alliance, who are reviewing all cancer pathways across the region.

The Finance and Performance Committee provide the detailed scrutiny and challenge in respect of performance – including cancer performance – with reporting to the Board through the Integrated Performance Report and highlight report from the Finance and Performance Committee.

### RTT and OPD Follow-ups

During 2019/20, The Trust continued to make progress against all waiting list metrics. In relation to RTT, performance was being maintained above the 77% plan for 2020/21. Out-patient transformation plans have contributed to a reduction in overdue follow-ups. However, the Trust has continued to see 52 week waits due to patient choice and as a result of improved data quality and transparency. Capacity issues remain specifically in ENT, Ophthalmology and Gastroenterology.

The COVID-19 pandemic will inevitably impact on the improvements seen. Work is underway to assess the impact on planned improvement trajectories. The risk to patients waiting has been assessed in line with national guidance from the various Royal Colleges.

All patients have been categorised into priority waiting lists to mitigate the risks to patient waiting from the perspective of clinical harm. (A combination of the implementation of advice and guidance and the use of technology to support out-patient appointments has contributed to minimising the growth of the waiting list during the COVID-19 pandemic period, with non-face to face appointments increasing by 50%.)

The Finance and Performance Committee provide the detailed scrutiny and challenge in respect of performance – including waiting list performance – with reporting to the Board through the Integrated Performance Report and highlight report from the Finance and Performance Committee.

*[Note: In respect of performance improvement generally, understandably, the Trust's plans for 2020/21 have been impacted on by the Covid 19 Pandemic. In order to understand this and plan for recovery, an Activity Recovery Board (ARB), which reports into Trust Management Board, has been set up with a number of workstreams looking at elective care, out-patients, cancer, diagnostics and activity and performance. Monthly reports on progress will also be fed into the Finance and Performance Committee and Trust Board. This is underpinned by a draft Trust operating framework (which is revised monthly or more frequently if required) to take into account the national, regional and local learning and infection control requirements across the entirety of the Trust's service delivery.]*

### **Signature:**



**Chief Executive and Accountable Officer:** Dr Peter Reading

**Date:** 19 June 2020

## **Appendix A: Head of Internal Audit opinion on the effectiveness of the system of internal control at the Northern Lincolnshire and Goole NHS Foundation Trust for the year ended 31 March 2020**

### **Roles and responsibilities**

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 Accounting Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accounting Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement 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;
- 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 AGS 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 should provide a reasonable level of assurance, subject to the inherent limitations described below. The opinion does not imply that Internal Audit have 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 AGS.

## The Head of Internal Audit Opinion

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accounting Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its AGS.

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;
3. Commentary.

My overall opinion is that:

**Significant assurance is given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.**

The basis for forming my opinion is as follows:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

Unless explicitly detailed third party assurances have not been relied upon.

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

### **The design and operation of the Assurance Framework and associated processes.**

My detailed review of the Northern Lincolnshire and Goole NHS Foundation Trust Board Assurance Framework (BAF) document found that its design complied with best practice as embodied in Department of Health guidance.

As regards my review of the assurance and risk management processes that underpin the BAF documents (e.g. organisation-wide risk management systems and the design and operation of the Trust's governance / assurance structure), it was found that there is a generally sound system of control in place.

The BAF and strategic risks are reviewed by the relevant Board Sub Committee each month and by the Audit, Risk and Governance Committee quarterly and Trust Board each meeting. The BAF is supported by a developed risk management process and a structure is in place to escalate risks from directorate to corporate level.

An opinion of Significant Assurance is awarded in relation to the design and operation of Trust's Assurance Framework and underpinning risk management processes.

**The range of individual opinions arising from risk-based audit assignments, contained within risk-based plans that have been reported throughout the year.**

Internal Audit work is planned using an Audit Needs Assessment (ANA). Such an assessment is undertaken every three years and generates a Strategic Audit Plan for those three years. The Audit committee approved the ANA and three year plan at the start of 2018/19. Annually the ANA is reviewed to provide an updated plan that takes into consideration the changing risk profile of the Trust. Both the three year plan and the annual plan are derived from a combination of the risks highlighted in the Assurance Framework and from a separate audit needs assessment undertaken in consultation with the Board of Directors and the Audit Committee. This ensures that an audit plan is developed that is targeted towards the areas of greatest risk and allows Internal Audit to discharge its duties effectively.

Internal Audit reports are generated from the work highlighted in the plan. These reports are issued to Directors and to the Audit Committee. Progress in implementing agreed recommendations is reported to the Audit Committee by the Trust and internal audit undertakes an independent verification exercise to confirm their implementation.

Internal Audit reports carry one of four possible opinions. These give the recipient an indication of the level of assurance that can be taken that the processes of control within the area audited are adequate. The four opinions are "High Assurance", "Significant Assurance", "Limited Assurance" and "Low Assurance". A report containing either a "High" or "Significant" opinion would generally be seen as satisfactory.

In summary the Internal Audit reports issued in the year have generated the "significant assurance" opinion highlighted on the previous page.

Where variances from the plan have occurred these have been undertaken with the approval of the Chief Financial Officer and the Audit Committee. No departures from the plan that are material for the purposes of this opinion have occurred.

## Limited and low assurance opinion reports 2019/20

Whilst a significant overall opinion has been provided, attention is drawn to the fact that three final reports have been issued in 2019/20 with a “limited or low assurance” opinion.

### Medical staff personnel files

This review found weaknesses with both the design and effective operation of controls in relation to medical staff personnel files. Medical staff personnel records were previously held centrally but this was transferred to the divisions.

There is no guidance to the divisions on what documents are required to be kept and consequently inconsistent practice is in place. We requested historic recruitment documents which were stored on a legacy system and it was established that these records had been deleted in error.

### Data security and protection toolkit

The review confirmed that, whilst elements of the Trust’s Data Security and Protection Framework are operating in accordance with the Toolkit standards, areas of weakness remain which prevent the organisation from being fully compliant. In particular, the Trust faces challenges with respect to its data security incident preparedness, backup policies and compliance with the requirement for 95% staff to undertake annual data security and protection training.

The organisation had acknowledged the areas for development in preparing an Improvement Plan for submission to NHS Digital by 31st March, in conjunction with its self-assessment of ‘Standards Not Fully Met’. Extension of the Toolkit submission deadline to 30th September, to allow for Covid-19 preparation, means the Trust will address the issues under a six-month action plan. This Assurance Report is being issued, to the original timescales agreed under the Audit Plan 2019/20, and reflects the year-end position.

### Divisional management and accountability

This audit confirmed that each of the five Divisions had in place governance arrangements that were felt by senior management to meet the requirements of the Divisional senior team.

The maturity of the arrangements varied; most Divisions had established arrangements whilst others had recently reviewed and updated their arrangements. KPMG previously undertook a review of the Trust’s Divisional governance arrangements during 2018, with a final report issued in August 2018. We consider that overall the Trust has made only limited progress in addressing the issues raised within this report.

## Looking ahead

We have managed to complete the majority of the 2019/20 Internal Audit Plan and are able to provide an opinion on that basis. In the main, this work was completed prior to Covid-19 beginning to impact. It is, however, important to make reference to Northern Lincolnshire and Goole NHS Foundation Trust's response to Covid-19, in your final formal Opinion.

NHS Organisations have had to move quickly to put measures in place to enable them to respond to Covid-19 and we fully appreciate that staff who we would usually engage with for planned work have been focused on service delivery, and our focus in this respect has been on supporting this response in any way we can.

NHS organisations are facing unprecedented levels of risk as a result of COVID-19 and many business critical controls are under massive pressure as the response to the coronavirus (COVID-19) emergency situation requires NHS organisations to operate differently to normal business as usual practice

Audit Yorkshire has provided support including offering staff for re-deployment and has issued a number of publications as well as sharing and incorporating NHSE/I guidance, NHS Counter Fraud Authority and HfMA briefings. We also developed and shared a document Governance in the context of COVID-19 to support our Members and Clients in reviewing their governance arrangements in this time of national emergency.

The document provides an easy to consider checklist of key guidance that has been issued in recent weeks and allows for self-assessment in considering the key risks presented by COVID-19, helping to highlight those areas being managed well or not so well. We intend to follow up on the results of this assessment early in 2020/21.

**Helen Kemp-Taylor**  
**Head of Internal Audit and Managing Director**  
**Audit Yorkshire**  
**April 2020**

## Equality and diversity

The Northern Lincolnshire and Goole NHS FT (the Trust) aims to be an organisation that people want to access for care and treatment. The Trust aims to be an organisation that people want to join and remain with as staff because it allows them to make their distinctive contributions and achieve their full potential. The Trust does not tolerate any form of intimidation, humiliation, harassment, bullying or abuse and will ensure that patients, staff, visitors and the public are treated fairly, with dignity and respect. Our aim is to break down all barriers of discrimination, prejudice, fear or misunderstanding, which can damage service effectiveness for service users and carers.

The Trust is committed to compliance with the Public Sector Equality Duty as set out in the Equality Act 2010. The Trust will do this by eliminating discrimination, harassment and victimisation and have due regard to advancing equality for the relevant protected characteristics:

- Age
- Disability
- Gender Re-assignment
- Marriage and Civil Partnership
- Pregnancy and Maternity
- Race
- Religion and Belief
- Sex / Gender
- Sexual Orientation

The Trust aims to ensure that its services and employment opportunities are equally accessible to other groups that are 'seldom heard'. These other groups could include the long term unemployed, sex workers, homeless groups; substance misusers; migrant workers; asylum seekers/refugees; but this list is not exhaustive. The Trust is committed to building a workforce which is valued and whose diversity reflects the community it serves, enabling it to deliver the best possible healthcare service to those communities. By addressing any inequalities in employment practices, the Trust seeks to deliver equitable services to all.

The Trust believes that unlawful discrimination is unacceptable and aims to ensure that all patients, applicants, employees, contractors, agency staff and visitors will receive appropriate treatment and will not be disadvantaged by conditions or requirements which cannot be shown to be justified. This is particularly so on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation and trade union activity. To support this we have a dedicated Equality and Diversity Lead whose remit includes providing strategic and operational advice and guidance to the Trust's Management Team, its staff and other key stakeholders on all matters around equality and diversity linked to patient care and workforce.

In the last year a new Equality and Diversity Strategy has been introduced along with a number of Equality Objectives. These Equality Objectives are giving direction and supporting the organisation to move forward against the equality and diversity agenda.

The Equality Objective's cover the period 2018 - 2022 and focus on:

- Implementing an equalities framework (Equality Delivery System 2)
  - This framework is encouraging the organisation to identify gaps in engagement and areas of potential inequalities. The key themes identified are being addressed through Staff Equality Networks and the Pride and Respect Campaign.
- Improving the collection of patient equality data
  - To help understand the diverse communities we serve Public Health data has been collected and some early analysis has been conducted.
- Continuing to deliver a high level of equality and diversity training to our staff
  - Equality and Diversity training is mandatory for all staff using blended learning. Face to face training is delivered as part of the corporate induction course and refreshers are completed using workbooks. A half day Equality and Diversity course has been running for the last year with one or two courses taking place each month.
  - During 2019/20 approximately 700 staff received face to face equality, diversity and inclusion training. This course covered basic legislation, exploring difference and set the behavioural standards our patients, service users and staff/colleagues expect.
- Reporting against the Workforce Standards
  - We collected, analysed, developed action plans and published information relating to the:
    - ❖ Workforce Race Equality Standard. Available of the Trust website here: <https://www.nlg.nhs.uk/content/uploads/2019/07/WRES-Report-June-2019.pdf>
    - ❖ Workforce Disability Equality Standard. Available of the Trust website here: <https://www.nlg.nhs.uk/content/uploads/2019/07/WDES-Report-June-2019.pdf>
    - ❖ Gender Pay Gap. Available of the Trust website here: <https://www.nlg.nhs.uk/content/uploads/2019/03/Gender-Pay-Gap-Report-March-19.pdf>
  - Develop and Grow Staff Equality Networks
    - We have two staff equality networks which represent Ethnic Minority Staff and Lesbian, Gay Bi-Sexual and Trans+ Staff.
    - We have renewed our membership and satisfactorily maintained our Disability Confident status as an employer who supports and attracts people with a disability or long term condition.

Looking ahead the new Equality and Diversity Strategy and the Equality Objectives will continue to provide the organisational direction to move this challenging agenda forward. Available of the Trust website here:

<https://www.nlg.nhs.uk/content/uploads/2019/07/WDES-Report-June-2019.pdf>

## The Health Tree Foundation

It's been four full years since the launch of the Health Tree Foundation name and ethos. We're proud to say it's been another successful and exciting year.

Over the last 12 months, we've invested almost £1 million in our hospitals and community services to directly improve patient care and experience. This money has been well spent making wishes a reality and bringing projects to life.

This includes projects such as improved waiting areas for patients across hospital sites, specialist touch screen devices for dementia patients to help with recollection and memory loss, equipment for our community teams, and brand new specialist apparatus for the wards.

We have seen several new team members join Health Tree this year, with two new Charity Champions and a new Charity Manager appointed. The new team 'hit the ground running' and have achieved some great results so far.

We are excited to have launched three new fundraising appeals with an ambitious target to raise almost £500,000 across the three sites with a therapy garden planned for Goole and District Hospital, enhanced MRI scanners at Diana, Princess of Wales Hospital in Grimsby and dementia friendly wards for all our hospitals.

Our supporters, donors, volunteers and friends have worked so hard to help us support the our local health service and their time, money and dedication has allowed us to create a better environment for all NHS patients.

Thank you all for being with us every step of the way to for helping to make 2019/20 a fabulous year.

**Neil Gammon, Chair of Health Tree Foundation Trustees Committee and Non Executive Director at the Trust**

**Andrew Barber, Charity Director and CEO of HEY Smile Foundation**

**Clare Woodard, Charity Manager**

# The Independent Auditor's Report

# **Independent auditor's report to the Council of Governors of Northern Lincolnshire and Goole NHS Foundation Trust**

## **Report on the financial statements**

### **Opinion on the financial statements**

We have audited the financial statements of Northern Lincolnshire and Goole NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Trust and Group Statements of Financial Position, the Consolidated Statement of Changes in Taxpayers' Equity, the Consolidated Statement of Cash Flows, and notes to the financial statements, including the 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 HM Treasury's Financial Reporting Manual 2019/20 as contained in the Department of Health and Social Care Group Accounting Manual 2019/20, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and Group as at 31 March 2020 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20; and
- have been properly 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 section of our report. We are independent of the Trust and Group 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.

### **Material uncertainty relating to going concern**

We draw attention to Note 1.1.2 in the financial statements, which sets out the Directors' view concerning the Trust's and the Group's ability to continue as a going concern. As stated in note 1.1.2, these events or conditions, along with the other matters as set forth in note 1.1.2, indicate that a material uncertainty exists that may cast significant doubt on the Trust's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Explanation of material uncertainty

In March 2017 NHS Improvement (NHSI) formally placed the Trust in Financial Special Measures. The Trust has delivered an adjusted financial deficit of £51.084m (including donated items and impairments, but before any agreed support) in 2019/20. The variance from the Trust's control total is a positive £0.141m. By achieving the control total the Trust is eligible to receive Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and Marginal Rate Emergency Tariff (MRET) funding, a total value of £25.808m for 2019/20. During the year the Trust had to utilise revenue support funding of £39.429m and has a total outstanding loans balance of £222.796m, £22.902m relating to specific capital projects.

The Trust submitted a 2020/21 plan at the beginning of March 2020, this included an adjusted financial deficit of £46.148m (including donated items and impairments, but before any agreed support). This would be supported by PSF, FRF and MRET funding of £45.975m, resulting in a deficit of £0.173m. There obviously continues to be some uncertainty around the nature and extent of any financial support from NHSI. The accounts do not include any adjustments that would result if the NHS Foundation Trust was unable to continue as a going concern. As a result of this assessment, the Directors' have concluded that there is a material uncertainty related to going concern.

### What audit procedures we performed

In forming our conclusion that there is a material uncertainty related to going concern, we:

- reviewed the Trust's own going concern assessment, verbally reported to those charged with governance on 21 April 2020;
- obtained an understanding of the Trust's 2020/21 financial plan, including cash flow forecasts;
- reviewed correspondence with NHSI over any additional financial support in particular its joint letter with NHS England on 27 May 2020 re-affirming its commitment to support provider and commissioner forecasting; and
- assessed the appropriateness of the disclosures relating to the financial sustainability of the Trust within Note 1.1.2 of the financial statements and on pages 33 to 36 of the Annual Report, which concluded the appropriateness of the financial statements being prepared on a going concern basis.

### **Key audit matters**

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

The below matters are in addition to the matter described in the "Material uncertainty related to going concern" section of our report.

Key audit matter: Property valuations (Trust)

*Note 16 to the financial statements discloses information on the Trust's holding of property, plant and equipment (PPE) which includes £163.5m of land, buildings and dwellings held at current value at 31 March 2020. These assets are subject to periodic revaluation in line with the requirements of the Group Accounting Manual (GAM). Note 1.7 to the financial statements describes the Trust's accounting policy with respect to the valuation of land, buildings and dwellings and note 18 discloses further information on the balance, which includes disclosure of a material valuation uncertainty as a result of the Covid-19 pandemic.*

The Trust's holding of PPE includes a portfolio of land, building and dwelling assets that are held at current value. Management engage a valuation expert ('the valuer') to provide the Trust with valuations in accordance with Royal Institution of Chartered Surveyors (RICS) requirements.

We consider there to be a significant risk of material misstatement in relation to the valuation of the Trust's land, buildings and dwellings as a result of the:

- high degree of estimation uncertainty associated with the valuations;
- level of judgement applied by management and the valuer in estimating current values; and
- extent to which the valuations are reliant on complete and accurate source data on individual assets being provided to the valuer.

The significant risk of material misstatement is further increased due to the additional estimation uncertainty arising from the Covid-19 pandemic.

*Our response and key observations*

Our audit procedures included, but were not limited to:

- evaluating the design and implementation of key controls which mitigate the risk. This included liaising with management to update our understanding of the approach taken by the Trust in its valuation of land, buildings and dwellings;
- obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Trust;
- obtaining an updated understanding of the basis of valuation applied by the valuer in the year. This included understanding and assessing the methodology applied to estimate the gross replacement cost of the Trust's operational land, buildings and dwellings;
- sample testing the completeness and accuracy of underlying data provided by the Trust and used by the valuer as part of their valuations;
- testing the accuracy of how valuation movements were presented and disclosed in the financial statements;
- making direct enquiries with the valuer to understand the nature of the material valuation uncertainty disclosed in his valuation report; and
- using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2020. In doing so, we utilised information provided by an auditor's expert to assess the effect of the material valuation uncertainty disclosed by the valuer and the Trust in the financial statements.

### *Key observations*

Whilst drawing attention to Note 18 in the financial statements, where the Trust has highlighted the material valuation uncertainty raised by its valuation expert caused by the impact of Covid-19, we obtained sufficient appropriate evidence to conclude that the valuation of land, buildings and dwellings included in the financial statements is reasonable.

### Key audit matter: Revenue recognition (Trust)

*The Trust recognised £412.7m of revenue from activities as part of the Group Statement of Comprehensive Income. The Trust's primary source of revenue is through contracts with commissioning bodies in respect of the provision of acute and community healthcare services. Notes 3.1 and 3.2 provide further information on the nature and source of the Trust's revenue.*

ISA (UK) 240 includes a rebuttable presumption that there is a risk of fraud in relation to revenue recognition. The pressure to manage income to deliver forecast performance in a challenging financial environment increases the risk of fraudulent financial reporting leading to material misstatement and means we are unable to rebut the presumption in respect of income from patient care activities in relation to NHS bodies and other operating income in relation to non-patient care services to other bodies.

### *Our response and key observations*

Our audit procedures included, but were not limited to:

- evaluating the design and implementation of key controls the Trust has in place which mitigate the risk of revenue being recognised in the wrong year;
- reconciling revenue recognised through contracts with commissioners, to the underlying contractual agreement and any agreed variations in the year to appropriate evidence;
- testing material items of revenue from non-patient care services to other bodies by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was appropriately recorded in the financial year and at the correct value;
- testing material receivables and prepayments by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was appropriate to be recorded as an asset at the year end and at the correct value;
- considering information provided by the Department of Health and Social Care in respect of year-end intra-NHS revenue and receivables transactions. We identified any significant differences between the Trust's position and that of the counterparty and obtained assurance that the Trust's position was supported by appropriate evidence; and
- testing cash receipts either side of the year end by agreeing the associated revenue to appropriate source documentation and obtaining assurance that each item was accounted for in the correct financial year.

### *Key observations*

We obtained sufficient appropriate evidence to conclude that revenue recognised in the financial statements is reasonable.

Key audit matter: Expenditure recognition (Trust)

*The Trust recognised £132.5m of non-pay related operating expenditure as part of the Group Statement of Comprehensive Income. Note 5 provides further information on the nature and source of the Trust's operating expenses.*

For public sector organisations, a similar risk to revenue recognition applies to the recognition of non-pay expenditure and contractual obligations.

The pressure to manage expenditure, especially when dealing with high cost specialisms that are not specifically funded, increases the risk surrounding fraudulent financial reporting of expenditure and means we are unable to rebut the presumption in respect of the non-pay operating expenses of the Trust

*Our response and key observations*

Our audit procedures included, but were not limited to:

- evaluating the design and implementation of key controls the Trust has in place which mitigate the risk of non-pay expenditure being recognised in the wrong year;
- considering information provided by the Department of Health and Social Care in respect of year-end intra-NHS expenditure and payables transactions. We identified any significant differences between the Trust's position and that of the counterparty and obtained assurance that the Trust's position was supported by appropriate evidence; and
- testing cash payments either side of the year end by agreeing the associated expenses to appropriate source documentation and obtaining assurance that each item was accounted for in the correct financial year.

We also:

- tested individually material items of non-pay related operating expenses by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was recorded in the correct financial year and at the correct value; and
- tested individually material payables by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was appropriate to be recorded as a liability at the year end and at the correct value.

*Key observations*

We obtained sufficient appropriate evidence to conclude that non-pay operating expenses recognised in the financial statements is reasonable

## Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as follows:

	Trust	Group
Overall materiality	£8.5m	£8.555m
Basis for determining materiality	2% of gross operating expenses of continuing operations.	
Rationale for benchmark applied	Operating expenses of continuing operations was chosen as the appropriate benchmark for overall materiality as this is a key measure of financial performance for users of the financial statements.	
Performance materiality	£5.95m	£5.998m
Reporting threshold	£0.255m	£0.256m

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for group audit purposes, was between £0.004m and £8.5m all being below group financial statement materiality.

## An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Accounting Officer made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the Trust and the Group and the sector in which they operate. We considered the risk of acts by the Trust and Group which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the National Health Service Act 2006.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Trust's and the Group's accounting processes and controls and their environments, and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to:

- obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error;
- review of minutes of board meetings in the year;
- discussions with the Trust's internal auditor; and
- enquiries of management.

As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud other than the key audit matters on revenue and expenditure recognition outlined above.

The risks of material misstatement, including due to fraud, that had the greatest effect on our audit, including the allocation of resources and effort, are discussed under 'Key audit matters' within this report.

Our group audit scope included an audit of the Trust and Group financial statements. Based on our risk assessment, the Trust was subject to a full scope audit which was performed by the Group audit team. Full-scope audit procedures were undertaken on Group components that account for 99.9% of the Group's operating expenses.

At the Group level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

### **Other information**

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

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

We are also required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit, Risk and Governance Committee which we consider should have been disclosed.

We have nothing to report in these regards.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust and Group to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2019/20; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The parts of the Remuneration and Staff Report subject to audit are:

- Pay multiple statement;
- Salary and pension entitlements of senior managers 2019/20;
- Pay multiple table;
- Pension benefits – Executive Directors;
- Staff costs; and
- Average staff numbers based on Whole Time Equivalent (WTE).

## Matters on which we are required to report by exception

### Annual Governance Statement

We are required to report to you if, in our opinion:

- the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2019/20; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in respect of these matters.

### Reports to the regulator and in the public interest

We are required to report to you if:

- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006 because we have a reason to believe that the Trust, or a Director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.

## The Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

### Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied 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.

### Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, we are not satisfied that, in all significant respects, Northern Lincolnshire and Goole NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### Basis for adverse conclusion

In considering the Trust's arrangements for properly informed decision making and for securing sustainable resource deployment, we identified the following matters:

- The license condition issued by Monitor on 6 August 2013 to the Board of Directors and the Council of Governors, triggered by a deterioration in the Trust's financial position, still remains in place. Original enforcement undertakings issued in April 2015 have since been replaced and superseded in May 2017 and remain in place, stating that the Trust had demonstrated a failure of governance and financial management;
- On 24 March 2017, NHS Improvement (NHSI) placed the Trust in Financial Special Measures;
- The Trust submitted their 2019/20 financial plan to NHSI with a control total deficit of £25.4m including support funding of £25.8m, and whilst achieving this, the Trust's Financial Special Measures status still remains in place;
- The Trust was placed into Quality Special Measures by NHSI on 6 April 2017 as a result of a recommendation from the Care Quality Commission (CQC) following its inspection in November 2016 where an overall 'Requires Improvement' rating was determined. The latest CQC inspection, undertaken in September 2019, the outcome of which was received by the Trust on 7 February 2020, re-affirmed this position with an overall 'Requires Improvement' rating again being determined; and
- Whilst the Trust has agreed undertakings with NHSI and developed plans to drive improvements in the areas leading to its Quality and Financial Special Measures it continues to be challenged on its operational performance.

These issues are evidence of significant weaknesses in the Trust's arrangements for:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance;
- planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; and
- Planning and developing a workforce to deliver strategic priorities effectively.

## **Responsibilities of the Accounting Officer**

The Chief Executive as Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

We are required by Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in 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 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.

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.

## **Use of the audit report**

This report is made solely to the Council of Governors of Northern Lincolnshire and Goole NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust 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 Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

## Certificate

We certify that we have completed the audit of the financial statements of Northern Lincolnshire and Goole NHS Foundation Trust and Northern Lincolnshire and Goole NHS Foundation Trust Group in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Mark Surridge, Key Audit Partner  
For and on behalf of Mazars LLP

45 Church Street  
Birmingham  
B3 2RT

22 June 2020

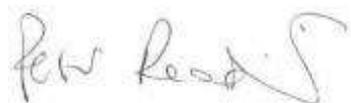
**The Annual  
Accounts for  
the year  
ended  
31 March 2020**

## Foreword to the Accounts

Northern Lincolnshire and Goole NHS Foundation Trust

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

**Signature:**

A handwritten signature in black ink, appearing to read 'Peter Reading', is positioned below the 'Signature:' label.

**Chief Executive and Accountable Officer:** Dr Peter Reading

**Date:** 19 June 2020

## Consolidated Statement of Comprehensive Income for the year ended 31 March 2020

	Note	Group	
		2019/20	2018/19
		£000	£000
Operating income from patient care activities	3	349,319	316,522
Other operating income	4	63,573	38,227
Operating expenses	5, 7	(427,749)	(408,493)
<b>Operating deficit from continuing operations</b>		<b>(14,857)</b>	<b>(53,744)</b>
Finance income	10	230	219
Finance expenses	11	(7,509)	(5,663)
<b>Net finance costs</b>		<b>(7,279)</b>	<b>(5,444)</b>
Other gains / (losses)	11.2	(36)	52
Corporation tax expense		-	(4)
<b>Deficit for the year from continuing operations</b>		<b>(22,172)</b>	<b>(59,140)</b>
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	-	-
<b>Deficit for the year</b>		<b>(22,172)</b>	<b>(59,140)</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments	6	(701)	(2,197)
Revaluations	19	2,357	1,131
Other reserve movements		(10)	10
<b>Total expense for the period</b>		<b>(20,526)</b>	<b>(60,196)</b>
<b>Deficit for the period attributable to:</b>			
Non-controlling interest, and		-	-
Northern Lincolnshire and Goole NHS Foundation Trust		(22,172)	(59,140)
<b>TOTAL</b>		<b>(22,172)</b>	<b>(59,140)</b>
<b>Total comprehensive expense for the period attributable to:</b>			
Northern Lincolnshire and Goole NHS Foundation Trust		(20,526)	(60,196)
<b>TOTAL</b>		<b>(20,526)</b>	<b>(60,196)</b>
<b>Adjusted financial performance (control total basis):</b>			
Deficit for the period		(22,172)	(59,140)
Remove impact of consolidating NHS charitable fund		231	1,028
Remove net impairments not scoring to the Departmental expenditure limit		(2,990)	1,392
Remove I&E impact of capital grants and donations		(111)	(1,015)
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(234)	-
<b>Adjusted financial performance deficit</b>		<b>(25,276)</b>	<b>(57,735)</b>

## Statements of Financial Position as at 31 March 2020

	Note	Group		Trust	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		£000	£000	£000	£000
<b>Non-current assets</b>					
Intangible assets	15	1,087	785	1,087	785
Property, plant and equipment	16	177,887	173,066	177,887	173,066
Other investments / financial assets	20	1,614	1,757	-	-
Receivables	24	756	-	756	-
<b>Total non-current assets</b>		<b>181,344</b>	<b>175,608</b>	<b>179,730</b>	<b>173,851</b>
<b>Current assets</b>					
Inventories	23	3,271	2,981	3,271	2,981
Receivables	24	26,037	23,292	25,887	23,082
Cash and cash equivalents	29	20,588	14,963	20,541	14,677
<b>Total current assets</b>		<b>49,896</b>	<b>41,236</b>	<b>49,699</b>	<b>40,740</b>
<b>Current liabilities</b>					
Trade and other payables	30	(48,774)	(51,052)	(48,719)	(50,905)
Borrowings	33	(213,726)	(17,370)	(213,726)	(17,370)
Provisions	35	(669)	(1,001)	(669)	(1,001)
Other liabilities	32	(993)	(384)	(986)	(384)
<b>Total current liabilities</b>		<b>(264,162)</b>	<b>(69,807)</b>	<b>(264,100)</b>	<b>(69,660)</b>
<b>Total assets less current liabilities</b>		<b>(32,922)</b>	<b>147,037</b>	<b>(34,671)</b>	<b>144,931</b>
<b>Non-current liabilities</b>					
Borrowings	33	(10,896)	(172,504)	(10,896)	(172,504)
Provisions	35	(5,246)	(4,466)	(5,246)	(4,466)
<b>Total non-current liabilities</b>		<b>(16,142)</b>	<b>(176,970)</b>	<b>(16,142)</b>	<b>(176,970)</b>
<b>Total assets employed</b>		<b>(49,064)</b>	<b>(29,933)</b>	<b>(50,813)</b>	<b>(32,039)</b>
<b>Financed by</b>					
Public dividend capital		130,690	129,295	130,690	129,295
Revaluation reserve		19,451	17,795	19,451	17,795
Financial assets reserve		-	-	-	-
Other reserves		-	10	-	-
Income and expenditure reserve		(200,933)	(178,992)	(200,954)	(179,129)
Charitable fund reserves	21	1,728	1,959	-	0
<b>Total taxpayers' equity</b>		<b>(49,064)</b>	<b>(29,933)</b>	<b>(50,813)</b>	<b>(32,039)</b>

The notes in the rest of this chapter form part of these accounts.

**Signature:**



**Chief Executive and Accountable Officer:** Dr Peter Reading, **Date:** 19 June 2020

## Consolidated Statement of Changes in Taxpayers' and other Equity for the year ended 31 March 2020

Group	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	WebV Solutions Ltd Income and Expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2019 - brought forward</b>	129,295	17,795	10	(179,129)	137	1,959	(29,933)
Surplus/(deficit) for the year	-	-	-	(22,361)	(115)	304	(22,172)
Impairments	-	(701)	-	-	-	-	(701)
Revaluations	-	2,357	-	-	-	-	2,357
Public dividend capital received	1,395	-	-	-	-	-	1,395
Other reserve movements	-	-	(10)	535	-	(535)	(10)
<b>Taxpayers' and others' equity at 31 March 2020</b>	<b>130,690</b>	<b>19,451</b>	<b>-</b>	<b>(200,955)</b>	<b>22</b>	<b>1,728</b>	<b>(49,064)</b>

## Consolidated Statement of Changes in Taxpayers' and other Equity for the year ended 31 March 2019

	£000	£000	£000	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2018 - brought forward</b>	126,939	18,861	-	(121,003)	123	2,987	27,907
Surplus/(deficit) for the year	-	-	-	(58,770)	14	(384)	(59,140)
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	-
Impairments	-	(2,197)	-	-	-	-	(2,197)
Revaluations	-	1,131	-	-	-	-	1,131
Public dividend capital received	2,356	-	-	-	-	-	2,356
Other reserve movements	-	-	10	644	-	(644)	10
<b>Taxpayers' and others' equity at 31 March 2019</b>	<b>129,295</b>	<b>17,795</b>	<b>10</b>	<b>(179,129)</b>	<b>137</b>	<b>1,959</b>	<b>(29,933)</b>

## Information on Reserves

### Public dividend capital

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

### Revaluation reserve

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

### Other reserves

This represents the share capital of the NHS Foundation Trust's subsidiary company, WebV Solutions Limited.

### Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS Foundation Trust.

### NHS Charitable funds reserve

This balance represents the ring-fenced funds held by the NHS Charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted.

## Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Note	Group	
		2019/20 £000	2018/19 £000
<b>Cash flows from operating activities</b>			
Operating deficit		(14,857)	(53,744)
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	5	9,163	7,225
Net (reversals) / impairments	6	(2,990)	1,392
Income recognised in respect of capital donations	4	(373)	(1,238)
(Increase) in receivables and other assets		(3,454)	(795)
(Increase) in inventories		(290)	(208)
Increase / (decrease) in payables and other liabilities		(929)	2,972
Decrease in provisions		473	(251)
Movements in charitable fund working capital		(76)	(88)
Tax paid		-	(30)
Other movements in operating cash flows		(10)	25
<b>Net cash flows from / (used in) operating activities</b>		<b>(13,343)</b>	<b>(44,740)</b>
<b>Cash flows from investing activities</b>			
Interest received	10	170	140
Purchase of intangible assets		(630)	(317)
Purchase of PPE and investment property		(9,698)	(22,742)
Sales of PPE and investment property		17	10
Receipt of cash donations to purchase assets		373	1,238
Net cash flows from charitable fund investing activities		160	391
<b>Net cash flows from / (used in) investing activities</b>		<b>(9,608)</b>	<b>(21,280)</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		1,395	2,356
Movement on loans from DHSC		34,428	70,996
Capital element of finance lease rental payments		(15)	(55)
Interest on loans	11	(7,223)	(5,062)
Other interest	11	(2)	(5)
Interest paid on finance lease liabilities	11	(7)	(1)
PDC dividend (paid) / refunded		-	199
<b>Net cash flows from / (used in) financing activities</b>		<b>28,576</b>	<b>68,428</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>5,625</b>	<b>2,408</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>14,963</b>	<b>12,555</b>
<b>Cash and cash equivalents at 31 March</b>	29.1	<b>20,588</b>	<b>14,963</b>

## Notes to the Accounts

### Note 1 - Accounting policies and other information

#### Note 1.1 Basis of Preparation

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

#### Note 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 have been reviewed to represent fair value as at 31st March 2020.

#### Note 1.1.2 Going Concern

The Trust's accounts have been prepared on a going concern basis.

The accounting rules (IAS 1) require management to assess, as part of the accounts preparation process, the NHS Foundation Trust's ability to continue as a going concern. In accordance with the NHS Foundation Trust's Annual Reporting Manual the financial statements have been prepared on a going concern basis as we do not either intend to apply to the Secretary of State for the dissolution of the NHS Foundation Trust without the transfer of the services to another entity, or consider that this course of action will be necessary.

We are also required to disclose material uncertainties in respect of events or conditions that cast significant doubt upon the going concern ability of the NHS Foundation Trust to continue as a going concern and these are disclosed below.

The Trust has delivered an adjusted financial deficit of £51.084m (including donated items and impairments, but before any agreed support) in 2019/20. The variance from the Trust's control total is a positive £0.141m, a significant improvement on previous years.

By achieving the control total the Trust is eligible to receive Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and Marginal Rate Emergency Tariff Funding (MRET), a total value of £25.808m for 2019/20.

The Trust had year-end cash balances of £20.541m. During the year the Trust had to utilise revenue support funding of £39.429m.

The Trust has a total outstanding loans balance of £222.8m, £22.9m relating to specific capital projects.

In March 2017 NHSI formally placed the Trust in Financial Special Measures. Financial Special Measures presents no risk of the Trust having to cease trading within the next twelve months, or face regulator action to cease or modify its trading status in that period.

DHSC have announced reforms to the cash regime. All interim loans and interest as at 31 March 2020 will be extinguished during 2020/21 and PDC will be issued. These loans are therefore shown as due under one year on the statement of financial position.

Any future revenue support that is needed will be in the form of PDC and not loans.

At the end of November 2019 the Trust submitted a 5 year plan, the Trust's performance was in line with its control totals over this 5 year period. The Trust submitted a 2020/21 plan at the beginning of March 2020, this included an adjusted financial deficit of £46.148m including donated items and before any agreed support. This would be supported by PSF, FRF and MRET funding of £45.975m, resulting in a deficit of £0.173m. The Trust would meet its control total for this period.

There obviously continues to be some uncertainty around the extent and nature of any financial support from NHSI, however, given there is no indication from regulators that the Trust will cease any part of its' trading activities, (the Trust will continue its' ability as a going concern). The directors have determined that the circumstances outlined above amount to a material uncertainty which may cast significant doubt over the ability of the Trust to continue as a going concern. However given the commitment to funding from both NHSI and the Department of Health and Social Care, it remains appropriate to prepare these accounts on a going concern basis.

The accounts do not include any adjustments that would result if the NHS Foundation Trust was unable to continue as a going concern.

### **Note 1.2 Consolidation**

Entities over which the Trust has the power to exercise control are classified as subsidiaries and are consolidated. The Trust has control when it has the ability to affect the variable returns from the other entity through its power to direct relevant activities. The income, expenses, assets, liabilities, equity and reserves of the subsidiary are consolidated in full into the appropriate financial statement lines.

The capital and reserves attributable to non-controlling interests are included as a separate item in the Statement of Financial Position. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust or where the subsidiary's accounting date is not coterminous.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

The following subsidiaries have been consolidated:

- Northern Lincolnshire & Goole NHS Foundation Trust Charitable Funds
- WebV Solutions Limited

#### **Note 1.2.1 Subsidiaries - Charitable Funds**

The NHS Foundation Trust is the corporate trustee to Northern Lincolnshire and Goole NHS Foundation Trust Charitable Funds. The NHS Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because it is exposed to variable returns from its involvement with the charitable fund to obtain benefits for itself, its patients or its staff.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- Recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- Eliminate intra-group transactions, balanced, gains and losses.

Northern Lincolnshire and Goole NHS Foundation Trust Charitable Funds  
Accounting Policies:

##### a) Funds Structure

Perpetuity funds are funds which are to be used in accordance with specific restriction imposed by the donor. Where the restriction requires the gift to be invested to produce income but the capital cannot be spent, it is classed as a perpetuity fund.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Where the restriction requires the gift to be invested to produce income but the trustees have the power to spend the capital, it is classed as expendable endowment.

Unrestricted income funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the donor has made known their non-binding wishes or where the trustees, at their discretion, have created a fund for a specific purpose. The charity does not have any perpetuity funds or expendable endowments

b) Incoming Resources

All incoming resources are recognised once the charity has entitlement to the resources. Provided it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

c) Incoming Resources from Legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

A receipt is normally probable when;

- there has been grant of probate;
- the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and
- any conditions attached to the legacy are either within the control of the charity or have been met.

Legacies to which the charity is entitled and for which notification has been received but uncertainty over measurement remains, are disclosed, if material, as contingent income.

d) Gifts in Kind

Assets given for distribution by the funds are included in the Statement of Financial Activities only when distributed.

In all cases the amount at which the gifts in kind are brought into account is either a reasonable estimate of their value to the funds or the amount actually realised.

e) VAT and Tax

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

The charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

f) Allocation of Overhead and Support Costs

Overhead and support costs have been apportioned on an appropriate basis between all funds. The apportionment is in proportion to the quarterly aggregate balance on each of the funds and is distributed on a quarterly basis.

g) Fixed Asset Investments

Investments are stated at market value as at the balance sheet date. The Statement of Comprehensive Income includes the net gains and losses arising on revaluation and disposals throughout the year.

The Common Investment Fund Units and Brewin Dolphin Ltd portfolio are included in the balance sheet at the closing dealing price at 31 March 2020

#### h) Realised Gains and Losses

All gains and losses are taken to the Statement of Comprehensive Income as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later).

Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

#### **1.2.2 Subsidiaries - WebV Solutions Limited**

The NHS Foundation Trust owns 99% of the share capital in WebV Solutions Limited, the remaining 1% is owned by Harrogate & District NHS Foundation Trust. The statutory accounts are prepared to 31 March in accordance with UK Financial Reporting Standards (FRS) 102. On consolidation, necessary adjustments are made to the companies' assets, liabilities and transactions to:

- Recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- Eliminate intra-group transactions, balances, gains and losses.

#### **1.3 Critical Accounting Judgements and Key Sources of Estimation and Accuracy**

In the application of the Foundation 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The below are the judgements made in the process of applying the accounting policies and assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

##### *Going Concern*

The accounting rules (IAS 1) require management to assess, as part of the accounts preparation process, the NHS Foundation Trust's ability to continue as a going concern. Please refer to Accounting policy 1.1.

##### *Property Valuations and Asset Lives*

Valuations are undertaken by an independent external valuer in line with RICS guidance. These values will therefore be subject to changes in market conditions and market values. The asset lives are also estimated by the independent external valuer.

The valuation exercise was carried out in February 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (Red Book), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.

The outbreak of Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Of the £163.4m net book value of land and buildings subject to valuation, £143.7m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. 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.

The total net book value of all property, plant and equipment included within these accounts is £177.9m

#### *Accruals*

Accruals included within the accounts are based on the best available information. This is applied in conjunction with historical experience and based on individual circumstances. The total value of accruals included in these accounts is £11.6m.

#### *Annual Leave Accruals*

The NHS Foundation Trust has written to all members of staff requesting details of their outstanding annual leave at the end of March 2020. The value of the outstanding amount has been calculated based on the returns received back from staff and their average salary. The NHS Foundation Trust is carrying £322k.

#### *Provisions*

The estimates of outcome and financial effect of provisions are determined by the judgement of the management of the Trust, supplemented by experience of similar transactions and, in some cases, reports of independent experts.

Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstance. Where the provision being measured involves more than one outcome, the obligation is estimated by weighing all possible outcomes by their associated probabilities; the expected value of the outcome. Where there is a range of possible outcomes, and each point in the range is likely as the other, the mid-point of the range is used.

Where a single outcome is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the Trust considers other possible outcomes.

The NHS Foundation Trust is carrying a restructuring provision of £0.17m to support payments in line with the NHS Foundation Trust pay protection policy. The total value of provisions included within these accounts is £5.9m

#### **1.4 Operating Segments**

Income and expenditure are analysed in the Operating Segments note and are reported in line with management information used with the Northern Lincolnshire and Goole NHS Foundation Trust.

#### **1.5 Revenue from Contracts with Customers**

In the adoption of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:

- As per paragraph 121 of the Standard the Trust will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less.
- The Trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date
- The FReM has mandated the exercise of the practical expedient offered in C7 (a) of the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue. Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset. Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

The value of the benefit received when the Trust accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF)

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

Grants and Donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

## **1.6 Expenditure**

### **1.6.1 Expenditure on Employee Benefits**

Short-term Employee Benefits

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

### **1.6.2 Pension Costs**

NHS Pension Schemes

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

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

An outline of these follows:

*a) Accounting Valuation*

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

*b) Full Actuarial (funding) Valuation*

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

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

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a 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.

### **1.6.3 Apprentice Levy**

The Apprentice levy was introduced by the UK Government on 6 April 2017.

There are two aspects to the treatment of the levy in local accounts:

- Recognition of the initial payment in social security cost;
- Recognition of the receipt of the associated training grant.

### **1.6.4 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.

## 1.7 Property, Plant and Equipment

### Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Foundation Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- 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.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Borrowing costs associated with the construction of new assets are not capitalised.

### 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. All assets are measured subsequently at valuation. "

Land and buildings used for the NHS Foundation Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the current value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are performed by professional valuers every five years and in the intervening years by the use of appropriate indices or by interim valuation as necessary to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.

Fair values are determined as follows:

- Freehold Properties – Existing Use Value (EUV);
- Specialised buildings – Depreciated Replacement Cost (DRC) – Modern Equivalent Asset (MEA);
- Others – DRC – EUV;
- Land – Modern Equivalent Asset (MEA).

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

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.

For any new acquisition of property, plant and equipment, the following table details the useful economic lives for the main classes of assets and where applicable, sub categories within each:

Main Assets	Sub Category	Life in Years
Buildings	Structural Engineering	Up to 70 years
Fixtures	Plant, machinery and equipment	5 to 15 years
	Furniture and fittings	5 to 10 years
	IT equipment	Up to 5 years
Vehicles/transport equipment		Up to 7 years
Intangible		Up to 10 years

Valuations are carried out in accordance with the current Valuation Standards and UK Valuation Standards contained within the Royal Institute of Chartered Surveyors (RICS) Valuation Standards – The Red Book, which are consistent with the agreed requirements of the DHSC and HM Treasury.

Property assets have been valued primarily by using the Depreciated Replacement Cost (DRC) approach. In accordance with VS6.6, the DRC will be subject to the prospect and viability of the continued occupation and use by the Foundation Trust.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

The ultimate objective of the valuation is to place a value upon the asset. In this the value of the land in providing a modern equivalent facility was also considered. The modern equivalent may be located on a new site out of town, or be on a smaller site due to changes in the way services are provided. The site is valued based on the size of the modern equivalent, and not the actual site area occupied at present, which has given rise to reduction in the land values.

The results of these valuations have been incorporated into these financial statements.

Equipment assets are valued using appropriate indices (for 2019/20 no change) and predominantly the Depreciated Replacement Cost is assumed to be the fair value. Annually, an equipment review is also conducted by the department/directorate/equipment specialist and the life of the equipment assets is reviewed in conjunction with the experts in the field (medical electronics /suppliers /market intelligence). Assets in the course of construction are valued at current cost and they are revalued by professional valuers when they are brought into use or as part of the five or intervening years valuation whichever occurs first. These assets include any existing land or buildings under the control of a contractor.

#### 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

Freehold land, properties under construction, and assets held for sale are not depreciated.

Depreciation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets.

The estimated useful life of an asset is the period over which the Foundation Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Foundation Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

#### Revaluation and Impairments

At each reporting period end, the Foundation Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. In accordance with the DHSC GAM, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item under "Other Comprehensive Income".

#### De-recognition

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

- The asset is available for immediate sale in its present condition subject only to terms;
- Which are usual and customary for such sales;
- The sale must be highly probable i.e.:
  - Management are committed to a plan to sell the asset;
  - An active programme has begun to find a buyer and complete the sale;
  - The asset is being actively marketed at a reasonable price;
  - The sale is expected to be completed within 12 months of the date of classification as "held for Sale"; and
  - The actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significantly changed.

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

### **1.8 Donated Assets**

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor imposes a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment. Within these financial statements, the Foundation trust does not have any donations with conditions attached at this present moment in time.

### **1.9 Intangible Assets**

#### Recognition

Intangible assets are non-monetary assets without physical substance which are capable of sale separately from the rest of the Foundation 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 Foundation Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

#### 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 Foundation Trust intends to complete the asset and sell or use it;
- The ability to sell or use the intangible asset;
- How the intangible asset will generate probable future economic benefits or service potential;
- The availability of adequate financial, technical and other resources to complete the intangible asset and sell or use it, and
- The ability to measure reliably the expenses attributable to the intangible asset during its development.

## Software

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

## Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Subsequently intangible assets are measured at fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. Intangible assets 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 economic lives in a manner consistent with the consumption of economic or service delivery benefits.

<b>Economic Lives of Intangible Assets:</b>		
<b>Intangible Assets – Internally Generated</b>	<b>Min. Life – Years</b>	<b>Max. Life – Years</b>
Information Technology	5	5
<b>Intangible Assets – Purchased</b>		
Software	5	10
Licences & Trademarks	5	10

### 1.10 Government Grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups (CCG's) or NHS Trusts for the provision of services. Where a Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

### 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value, using the first-in first-out cost formula

### 1.12 Private Finance Initiative (PFI) Transactions

At the 31 March 2020, the Foundation Trust did not have any PFI transactions.

### **1.13 Leases**

The Trust as Lessee

Finance Leases

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

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

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

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of Land and Buildings

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

The Foundation Trust as a Lessor

The Foundation Trust has made spaces available within the three sites to the local CCGs, Disability Trust, etc. renewable on an annual basis. These are operating leases and the rental from these leases is recognised on a straight line basis within these financial statements.

### **1.14 Cash and Cash Equivalent**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **1.15 Clinical Negligence Costs**

NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. The annual contribution is charged to operating expenses. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS Foundation Trust is disclosed at note 35.1 but is not recognised in the NHS Foundation Trust's accounts.

### **1.16 Non-Clinical Risk Pooling**

The NHS Foundation Trust participates in the Property Expenses Scheme (PES) and the Liabilities to Third Parties Scheme (LTPS). 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.

### **1.17 Provisions**

Provisions are recognised when the NHS Foundation Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Foundation Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the HM Treasury’s discount rate of minus 0.50% (2018/19 0.29%) in real terms for early retirement and injury benefit provisions only.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the NHS Foundation Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the NHS Foundation Trust, has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity. The NHS Foundation Trust is carrying a provision of £171k to support payments in line with the NHS Foundation Trust pay protection policy.

### **1.18 Sustainability and Carbon Reduction Commitment (CRC)**

The CRC scheme is a mandatory cap and trade scheme for non-transport CO<sub>2</sub> emissions. The Foundation Trust has registered with the CRC scheme, and therefore, is required to surrender to the Government an allowance for every tonne of CO<sub>2</sub> emitted. The scheme finished at 31st March 2019.

The Climate Change Levy (CCL) is the successor scheme to the Carbon Reduction Commitment (CRC). Expenditure is recognised in line with the levy charged, based on the chargeable rates for energy consumption as detailed in the Climate Change Levy documentation.

### **1.19 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 36 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 36, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

### **1.20 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 Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation 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 NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets, (ii) average daily cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, (iii) any PDC dividend balance receivable or payable and (iv) assets purchased relating to the Covid-19 pandemic.

In accordance with the requirements laid down by the DHSC (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 thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

### **1.21 Value Added Tax (VAT)**

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

### **1.22 Corporation Tax**

The NHS Foundation Trust has carried out a review of corporation tax liability of its non-healthcare activities. At present, all activities are either ancillary to the Trust's patient care activity or are below the de minimus level at which corporation tax is due. Therefore, the Trust has determined that it has no liability for corporation tax. Further guidance is awaited from NHS Improvement, the HM Treasury and the Inland Revenue.

The Trust will not incur any corporation tax through its wholly owned subsidiary WebV Solutions Limited.

### **1.23 Foreign Exchange**

The functional and presentational currencies of the NHS Foundation Trust are 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. The NHS Foundation Trust does not have any assets or liabilities denominated in a foreign currency at the Statement of Financial Position date.

### **1.24 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note (note 45) to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

### **1.25 Losses and Special Payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise.

They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the Statement of Comprehensive Income on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, note 42 is compiled directly from the losses and compensations register which is prepared on an accrual basis with the exception of provisions for any future losses.

## **1.26 Financial Instruments – Financial Assets and Financial Liabilities**

### **Recognition**

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

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

#### *Classification and measurement*

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

Financial assets are classified as subsequently measured at amortised cost or, fair value through income and expenditure .

Financial liabilities classified as subsequently measured at amortised cost.

#### *Financial Assets at Amortised Cost*

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

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

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

*Financial Assets at Fair Value through Other Comprehensive Income.*

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

*Financial Assets at Fair Value through Income and Expenditure*

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

*Impairment of Financial Assets*

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, 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 reference to past experience within separate categories of debt, classified by level of risk. Judgement is also applied, where the expectation of future credit losses is anticipated to impact upon the recoverable amount of the asset. The age of a receivable is taken into account and the more overdue a receivable becomes, the higher the value of expected credit loss. A different risk classification has been applied to a specific group of private patient billing that is at higher risk of not being collected than usual.

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

The NHS Foundation Trust reviews its income receivable from the injury recovery unit on an annual basis taking into account local trends of recovery and appropriate top up provision has been made for irrecoverable debtors (25%), this is over and above the proposed bad debts provision of 21.79% (2018/19 21.89%) recommended by the Department of Health and Social Care.

In line with policy, the NHS Foundation Trust has undertaken a review of all outstanding debts and suitable provisions are recognised within these statements for bad and doubtful debts.

#### *Derecognition*

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

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

### **1.27 Transfers of Functions to / from Other NHS Bodies / Local Government Bodies**

For functions that have been transferred to the Foundation Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised within income / expenses, but not within operating activities.

For property plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

### **1.28 Early Adoption of Standards, Amendments and Interpretations**

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

### **Note 1.30 Standards, Amendments and Interpretations in Issue but not yet Effective or Adopted**

#### *IFRS 16 Leases*

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Statement of Financial Position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged. IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and 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 not expect this standard to have a material impact on non-current assets, liabilities and depreciation.

#### *Other Standards, Amendments and Interpretations*

IFRS 17 - Insurance Contracts - Expected to be effective from 2021/22.

## Note 2 – Operating segments

The NHS Foundation Trust's major activity is healthcare and therefore is treated as a single segment. The operating results of the NHS Foundation Trust are reviewed monthly by the Foundation Trust's chief operating decision maker which is the overall Foundation Trust Board and which includes non-executive directors. For 2019/20, the Board of Directors reviewed the financial position of the NHS Foundation Trust as a whole in their decision making process. The single segment of 'Healthcare' has therefore been identified consistent with the core principle of IFRS 8 which is to enable users of financial statements to evaluate the nature and financial effects of business activities and economic environments.

	Healthcare		Total	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Income	<b>412,892</b>	354,749	<b>412,892</b>	354,749
Deficit before impairments and Restructuring	<b>25,021</b>	57,446	<b>25,021</b>	57,446
Restructuring costs	<b>141</b>	302	<b>141</b>	302
Impairment reversals relating to market value changes included in expenses	<b>(3,238)</b>	(569)	<b>(3,238)</b>	(569)
Impairments relating to market value changes charged to expenses	<b>248</b>	1,961	<b>248</b>	1,961
Retained Deficit	<b>22,172</b>	59,140	<b>22,172</b>	59,140
Segment net assets	<b>(49,064)</b>	(29,933)	<b>(49,064)</b>	(29,933)

### 2.1 Income Generation Activities

The NHS Foundation Trust undertakes certain activities with an aim of break even or achieving a small profit, which is then used to support patient care. Some of these activities are essential for providing the right level of service to patients and visitors and the profit element, if any, is incidental to the service provision. The following table provides details of activities for which gross income exceeded £1m.

#### (i) Car Parking Services

	2019/20	2018/19
	£000	£000
Income	<b>2,365</b>	2,179
Direct costs	<b>(910)</b>	(881)
Surplus before indirect costs	<b>1,455</b>	1,298
Indirect Costs	<b>(849)</b>	(855)
<b>Surplus</b>	<b>606</b>	443

**ii) Staff Accommodation**

Staff accommodation amounted to £1.8m (£1.39m 2018/19) during the year. However, the costs associated with the income generation form part of the costs of the total provision of accommodation and property rental.

**Note 3 – Operating income from patient care activities**

All income from patient care activities relates to contract income recognised in line with accounting policy 1.1.1

**Note 3.1 Income from Patient Care Activities (by nature)**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Elective income	44,092	43,719
Non elective income	107,376	86,418
First outpatient income	19,247	18,237
Follow up outpatient income	21,474	20,676
A & E income	23,119	18,593
High cost drugs income from commissioners (excluding pass-through costs)	25,465	25,414
Other NHS clinical income*	94,380	97,132
Private patient income	948	1,088
Agenda for Change pay award central funding**	-	4,121
Additional pension contribution central funding***	10,579	-
Other clinical income	2,639	1,124
<b>Total income from activities</b>	<b>349,319</b>	<b>316,522</b>

\*Other NHS clinical income includes income from non-tariff services relating to activity such as Pathology, Radiology, Imaging, Therapy, Community etc.

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

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

**Note 3.2 Income from Patient Care Activities (by source)**

	2019/20	2018/19
	£000	£000
<b>Income from patient care activities received from:</b>		
NHS England	38,322	24,673
Clinical commissioning groups	308,412	283,263
Department of Health and Social Care	304	4,121
Other NHS providers	441	688
Local authorities	6	-
Non-NHS: private patients	736	882
Non-NHS: overseas patients (chargeable to patient)	212	206
Injury cost recovery scheme*	886	1,124
Non NHS: other	-	1,565
<b>Total income from activities</b>	<b>349,319</b>	<b>316,522</b>
<b>Of which:</b>		
Related to continuing operations	349,319	316,522
Related to discontinued operations	-	-

\* Injury cost recovery income is subject to a provision for impairment of receivables of 25%, which is 3.21% (3.11% 2018/19) more than the recommended DHSC rate, to reflect expected rates of collection based on historical trend.

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

	2019/20	2018/19
	£000	£000
Income recognised this year	212	206
Cash payments received in-year	93	145
Amounts written off in-year	54	7

The remaining balance in each year is accounted for across accounts receivable and allowance for doubtful debt.

## Note 4 – Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	673	-	673	645	-	645
Education and training	11,678	1,039	12,717	10,822	741	11,563
Non-patient care services to other bodies*	17,888		17,888	17,253		17,253
Provider sustainability fund (PSF)	7,527		7,527	2,331		2,331
Financial recovery fund (FRF)	14,807		14,807			
Marginal rate emergency tariff funding (MRET)	3,708		3,708			
Receipt of capital grants and donations		373	373		1,238	1,238
Charitable fund incoming resources		669	669		702	702
Other income**	5,211	-	5,211	4,495	-	4,495
<b>Total other operating income</b>	<b>61,492</b>	<b>2,081</b>	<b>63,573</b>	<b>35,546</b>	<b>2,681</b>	<b>38,227</b>
<b>Of which:</b>						
Related to continuing operations			63,573			38,227
Related to discontinued operations			-			-

\* Non Patient Care Services to other bodies includes £10.26m (£10.34m 2018/19) income from United Lincolnshire Hospitals NHS Trust for Pathology services, £1.9m (£1.8m 2018/19) from other providers for Pathology Services, and £3.9m (£4.1m 2018/19) relates to other provider to provider agreements

\*\* Other income includes £2.37m (£2.18m 2018/19) for car parking, £0.02m (£0.03m 2018/19) for catering and £1.8m (£1.39m 2018/19) for staff accommodation.

### Note 4.1 Additional Information on Contract Revenue (IFRS 15) Recognised in the Period

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	384	177

#### Note 4.2 Income from Activities arising from Commissioner Requested Services

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

	2019/20	2018/19
	£000	£000
Income from services designated as commissioner requested services	328,836	306,045
Income from services not designated as commissioner requested services	20,483	10,477
<b>Total</b>	<b>349,319</b>	<b>316,522</b>

#### Note 4.3 Gains and Losses on Disposal of Property, Plant and Equipment

	Group	
	2019/20	2018/19
	£000	£000
Gains on disposal of other property plant and equipment	15	10
Losses on disposal of other property plant and equipment	(8)	(49)
Total gain/(loss) on disposal of assets	<b>7</b>	<b>(39)</b>

## Note 5 – Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	4,361	4,982
Purchase of healthcare from non-NHS and non-DHSC bodies	8,553	7,101
Staff and executive directors costs	293,335	269,822
Remuneration of non-executive directors	122	132
Supplies and services - clinical (excluding drugs costs)	32,976	33,508
Supplies and services - general	4,578	4,675
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	32,526	33,154
Inventories written down	-	-
Consultancy costs	1,935	2,640
Establishment	3,363	3,175
Premises	15,553	17,253
Transport (including patient travel)	2,688	2,876
Depreciation on property, plant and equipment	8,835	6,844
Amortisation on intangible assets	328	381
Net impairments/ (reversals)	(2,990)	1,392
Movement in credit loss allowance: contract receivables / contract assets	75	61
Change in provisions discount rate(s)	266	-
Audit fees payable to the external auditor		
audit services- statutory audit	79	72
other auditor remuneration (external auditor only)	30	30
Internal audit costs	71	71
Clinical negligence	13,335	14,084
Legal fees	708	500
Insurance	343	365
Research and development	629	538
Education and training	2,591	2,046
Rentals under operating leases	2,142	362
Early retirements	106	126
Redundancy	141	302
Hospitality	55	66
Losses, ex gratia & special payments	12	22
Other NHS charitable fund resources expended	382	1,256
Other	621	657
<b>Total</b>	<b>427,749</b>	<b>408,493</b>
<b>Of which:</b>		
Related to continuing operations	427,749	408,493
Related to discontinued operations	-	-

**Note 5.1 Other Auditor Remuneration**

	2019/20	2018/19
	£000	£000
<b>Other auditor remuneration paid to the external auditor:</b>		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	10
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	30	20
<b>Total</b>	<b>30</b>	<b>30</b>

**Note 5.2 Limitation on Auditor's Liability**

There is no limitation on auditor's liability for external audit work (2018/19: £1m).

**Note 6 – Impairment of assets**

	2019/20	2018/19
	£000	£000
<b>Net impairments charged to operating surplus / deficit resulting from:</b>		
Changes in market price	(3,238)	(569)
Other	248	1,961
<b>Total net impairments charged to operating surplus / deficit</b>	<b>(2,990)</b>	<b>1,392</b>
Impairments charged to the revaluation reserve	701	2,197
<b>Total net impairments</b>	<b>(2,289)</b>	<b>3,589</b>

**Note 7 – Employee benefits**

	2019/20	2018/19
	Total	Total
	£000	£000
Salaries and wages	219,222	203,543
Social security costs	21,335	20,346
Apprenticeship levy	1,107	1,057
Employer's contributions to NHS pensions	34,738	22,622
Temporary staff (including agency)	18,238	23,366
<b>Total gross staff costs</b>	<b>294,640</b>	<b>270,934</b>

**Note 7.1 Retirements due to Ill-Health**

During 2019/20 there were 4 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £525k (£233k in 2018/19).

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

**Note 7.2 Directors' Remuneration**

The aggregate amounts payable to Directors were:

	Group	
	2019/20	2018/19
	Total	Total
	£000	£000
Salary	1,729	1,627
Employer's National Insurance	220	206
Employer's pension contributions	135	167
<b>Total</b>	<b>2,084</b>	<b>2,000</b>

**Note 7.3 Management Costs**

	Group	
	2019/20	2018/19
	Total	Total
	£000	£000
Management Costs	19,721	18,047
Income	412,928	352,496
Management Costs as a % of income	4.78%	5.12%

The above is excluding Charitable income and costs.

**Note 8 – Pension costs**

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

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

*a) Accounting Valuation*

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

*b) Full Actuarial (funding) Valuation*

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

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

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a 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.

## **Note 9 – Operating leases**

### **Note 9.1 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessor**

The NHS Foundation Trust has made spaces available within the three sites to the local CCGs renewable on an annual basis. These are operating leases and the rental from these leases is recognised on a straight line basis within these financial statements.

**Note 9.2 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessee**

This note discloses costs and commitments incurred in operating lease arrangements where Northern Lincolnshire and Goole NHS Foundation Trust is the lessee.

	2019/20	2018/19
	£000	£000
<b>Operating lease expense</b>		
Minimum lease payments	2,142	362
<b>Total</b>	<b>2,142</b>	<b>362</b>
	31 March 2020	31 March 2019
	£000	£000
<b>Future minimum lease payments due:</b>		
- not later than one year;	3,039	1,346
- later than one year and not later than five years;	8,040	1,137
- later than five years.	7,019	-
<b>Total</b>	<b>18,098</b>	<b>2,483</b>
Future minimum sublease payments to be received	-	-

The balance of the lease payments is expended through expenditure with the remaining balance through an employee salary sacrifice and deduction scheme.

**Note 10 – Finance income**

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	170	140
NHS charitable fund investment income	60	79
<b>Total finance income</b>	<b>230</b>	<b>219</b>

## Note 11 – Finance expenses

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

	2019/20	2018/19
	£000	£000
<b>Interest expense:</b>		
Loans from the Department of Health and Social Care	7,525	5,633
Finance leases	7	1
Interest on late payment of commercial debt	2	5
<b>Total interest expense</b>	<b>7,534</b>	<b>5,639</b>
Unwinding of discount on provisions	(25)	14
Other finance costs	-	10
<b>Total finance costs</b>	<b>7,509</b>	<b>5,663</b>

### Note 11.1 The Late Payment of Commercial Debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	2	5

### Note 11.2 Other Gains / (losses) on Disposal of Non Current Assets

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	15	10
Losses on disposal of assets	(8)	(49)
<b>Total gains / (losses) on disposal of assets</b>	<b>7</b>	<b>(39)</b>
Fair value gains / (losses) on charitable fund investments & investment properties	(43)	91
<b>Total other gains / (losses)</b>	<b>(36)</b>	<b>52</b>

## Note 12 – Revaluation of assets (property, plant and equipment) Cushman and Wakefield Valuations summary

	Group	
	2019/20	2018/19
	£000	£000
<b>Impairments</b>		
Impairments charged to Revaluation Reserve	(701)	(2,197)
Impairments charged to Statement of Comprehensive Income	(248)	(1,961)
Total Impairments due to Market Changes	<b>(949)</b>	<b>(4,158)</b>
	Group	
	2019/20	2018/19
	£000	£000
<b>Revaluation gains</b>		
Revaluation gains credited to Revaluation Reserve	2,357	1,131
Revaluation gains relating to previous impairments credited to Statement of Comprehensive income	3,238	569
Total Revaluation gains due to Market Changes	<b>5,595</b>	<b>1,700</b>

## Note 13 – Corporation Tax expense

	2019/20	2018/19
	£000	£000
<b>UK corporation tax expense</b>	-	4
Adjustments in respect of prior years	-	-
<b>Current tax expense</b>	-	<b>4</b>
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior years	-	-
Change in tax rate	-	-
<b>Deferred tax expense</b>	-	-
<b>Total income tax expense in Statement of Comprehensive Income</b>	-	<b>4</b>
<b>Reconciliation of effective tax charge</b>		
Effective tax charge percentage	19%	19%
<b>Effect of:</b>		
Surpluses not subject to tax	-	-
Non-deductible expenses	-	-
Adjustments in respect of prior years	-	-
Share of results of joint ventures and associates	-	-
Change in tax rate	-	-
Other	-	4
<b>Total income tax charge for the year</b>	-	<b>4</b>

## Note 14 – Discontinued operations

	2019/20	2018/19
	£000	£000
Operating income of discontinued operations	-	-
Operating expenses of discontinued operations	-	-
Gain on disposal of discontinued operations	-	-
(Loss) on disposal of discontinued operations	-	-
Corporation tax expense attributable to discontinued operations	-	-
<b>Total</b>	-	-

## Note 15 – Intangible assets

### Note 15.1 Intangible Assets - 2019/20

Group	Software licences	Total
	£000	£000
<b>Valuation / gross cost at 1 April 2019 - brought forward</b>	<b>6,850</b>	<b>6,850</b>
Additions	630	<b>630</b>
Disposals / derecognition	(59)	<b>(59)</b>
<b>Valuation / gross cost at 31 March 2020</b>	<b>7,421</b>	<b>7,421</b>
<b>Amortisation at 1 April 2019 - brought forward</b>	<b>6,065</b>	<b>6,065</b>
Provided during the year	328	<b>328</b>
Disposals / derecognition	(59)	<b>(59)</b>
<b>Amortisation at 31 March 2020</b>	<b>6,334</b>	<b>6,334</b>
<b>Net book value at 31 March 2020</b>	<b>1,087</b>	<b>1,087</b>
<b>Net book value at 1 April 2019</b>	<b>785</b>	<b>785</b>

**Note 15.2 Intangible Assets - 2018/19**

<b>Group</b>	<b>Software licences</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>Valuation / gross cost at 1 April 2018 - as previously stated</b>	<b>6,533</b>	<b>6,533</b>
Additions	317	317
<b>Valuation / gross cost at 31 March 2019</b>	<b>6,850</b>	<b>6,850</b>
<b>Amortisation at 1 April 2018 - as previously stated</b>	<b>5,684</b>	<b>5,684</b>
Provided during the year	381	381
<b>Amortisation at 31 March 2019</b>	<b>6,065</b>	<b>6,065</b>
<b>Net book value at 31 March 2019</b>	<b>785</b>	<b>785</b>
<b>Net book value at 1 April 2018</b>	<b>849</b>	<b>849</b>

## Note 16 – Property, Plant and Equipment

### Note 16.1 Property, Plant and Equipment - 2019/20

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1 April 2019 - brought forward</b>	<b>10,321</b>	<b>150,633</b>	<b>18,646</b>	<b>2,245</b>	<b>40,419</b>	<b>142</b>	<b>12,928</b>	<b>997</b>	<b>236,331</b>
Additions	-	2,642	-	2,654	2,538	-	1,175	10	<b>9,019</b>
Impairments	(701)	-	-	-	-	-	-	-	<b>(701)</b>
Revaluations	(525)	(18,995)	(155)	-	-	-	-	-	<b>(19,675)</b>
Reclassifications	-	1,661	22	(2,183)	475	6	15	4	-
Disposals / derecognition	-	-	-	-	(2,971)	(6)	(664)	(30)	<b>(3,671)</b>
<b>Valuation/gross cost at 31 March 2020</b>	<b>9,095</b>	<b>135,941</b>	<b>18,513</b>	<b>2,716</b>	<b>40,461</b>	<b>142</b>	<b>13,454</b>	<b>981</b>	<b>221,303</b>
<b>Accumulated depreciation at 1 April 2019 - brought forward</b>	<b>688</b>	<b>18,449</b>	<b>917</b>	<b>-</b>	<b>33,790</b>	<b>102</b>	<b>8,612</b>	<b>707</b>	<b>63,265</b>
Provided during the year	-	4,645	323	-	2,354	15	1,419	79	<b>8,835</b>
Impairments	1	247	-	-	-	-	-	-	<b>248</b>
Reversals of impairments	(1)	(2,658)	(579)	-	-	-	-	-	<b>(3,238)</b>
Revaluations	(688)	(20,683)	(661)	-	-	-	-	-	<b>(22,032)</b>
Reclassifications	-	-	-	-	(2)	2	-	-	-
Disposals / derecognition	-	-	-	-	(2,966)	(2)	(664)	(30)	<b>(3,662)</b>
<b>Accumulated depreciation at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,176</b>	<b>117</b>	<b>9,367</b>	<b>756</b>	<b>43,416</b>
<b>Net book value at 31 March 2020</b>	<b>9,095</b>	<b>135,941</b>	<b>18,513</b>	<b>2,716</b>	<b>7,285</b>	<b>25</b>	<b>4,087</b>	<b>225</b>	<b>177,887</b>
<b>Net book value at 1 April 2019</b>	<b>9,633</b>	<b>132,184</b>	<b>17,729</b>	<b>2,245</b>	<b>6,629</b>	<b>40</b>	<b>4,316</b>	<b>290</b>	<b>173,066</b>

## Note 16.2 Property, Plant and Equipment - 2018/19

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	9,994	145,073	3,468	7,636	40,757	138	10,505	794	218,365
Additions	-	6,027	9,716	2,117	2,480	31	2,535	231	23,137
Impairments	(503)	(1,686)	(8)	-	-	-	-	-	(2,197)
Revaluations	830	264	37	-	-	-	-	-	1,131
Reclassifications	-	1,034	6,322	(7,508)	152	-	-	-	-
Disposals / derecognition	-	(79)	(889)	-	(2,970)	(27)	(112)	(28)	(4,105)
Valuation/gross cost at 31 March 2019	10,321	150,633	18,646	2,245	40,419	142	12,928	997	236,331
Accumulated depreciation at 1 April 2018 - as previously stated	688	14,561	1,019	-	34,384	116	7,630	688	59,086
Provided during the year	-	3,048	314	-	2,328	13	1,094	47	6,844
Impairments	-	1,477	484	-	-	-	-	-	1,961
Reversals of impairments	-	(558)	(11)	-	-	-	-	-	(569)
Disposals / derecognition	-	(79)	(889)	-	(2,922)	(27)	(112)	(28)	(4,057)
Accumulated depreciation at 31 March 2019	688	18,449	917	-	33,790	102	8,612	707	63,265
Net book value at 31 March 2019	9,633	132,184	17,729	2,245	6,629	40	4,316	290	173,066
Net book value at 1 April 2018	9,306	130,512	2,449	7,636	6,373	22	2,875	106	159,279

**Note 16.3 Property, Plant and Equipment financing - 2019/20**

<b>Group</b>	<b>Land</b>	<b>Buildings excluding dwellings</b>	<b>Dwellings</b>	<b>Assets under construction</b>	<b>Plant &amp; machinery</b>	<b>Transport equipment</b>	<b>Information technology</b>	<b>Furniture &amp; fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net book value at 31 March 2020</b>									
Owned - purchased	9,095	133,017	18,513	2,716	6,801	25	4,084	225	<b>174,476</b>
Finance leased	-	-	-	-	45	-	-	-	<b>45</b>
Owned - donated	-	2,924	-	-	439	-	3	-	<b>3,366</b>
<b>NBV total at 31 March 2020</b>	<b>9,095</b>	<b>135,941</b>	<b>18,513</b>	<b>2,716</b>	<b>7,285</b>	<b>25</b>	<b>4,087</b>	<b>225</b>	<b>177,887</b>

**Note 16.4 Property, Plant and Equipment financing - 2018/19**

<b>Group</b>	<b>Land</b>	<b>Buildings excluding dwellings</b>	<b>Dwellings</b>	<b>Assets under construction</b>	<b>Plant &amp; machinery</b>	<b>Transport equipment</b>	<b>Information technology</b>	<b>Furniture &amp; fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net book value at 31 March 2019</b>									
Owned - purchased	9,633	129,340	17,729	2,212	6,128	40	4,309	290	<b>169,681</b>
Finance leased	-	-	-	-	31	-	-	-	<b>31</b>
Owned - donated	-	2,844	-	33	470	-	7	-	<b>3,354</b>
<b>NBV total at 31 March 2019</b>	<b>9,633</b>	<b>132,184</b>	<b>17,729</b>	<b>2,245</b>	<b>6,629</b>	<b>40</b>	<b>4,316</b>	<b>290</b>	<b>173,066</b>

## Note 17 – Donations of property, plant and equipment

The Foundation Trust received Charitable contributions to support capital purchases as follows:

	2019/20	2018/19
	£000	£000
Buildings ex Dwellings	247	1,086
Plant and machinery	126	152
	<b>373</b>	<b>1,238</b>

## Note 18 – Revaluations of property, plant and equipment

The NHS Foundation Trust's property have been revalued on a Modern Equivalent Asset basis. At the 31 March 2020, the Foundation Trust's Valuers, Cushman & Wakefield completed a revaluation of the estate which resulted in a net valuation increase. The results of this valuation have been included in these financial statements.

The property asset lives are as stated in the revaluation by the Trust's Valuers.

### *Basis of Valuation*

The valuations have been carried out primarily on the basis of Market Value Existing Use using the depreciated replacement cost (DRC) methodology on a modern substitute basis. Non-operational property, including surplus land, has been valued to Market Value Alternate Use.

Unless otherwise stated, the assumption has been made that the properties valued will continue to be in the occupation of the Foundation Trust for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

### *Method of Valuation*

Depreciated Replacement Cost (DRC) is the method of valuation adopted for arriving at the value of specialised operational property for financial accounting purposes as recommended by UK GAAP, the Royal Institution of Chartered Surveyors and HM Treasury.

DRC is based on an estimate of the market value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

Where the actual use of the property is so special that it proves impossible to categorise it in general market terms, land has been valued assuming the benefit of planning permission for development for a use, or a range of uses, prevailing in the vicinity of the actual site.

In these circumstances, the Market Value for the Existing Use (MVEU) of the land has been arrived at having regard to the cost of purchasing a notional replacement site in the same locality that would be equally suitable for the existing use and of the same size, with normally the same physical and locational characteristics as the actual site, other than characteristics of the actual site that are irrelevant, or of no value, to the existing use.

The valuation exercise was carried out in February 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (Red Book), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.

The outbreak of Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Of the £163.4m net book value of land and buildings subject to valuation, £143.7m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. 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.

## Note 19 – Property valuations summary by Cushman and Wakefield

The NHS Foundation Trust Valuers (Cushman & Wakefield) completed a valuation of the Property Assets at 31 March 2020 and concluded that there were changes to the Value of Property Assets. The NHS Foundation Trust identified that these changes are material and therefore, the results have been incorporated into these financial statements. The outcome from the valuation was that, on all three sites, some of the assets suffered revaluation gains whilst other assets had an impairment. The approximate net impact of the Foundation Trust's valuations are given below.

Site	Description	Net Change in Valuation (increase) / Decrease £000	Charged to Expenses £000	Impairment Reversals Credited to Expenses £000	Changes to Revaluation Reserves £000
Diana, Princess of Wales Hospital, Grimsby	Land and Buildings	(3,870)	86	(2,960)	(996)
Scunthorpe General Hospital	Land and Buildings	(141)	162	(216)	(88)
Goole District Hospital	Land and Buildings	(635)	-	(62)	(573)
	<b>Total</b>	<b>(4,646)</b>	<b>248</b>	<b>(3,238)</b>	<b>(1,656)</b>

All the above changes relate to properties in the Trust's main healthcare segment.

## Note 20 – Other investments / financial assets (non-current)

	Group		Trust	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
<b>Carrying value at 1 April - brought forward</b>	<b>1,757</b>	<b>1,978</b>	-	
Acquisitions in year	-	700		
Movement in fair value through income and expenditure	(43)	91		
Disposals	(100)	(1,012)		
<b>Carrying value at 31 March</b>	<b>1,614</b>	<b>1,757</b>	-	-

## Note 21 – Charitable fund reserves

The Northern Lincolnshire and Goole NHS Foundation Trust Board is the Corporate Trustee of the NHS Charitable Funds and therefore, the charitable funds represents a subsidiary of the Foundation Trust on the basis that it:

- has control over the NHS charitable fund (as determined by IRFS 10) and
- benefits from the NHS charitable fund.

From 2013/14 Northern Lincolnshire and Goole NHS Foundation Trust has consolidated the NHS charitable funds into its accounts.

For 2019/20, the NHS Charitable Funds balances are as follows:

	31 March 2020	31 March 2019
	£000	£000
<b>Unrestricted funds:</b>		
Unrestricted income funds	1,715	1,940
<b>Restricted funds:</b>		
Other restricted income funds	13	19
	<b>1,728</b>	<b>1,959</b>

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

## Note 22 – Disclosure of interests in other entities

The NHS Foundation Trust owns 100% of a subsidiary company called WebV Solutions Limited. The accounting year end for WebV Solutions Limited is 31 March. The registered office is, Diana, Princess of Wales Hospital, Scartho Road, Grimsby. This was established to provide innovative software solutions.

## Note 23 - Inventories

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Drugs	1,095	930	1,095	930
Consumables	1,869	1,693	1,869	1,693
Energy	12	12	12	12
Other	295	346	295	346
<b>Total inventories</b>	<b>3,271</b>	<b>2,981</b>	<b>3,271</b>	<b>2,981</b>

Inventories recognised in expenses for the year were £31,883k (2018/19: £32,193k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

## Note 24 - Receivables

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Current</b>				
Contract receivables	22,504	20,134	22,498	20,008
Allowance for impaired contract receivables / assets	(515)	(515)	(515)	(515)
Prepayments (non-PFI)	3,088	2,932	3,083	2,926
VAT receivable	827	637	821	645
Other receivables	-	18	-	18
NHS charitable funds receivables	133	86	-	-
<b>Total current receivables</b>	<b>26,037</b>	<b>23,292</b>	<b>25,887</b>	<b>23,082</b>
<b>Non-current</b>				
Other receivables *	756	-	756	-
<b>Total non-current receivables</b>	<b>756</b>	<b>-</b>	<b>756</b>	<b>-</b>
<b>Of which receivable from NHS and DHSC group bodies:</b>				
Current	16,253	13,795	16,253	13,795
Non-current	756	-	756	-

\* Non-current other receivables relates to Clinicians pension tax provision reimbursement funding from NHS England.

**Note 24.1 Allowances for Credit Losses - 2019/20**

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
<b>Allowances as at 1 Apr 2019 - brought forward</b>	<b>515</b>	-	<b>515</b>	-
New allowances arising	226	-	226	-
Reversals of allowances	(151)	-	(151)	-
Utilisation of allowances (write offs)	(75)	-	(75)	-
<b>Allowances as at 31 Mar 2020</b>	<b>515</b>	-	<b>515</b>	-

**Note 24.2 Allowances for Credit Losses - 2018/19**

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
<b>Allowances as at 1 Apr 2018 - as previously stated</b>	-	<b>610</b>	-	<b>610</b>
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	610	(610)	610	(610)
New allowances arising	288	-	288	-
Reversals of allowances	(227)	-	(227)	-
Utilisation of allowances (write offs)	(156)	-	(156)	-
<b>Allowances as at 31 Mar 2019</b>	<b>515</b>	-	<b>515</b>	-

## Note 25 – Other assets

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Current</b>	£000	£000	£000	£000
EU emissions trading scheme allowance	-	-		
Other assets	-	-		
<b>Total other current assets</b>	-	-	-	-
<b>Non-current</b>				
Net defined benefit pension scheme asset	-	-		
Other assets	-	-		
<b>Total other non-current assets</b>	-	-	-	-

## Note 26 – Other financial assets

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Non-current</b>				
Embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial assets held at 'fair value through income and expenditure'	-	-	-	-
Available for sale financial assets	-	-	-	-
Held to maturity investments	-	-	-	-
Loan and receivables	-	-	-	-
Other financial assets held by NHS charitable funds	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Current</b>				
Embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial assets held at 'fair value through income and expenditure'	-	-	-	-
Available for sale financial assets	-	-	-	-
Held to maturity investments	-	-	-	-
Loan and receivables	-	-	-	-
Other financial assets held by NHS charitable funds	-	-	-	-
<b>Total</b>	-	-	-	-

## Note 27 – Non-current assets for sale and assets in disposal

At the Statement of Financial Position date the NHS Foundation Trust does not have any assets held for sale.

## Note 28 – Liabilities in disposal groups

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Categorised as:</b>				
Provisions	-	-	-	-
Trade and other payables	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	-	-	-

## Note 29 – Cash and cash equivalents

### Note 29.1 Cash and cash equivalents movements

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

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
<b>At 1 April</b>	<b>14,963</b>	<b>12,555</b>	<b>14,677</b>	<b>11,370</b>
Net change in year	5,625	2,408	5,864	3,307
<b>At 31 March</b>	<b>20,588</b>	<b>14,963</b>	<b>20,541</b>	<b>14,677</b>
<b>Broken down into:</b>				
Cash at commercial banks and in hand	242	634	195	348
Cash with the Government Banking Service	20,346	14,329	20,346	14,329
<b>Total cash and cash equivalents as in SoFP</b>	<b>20,588</b>	<b>14,963</b>	<b>20,541</b>	<b>14,677</b>
<b>Total cash and cash equivalents as in SoCF</b>	<b>20,588</b>	<b>14,963</b>	<b>20,541</b>	<b>14,677</b>

**Note 30 – Trade and other payables**

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Current</b>				
Trade payables	21,480	23,208	21,476	23,161
Capital payables	4,670	5,381	4,670	5,381
Accruals	11,617	12,757	11,601	12,721
Other taxes payable	6,284	6,137	6,284	6,137
Other payables	4,688	3,505	4,688	3,505
NHS charitable funds: trade and other payables	35	64	-	-
<b>Total current trade and other payables</b>	<b>48,774</b>	<b>51,052</b>	<b>48,719</b>	<b>50,905</b>
<b>Non-current</b>				
<b>Total non-current trade and other payables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Of which payables from NHS and DHSC group bodies:</b>				
Current	5,421	5,804	5421	5804
Non-current	-	-	-	-

**Note 31 Early Retirements in NHS Payables Above**

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

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

## Note 32 Other Liabilities

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Current</b>				
Deferred income: contract liabilities	993	384	986	384
<b>Total other current liabilities</b>	<b>993</b>	<b>384</b>	<b>986</b>	<b>384</b>
<b>Non-current</b>				
<b>Total other non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 33 Borrowings

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Current</b>				
Loans from DHSC	213,707	17,359	213,707	17,359
Obligations under finance leases	19	11	19	11
<b>Total current borrowings</b>	<b>213,726</b>	<b>17,370</b>	<b>213,726</b>	<b>17,370</b>
<b>Non-current</b>				
Loans from DHSC	10,871	172,489	10,871	172,489
Obligations under finance leases	25	15	25	15
<b>Total non-current borrowings</b>	<b>10,896</b>	<b>172,504</b>	<b>10,896</b>	<b>172,504</b>

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans with a book value totalling £210.6m are reclassified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

**Note 33.1 Reconciliation of Liabilities Arising from Financing Activities**

<b>Group - 2019/20</b>	<b>Loans from DHSC</b>	<b>Finance leases</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Carrying value at 1 April 2019</b>	<b>189,848</b>	<b>26</b>	<b>189,874</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	34,428	(15)	<b>34,413</b>
Financing cash flows - payments of interest	(7,223)	(7)	<b>(7,230)</b>
<b>Non-cash movements:</b>			
Additions	-	33	<b>33</b>
Application of effective interest rate	7,525	7	<b>7,532</b>
<b>Carrying value at 31 March 2020</b>	<b>224,578</b>	<b>44</b>	<b>224,622</b>
<b>Group - 2018/19</b>	<b>Loans from DHSC</b>	<b>Finance leases</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Carrying value at 1 April 2018</b>	<b>117,373</b>	<b>55</b>	<b>117,428</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	70,996	(55)	<b>70,941</b>
Financing cash flows - payments of interest	(5,062)	(1)	<b>(5,063)</b>
<b>Non-cash movements:</b>			
Impact of implementing IFRS 9 on 1 April 2018	908	-	<b>908</b>
Additions	-	26	<b>26</b>
Application of effective interest rate	5,633	1	<b>5,634</b>
<b>Carrying value at 31 March 2019</b>	<b>189,848</b>	<b>26</b>	<b>189,874</b>

**Note 34 Finance Leases****Note 34.1 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessor**

The NHS Foundation Trust has arrangements with other NHS and non NHS bodies whereby the NHS Foundation Trust receives income for the premises rented to these bodies. These arrangements are covered by annual service level agreements and are normally for a term of one year, renewable at the end of each year by mutual agreement. This income is included within this year's operating income shown in these financial statements. These arrangements are not classed as leases.

**Note 34.2 Northern Lincolnshire and Goole NHS Foundation Trust as a Lessee**  
Obligations under finance leases where the Trust is the lessee.

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Gross lease liabilities</b>	<b>57</b>	<b>26</b>	<b>57</b>	<b>26</b>
of which liabilities are due:				
- not later than one year;	27	11	27	11
- later than one year and not later than five years;	26	15	26	15
- later than five years.	4	-	4	-
Finance charges allocated to future periods	(13)	-	(13)	-
<b>Net lease liabilities</b>	<b>44</b>	<b>26</b>	<b>44</b>	<b>26</b>
of which payable:				
- not later than one year;	19	11	19	11
- later than one year and not later than five years;	22	15	22	15
- later than five years.	3	-	3	-
Total of future minimum sublease payments to be received at the reporting date	-	-	-	-
There are no sub lease or contingent rents	-	-	-	-

## Note 35 Provisions for Liabilities and Charges Analysis

Group	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re- structuring	Other	Total
	£000	£000	£000	£000	£000	£000
<b>At 1 April 2019</b>	<b>2,061</b>	<b>2,809</b>	<b>117</b>	<b>180</b>	<b>300</b>	<b>5,467</b>
Change in the discount rate	51	215	-	-	-	266
Arising during the year	106	82	106	171	756	1,221
Utilised during the year	(267)	(137)	(53)	(150)	(250)	(857)
Reversed unused	-	-	(77)	(30)	(50)	(157)
Unwinding of discount	(10)	(15)	-	-	-	(25)
<b>At 31 March 2020</b>	<b>1,941</b>	<b>2,954</b>	<b>93</b>	<b>171</b>	<b>756</b>	<b>5,915</b>
<b>Expected timing of cash flows:</b>						
- not later than one year;	267	138	93	171	-	669
- later than one year and not later than five years;	1,042	555	-	-	-	1,597
- later than five years.	632	2,261	-	-	756	3,649
<b>Total</b>	<b>1,941</b>	<b>2,954</b>	<b>93</b>	<b>171</b>	<b>756</b>	<b>5,915</b>

The provision for early departure costs and injury benefits represents amounts payable to the NHS Business Services Authority, pensions division, to meet the costs of early retirement and industrial injury benefits. The provision is based on estimate of life expectancy and therefore there is a degree of uncertainty about the value of payments in the future.

The provision for legal claims are permanent injury benefits and employer's liability claims, the provision is based on claims information received from NHS Resolution. All claims are handled by NHS Resolution on behalf of the Trust and they advise on likelihood and value of settlement. The timing and value of settlements are subject to both local negotiation and the judgement of NHS Resolution. The Trust's liability in respect of each claim is limited to the level of excess determined by NHS Resolution.

The restructuring provision is to support payments in line with the Trust pay protection policy. Pay protection is given for one year. Other provisions includes £756k relating to clinician pension tax reimbursement. A reimbursement has been recognised within non current debtors.

### Note 35.1 Clinical Negligence Liabilities

At 31 March 2020, £149,812k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Northern Lincolnshire and Goole NHS Foundation Trust (31 March 2019: £139,763k).

## Note 36 Contingent Assets and Liabilities

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
<b>Value of contingent liabilities</b>				
NHS Resolution legal claims	(54)	(65)	(54)	(65)
<b>Gross value of contingent liabilities</b>	<b>(54)</b>	<b>(65)</b>	<b>(54)</b>	<b>(65)</b>
Amounts recoverable against liabilities	-	-		
<b>Net value of contingent liabilities</b>	<b>(54)</b>	<b>(65)</b>	<b>(54)</b>	<b>(65)</b>
<b>Net value of contingent assets</b>	<b>-</b>	<b>-</b>		

## Note 37 Contractual Capital Commitments

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Property, plant and equipment	6,946	1,945	6,946	1,945
Intangible assets	19	-	19	-
<b>Total</b>	<b>6,965</b>	<b>1,945</b>	<b>6,965</b>	<b>1,945</b>

All capital commitments are due within one year.

## Note 38 Defined Benefit Pension Schemes

The NHS Foundation Trust has no defined benefit pension schemes.

## Note 39 On-SoFP PFI, LIFT or Other Service Concession Arrangements

The NHS Foundation Trust does not have any PFI or LIFT schemes at 31 March 2020.

## Note 40 Off-SoFP PFI, LIFT and Other Service Concession Arrangements

The NHS Foundation Trust does not have any Off-SOFP PFI or LIFT schemes at 31 March 2020.

## Note 41 Financial Instruments

### Note 41.1 Financial Risk Management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Foundation Trust has with Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the Foundation 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 Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Foundation Trust in undertaking its activities. The Foundation Trust's treasury management operations are carried out by the Finance Directorate, within parameters defined formally within the Foundation Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Foundation Trust treasury activity is subject to regular review by the Finance and Performance Committee and the Trust's internal auditors.

#### *Currency Risk*

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

#### *Interest Rate Risk*

The Trust currently has borrowings of £222.796m (£188.368m 2018/19), (excluding interest), the following table provides details of the interest rates, purpose of the loan and outstanding balance.

	<b>Interest</b>	<b>Balance at</b>
	<b>Rate</b>	<b>31 March 2020</b>
<b>Loan - Purpose</b>	<b>%</b>	<b>£000</b>
Residential Accommodation DPoW Phase 1	2.06%	5,900
Residential Accommodation DPoW Phase 2	1.19%	6,267
Energy Performance Contract	2.39%	6,300
Diagnostics Scanners	1.68%	1,917
Diagnostics Scanners *	1.68%	1,700
Water Tanks DPoW	0.90%	192
STP Schemes Professional Fees *	0.58%	626
Interim Revenue Support	1.50%	15,000
Interim Working Capital Support	3.50%	26,054
Uncommitted Interim Revenue Support	1.50%	13,646
Uncommitted Interim Revenue Support	6.00%	39,293
Uncommitted Interim Revenue Support	3.50%	66,472
Uncommitted Interim Revenue Support *	3.50%	39,429
<b>Total</b>		<b>222,796</b>

\* These facilities were drawn down in 2019/20.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans with a book value totalling £210.6m are reclassified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

#### *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 from customers and investments held by the charitable fund as shown note 20, as disclosed in the Trade and other receivables note 24.

#### *Liquidity Risk*

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally generated funds and funds obtained from Department of Health or Independent Financing Facility loans. The Trust has in place Liquidity Support Funding agreed with the Department of Health and the Independent Financing Facility for short term working capital support. This gives the Trust liquidity assurance to cover the period prior to regulator approval of future plans and to manage normal variations in cashflow.

**Note 41.2 Carrying Values of Financial Assets (Group)**

<b>Carrying values of financial assets as at 31 March 2020</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Held at fair value through OCI</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	22,745	-	-	<b>22,745</b>
Cash and cash equivalents	20,564	-	-	<b>20,564</b>
Consolidated NHS Charitable fund financial assets	1,763	-	-	<b>1,763</b>
<b>Total at 31 March 2020</b>	<b>45,072</b>	-	-	<b>45,072</b>
<b>Carrying values of financial assets as at 31 March 2019</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Held at fair value through OCI</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	19,547	-	-	<b>19,547</b>
Cash and cash equivalents	14,768	-	-	<b>14,768</b>
Consolidated NHS Charitable fund financial assets	2,038	-	-	<b>2,038</b>
<b>Total at 31 March 2019</b>	<b>36,353</b>	-	-	<b>36,353</b>

**Note 41.3 Carrying Values of Financial Assets (Trust)**

<b>Carrying values of financial assets as at 31 March 2020</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Held at fair value through OCI</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	22,739			<b>22,739</b>
Cash and cash equivalents	20,533			<b>20,533</b>
<b>Total at 31 March 2020</b>	<b>43,272</b>	-	-	<b>43,272</b>
<b>Carrying values of financial assets as at 31 March 2019</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Held at fair value through OCI</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	17,216			<b>17,216</b>
Cash and cash equivalents	14,677			<b>14,677</b>
<b>Total at 31 March 2019</b>	<b>31,893</b>	-	-	<b>31,893</b>

**Note 41.4 Carrying Values of Financial Liabilities (Group)**

<b>Carrying values of financial liabilities as at 31 March 2020</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans from the Department of Health and Social Care	224,578	-	<b>224,578</b>
Obligations under finance leases	44	-	<b>44</b>
Trade and other payables excluding non financial liabilities	30,838	-	<b>30,838</b>
Provisions under contract	-	-	-
<b>Total at 31 March 2020</b>	<b>255,460</b>	-	<b>255,460</b>
<b>Carrying values of financial liabilities as at 31 March 2019</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans from the Department of Health and Social Care	189,848	-	<b>189,848</b>
Obligations under finance leases	26	-	<b>26</b>
Trade and other payables excluding non financial liabilities	44,670	-	<b>44,670</b>
Provisions under contract	5,467	-	<b>5,467</b>
<b>Total at 31 March 2019</b>	<b>240,011</b>	-	<b>240,011</b>

**Note 41.5 Carrying Values of Financial Liabilities (Trust)**

<b>Carrying values of financial liabilities as at 31 March 2020</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans from the Department of Health and Social Care	224,578	-	<b>224,578</b>
Obligations under finance leases	44	-	<b>44</b>
Trade and other payables excluding non financial liabilities	30,836	-	<b>30,836</b>
Provisions under contract	-	-	-
<b>Total at 31 March 2020</b>	<b>255,458</b>	-	<b>255,458</b>
<b>Carrying values of financial liabilities as at 31 March 2019</b>	<b>Held at amortised cost</b>	<b>Held at fair value through I&amp;E</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans from the Department of Health and Social Care	189,848	-	<b>189,848</b>
Obligations under finance leases	26	-	<b>26</b>
Trade and other payables excluding non financial liabilities	44,691	-	<b>44,691</b>
Provisions under contract	5,467	-	<b>5,467</b>
<b>Total at 31 March 2019</b>	<b>240,032</b>	-	<b>240,032</b>

**Note 41.6 Maturity of Financial Liabilities**

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
In one year or less	244,564	63,040	244,562	63,061
In more than one year but not more than two years	1,334	88,097	1,334	88,097
In more than two years but not more than five years	5,321	74,353	5,321	74,353
In more than five years	4,241	14,521	4,241	14,521
<b>Total</b>	<b>255,460</b>	<b>240,011</b>	<b>255,458</b>	<b>240,032</b>

**Note 42 Losses and Special Payments**

Group and trust	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
<b>Losses</b>				
Cash losses	4	1	20	10
Fruitless payments	2	4	-	-
Bad debts and claims abandoned	336	75	546	153
Stores losses and damage to property	30	55	12	2
<b>Total losses</b>	<b>372</b>	<b>135</b>	<b>578</b>	<b>165</b>
<b>Special payments</b>				
Ex-gratia payments	27	12	38	22
<b>Total special payments</b>	<b>27</b>	<b>12</b>	<b>38</b>	<b>22</b>
<b>Total losses and special payments</b>	<b>399</b>	<b>147</b>	<b>616</b>	<b>187</b>
Compensation payments received		-		-

**Note 43 Events after the Reporting Date**

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers.

Outstanding interim loans with a book value totalling £210.6m as at 31 March 2020 in these financial statements have been reclassified as current as they will be repayable within 12 months.

#### Note 44 Related Parties

During the year none of the DHSC Ministers, NHS Foundation Trust Board Members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Northern Lincolnshire and Goole NHS Foundation Trust.

The DHSC is regarded as a related party. During the year, this NHS Foundation Trust has had a significant number of material transactions with other entities for which the DHSC is regarded as the parent department. These entities are:

NHS England, Clinical Commissioning Groups, NHS Trusts, NHS Foundation Trusts and NHS Resolution.

In addition, the NHS Foundation Trust has had a number of material transactions with other Government departments and other central and Local Government bodies.

The NHS Foundation Trust has also received revenue and capital payments from a number of charitable funds. The trustees of the charitable funds are also members of the NHS Foundation Trust Board.

	2019/20	2019/20	31 March 2020	31 March 2020
	Income	Expenditure	Receivables	Payables
	£000	£000	£000	£000
Calderdale & Huddersfield NHS Foundation Trust	-	101	-	17
Care Quality Commission	-	236	-	-
Department of Health and Social Care	304	-	-	-
Doncaster & Bassetlaw Teaching Hospitals NHS Foundation Trust	89	246	102	123
East Riding of Yorkshire Council	-	219	-	-
Health Education England	11,658	-	225	-
Harrogate & District NHS Foundation Trust	66	15	-	-
Hull University Teaching Hospitals NHS Trust	1,880	2,154	2,112	1,633
Humber Teaching NHS Foundation Trust	15	-	35	-

	2019/20	2019/20	31 March 2020	31 March 2020
	Income	Expenditure	Receivables	Payables
	£000	£000	£000	£000
Leeds Teaching Hospitals NHS Trust	12	349	1	157
Lincolnshire Community Health Services NHS Trust	1,021	-	286	-
Lincolnshire Partnership NHS Foundation Trust	100	-	12	-
NHS Bassetlaw CCG	280	-	44	-
NHS Blood & Transplant		1,514	-	86
NHS Bradford City CCG	162	-	6	-
NHS Bradford Districts CCG	50	-	5	-
NHS Doncaster CCG	940	7	-	11
NHS East Riding of Yorkshire CCG	18,463	-	361	43
NHS England	53,912	14	9,273	25
NHS Hull CCG	740	-	120	-
NHS Improvement	551	3	452	-
NHS Lincolnshire East CCG	34,415	-	108	132
NHS Lincolnshire West CCG	10,158	-	15	8
NHS North East Lincolnshire CCG	117,736	60	932	364
NHS North Lincolnshire CCG	118,180	-	705	489
NHS Pension Scheme	-	34,738	12	3,580
NHS Property Services	12	1,016	12	1,132
NHS Resolution	-	13,637	-	-
NHS Scarborough & Ryedale CCG	-	-	12	-
NHS Sheffield CCG	146	-	-	34
NHS South Lincolnshire CCG	1,253	-	-	-
NHS South West Lincolnshire CCG	3,000	-	-	-
NHS Vale of York CCG	876	-	129	-
NHS Wakefield CCG	157	-	10	-
Norfolk and Norwich University Hospitals NHS Foundation Trust	-	1	418	416
North East Lincolnshire Council	267	1,015	-	62
North Lincolnshire Council	746	911	47	-
North Tees and Hartlepool NHS Foundation Trust	-	131	-	3
North West Anglia NHS Foundation Trust	36	215	5	3

	2019/20	2019/20	31 March 2020	31 March 2020
	Income	Expenditure	Receivables	Payables
	£000	£000	£000	£000
Northumbria Healthcare NHS Foundation Trust	-	91	-	-
Nottingham University Hospitals NHS Foundation Trust	93	270	16	55
Portsmouth Hospitals NHS Trust	-	90	-	17
Public Health England	5	168	-	84
Rotherham Doncaster and South Humber Mental Health NHS Foundation Trust	148	194	47	34
Sheffield Children's NHS Foundation Trust	65	258	28	99
Sheffield Teaching Hospitals NHS Foundation Trust	549	257	10	100
The Rotherham NHS Foundation Trust	2	145	-	99
United Lincolnshire Hospitals NHS Trust	11,350	803	40	302
University Hospitals Birmingham NHS Foundation Trust	-	343	-	114
University Hospitals of Leicester NHS Trust	112	23	26	2
York Teaching Hospitals NHS Foundation Trust	3	180	1	68
Other (Total)	2,121	386	721	279
<b>Total Related Parties</b>	<b>391,673</b>	<b>59,790</b>	<b>16,328</b>	<b>9,571</b>
HM Revenue and Customs (Taxes and Duties)	-	22,442	827	6,284
<b>Other Government Departments</b>	<b>-</b>	<b>22,442</b>	<b>827</b>	<b>6,284</b>
<b>Comparatives 2018/19</b>				
<b>Total Related Parties</b>	<b>341,258</b>	<b>48,667</b>	<b>13,944</b>	<b>9,057</b>
<b>Other Government Departments</b>	<b>-</b>	<b>21,407</b>	<b>637</b>	<b>6,138</b>

### **Note 45 Third Party Assets**

The Trust held £3,207 (2018/19 £791) cash and cash equivalents which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.



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