Annual Report and Accounts

2019/20

Proud to care in Sheffield

Sheffield Health and Social Care 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

Contents

Section 1.0 Welcome from the Chair and Chief Executive

Welcome to our annual report for 2019/20.

In this introduction our Chair, Jayne Brown OBE, reflects on the past 12 months for Sheffield Health and Social Care NHS Foundation Trust and our Interim Chief Executive, Clive Clarke, gives an overview of our achievements and the challenges we've faced.

The introduction is then rounded off by our new Chief Executive, Jan Ditheridge, who looks at what year ahead as in store for us.

Jayne Brown OBE, Chair

It has been another busy year for all of us at the Trust. We've faced lots of challenges, but the hard work and dedication of our staff to provide the very best care to the people we support has never faltered.

I want to take this opportunity to thank each and every member of staff for the work they have done over the past year.

If there's one thing we've learned from the COVID-19 pandemic that swept through the country towards the end of this financial year, it is how precious the NHS is to all of us all and how proud we are of the people working in it.

I also want to say a big thank you to all of our Council of Governors and Trust members who have played a key role in helping to guide and hold us to account over the past 12 months. I work really closely with the Governors and they have been involved in some key decisions this year. Over the year we have seen a number of changes on the Council of Governors. Terry Proudfoot took up the role of Lead Governor from Toby Morgan on 01 January 2020, who had previously taken over from Jules Jones who left the role of Lead Governor in 2019.

The unique perspectives of our Governors will be vital to us as we move forward and I have thoroughly enjoyed working with you during my time as Chair of the Trust.

At Board level there were also a number of changes this year. In September 2019 we said farewell to our longstanding Chief Executive, Kevan Taylor, at our Annual Member's Meeting. Kevan served as our Chief Executive for 12 years and his retirement saw Clive Clarke take over as Interim Chief Executive from October 2019 through to March 2020. I would like to add my personal thanks to Clive for holding the fort during a difficult transition period.

After an extensive recruitment process, involving staff from across the Trust, we were delighted to welcome Jan Ditheridge as our new Chief Executive. Jan started her new role in March 2020 having joined us from Shropshire Community Health NHS Trust. Jan is an experienced and well regarded Chief Executive in the NHS. She has a great reputation and she is already have a great impact on the Trust.

We have also seen changes on our Board and on our Council of Governors. We said farewell to two of our Non-Executive Directors, bidding farewell to Professor Laura Serrant OBE in July 2019 as she moved into a new role at Manchester Metropolitan

University, and to Councillor Olivia Blake who was elected as Member of Parliament for Sheffield Hallam in the 2019 General Election.

We were delighted to welcome Heather Smith to the Trust as a Non-Executive Director in September 2019. Heather brings a wealth of experience from the further education sector and was Principal at Sheffield College. I am sure she will do a fantastic job and her expertise will be crucial in helping us move forward.

As some of you may know I am retiring this year so this will be my last annual report. I will greatly miss the organisation, I have had the privilege of working with some amazing people over the years in my role as Chair. I would like to wish everyone well for the future and thank them for their support.

Jayne Brown OBE
Chair

Clive Clarke, Interim Chief Executive

Over the past 12 months we have faced some big challenges as an organisation. Despite these challenges we have made progress in a number of areas and achieved things that we can all be very proud of.

The way our staff have responded to the challenges we have faced and continued to put our service users, carers and families first has been exemplary. We're immensely proud of the hard work and dedication shown by staff across the organisation.

There have been some great achievements, for example we have received confirmation that the Trust has officially joined the University Hospital Association (UHA). Membership is limited to trusts who have demonstrated a commitment to research and education, and is testament to the huge developments we have made in these areas.

We have teamed up with Sheffield City Council, Primary Care Sheffield, NHS Sheffield Clinical Commissioning Group and Sheffield Mind as a national trailblazer for piloting a new place-based community mental health service for adults and older adults. We will also be piloting a new Specialist Community Forensic Team in the city from April 2020. The service will test a new model of care which will see forensic service users cared for in the community instead of staying on inpatient wards.

Our Sheffield Treatment and Recovery Team (START) who provide alcohol, non-opiate and opiate support services across the city have been re-commissioned to provide the service for at least another five years securing the future of drug and alcohol treatment for our service users.

We know we still have some very significant work to do on our culture. The results of our staff survey have exemplified how disengaged our staff feel. Our staff survey results in 2019 saw very little change from our results in 2018, and although there were some small improvements it's clear we have got more work to do and we have plans in place. Our Listening into Action programme is challenging our organisation

to be honest, share feedback and take collective responsibility for making changes that will benefit staff and service users alike.

We've also worked hard with colleagues in our Recovery Service North and South and Single Point of Access to address concerns that were raised around the reconfiguration of community mental health services. With the help of the Advisory Conciliation and Arbitration Service (ACAS) we were pleased to agree to a Memorandum of Understanding to work together to resolve their outstanding concerns.

Over the winter the Care Quality Commission (CQC) visited our services and during the inspection process we were given preliminary feedback that we need to carry out some urgent work to address their concerns. We started work on this swiftly and put plans in place to address issues that they raised.

The CQC published the results of their inspection of Trust services in April 2020 and we were rated overall as 'inadequate'. While our rating in the caring domain remained at 'good' our ratings in the effective and responsive domains fell from 'good' to 'requires improvement', and our ratings in the safe and well-led domains fell from 'requires improvement' to 'inadequate'.

We are of course very disappointed with this rating and we are committed to reversing this outcome and getting back to a rating of 'good'. Since the CQC visit we have already made a number of changes and we are confident that we can demonstrate a significant improvement in the areas of concern raised during the inspection.

Clive Clarke
Deputy Chief Executive
(Chief Executive from 01 October 2019 to 01 March 2020)

Jan Ditheridge, Chief Executive

I feel very privileged to have taken up the post of Chief Executive as of 02 March 2020.

I am looking forward to being part of a leadership team that will take up the challenge to guide our staff and service users through the COVID-19 pandemic, turn around our CQC rating to get back to good and expedite our transformation plans to support effective and high quality services in the future.

We will be paying particular attention to ensure that we address all of the things that the CQC have told us need to change following their inspection. There will be other things that we also want to develop and change to improve services for users and their carers, and ensure that Sheffield Health and Social Care NHS Foundation Trust is a great place to work.

We will focus on improvements to our estate to ensure that our environments support therapeutic care. We will ensure that our staff have manageable workloads to ensure service users continue to get the care they need, and we will develop our

staff to ensure that service users get the best and most up to date care and our staff experience job and professional satisfaction.

We will learn from the actions we have taken during the COVID-19 pandemic and ensure that we don't go back to doing things that are no longer fit for purpose, and harness the innovation that has been a hallmark of this crisis.

Above all we will ensure that our service users, their carers and families, our partners and our staff will all have a stake in the development and continuous improvement of the services we provide. They will be central to any developments or changes which affect them and be empowered to take control of things they can change, improve or keep.

2020/21 will be a challenging but exciting year of opportunity for Sheffield Health and Social Care NHS Foundation Trust and the people associated with it.

Jan Ditheridge
Chief Executive
(Chief Executive from 02 March 2020)

Section 2.0 Performance Report

2.1 Performance Overview

This section is to help you understand a bit more about our organisation, our purpose, our objectives, how we've performed against those objectives over the last year and the challenges we face.

Jan Ditheridge, Chief Executive and Clive Clarke, Interim Chief Executive

Who we are

We were initially established in 2003 as Sheffield Care Trust and on 01 July 2008, we were authorised to operate as Sheffield Health and Social Care NHS Foundation Trust.

As a membership-based organisation our Board of Directors are accountable to the communities that we serve mainly through our Council of Governors, and directly to our members at our Annual Members' Meeting.

Our Council of Governors consists of people who use our services, their carers, members of the public and our staff. They work alongside appointed Governors from other Sheffield-based organisations with whom we work in close partnership, including:

- NHS Sheffield Clinical Commissioning Group
- Sheffield City Council
- Sheffield Hallam University
- University of Sheffield
- Sheffield Carers Centre
- MENCAP Sheffield
- Sheffield African and Caribbean Mental Health Association
- Pakistan Muslim Centre
- Sheffield Young Carers
- Sheffield Flourish
- Healthwatch Sheffield
- Sheffield Mind
- Rethink.

The diverse membership of our Council of Governors helps our Board of Directors ensure that our services are shaped by the people who live in the communities we serve.

As a Foundation Trust we have certain freedoms to develop and improve services and offer more choice to service users.

Our vision

Our vision is to improve the mental, physical and social wellbeing of the people in our communities.

We will do this by:

- working with and advocating for the local population
- refocusing our services towards prevention and early intervention
- continuous improvement of our services
- locating services as close to people's homes as we can
- developing a confident and skilled workforce
- ensuring excellent and sustainable services.

Our values

Our values form the guiding principles and behaviours for the way we work:

- respect
- compassion
- partnership
- accountability
- fairness
- ambition.

Engaging with service users and carers is at the heart of everything we do. As we implement our strategy experiences and views of service users, and those of their carers, will inform any changes we make.

Our strategy

To deliver our vision we have four strategic aims that provide the framework under which we deliver and develop our services.

Our strategic aims are:

- quality and safety aim: we will provide high quality care and support as early as possible in order to improve physical, mental and social wellbeing
- people aim: we will promote a culture of collaboration, supporting people to work together to make a difference
- future services aim: we will develop excellent mental, physical and social wellbeing for the communities we serve through innovation, collaboration and sharing
- value for money aim: we will provide sustainable services through ensuring value for money and reducing waste and unproductive time for our staff.

Towards the end of 2019, we began working on a refreshed strategy, which was approved by our Board of Directors in April. We have developed three strategic aims as we move into 2020/21 which are to:

- deliver outstanding care
- create a great place to work
- improve our use of resources

Our purpose

Our purpose is to improve people's health, wellbeing and social inclusion so they can live fulfilled lives in their community.

We will achieve this by providing services aligned with primary care that meet people's health and social care needs, support recovery and improve health and wellbeing.

Our services

We have an annual income of approximately £131.5m and employ around 2,500 members of staff.

We provide mental health, learning disability, substance misuse and a range of primary care and specialist services to the people of Sheffield.

Our integrated approach to service delivery enables us to meet our service users' mental, physical and social care needs.

The wide range of our services includes:

- primary care services for people of all ages which we deliver through our GP practices
- rehabilitation services for people with brain injuries and those living with the consequences of a long-term neurological condition
- services for adults with drug and alcohol misuse problems
- psychological therapies for people with mild and moderate mental health problems
- community-based mental health services for people with serious and enduring mental illness
- low-secure forensic inpatient services
- services that support people with a learning disability, their families and carers
- services that support people with dementia, their families and carers
- inpatient mental health services for adults and older people
- rehabilitation services for people with mental health illness
- specialist services including: eating disorders, adult autism, health services for homeless people and members of the traveller community, perinatal mental health services and gender identity services
- supported employment and health promotion
- teaching and research.

Some of our specialist services, such as our gender identity clinic and our autism service, are also available to people living outside of Sheffield. Sheffield residents make up about 94% of all service users we provide care and treatment for, and overall, we provide services to around 55,000 people a year.

Our main commissioning partners are NHS Sheffield Clinical Commissioning Group and Sheffield City Council who commission around 68% of our business.

We are also commissioned by NHS England to provide some of our services nationally.

How we provide our services

We often see individuals for short periods of time, providing advice and treatment which helps resolve the person's problems. For those with more serious, longer-term difficulties, we will support and work with them for a number of years.

With this in mind the services we provide, and the locations they are provided in, are tailored to suit the individual needs of our service users, their families and carers. That means that some of our services are provided in the community, to ensure we can provide support, care and treatment to service users close to their homes and help them to maintain their independence as much as possible.

We also provide a range of inpatient services for individuals who cannot be best supported within their community.

We deliver our services from around 40 sites across the city, which is mainly our own estate but many of our staff members work from partner organisations' premises, such as our Liaison Psychiatry team who are based at the Northern General Hospital. Staff work remotely and across all of Sheffield in people's homes, alongside the third sector and in the community.

Some of our support is provided on a one-to-one basis, such as our community based Recovery Services. Others, such as our Improving Access to Psychological Therapies (IAPT) service offer a flexible package of support, which can be provided individually or on a group basis from a range of community centres across the city.

Working in partnership is a huge part of the services we provide across the city.

We work closely with the Child and Adolescent Mental Health Services (CAMHS) within Sheffield Children's NHS Foundation Trust to ensure care is carefully co-ordinated as young people move into adulthood and need the ongoing support of our mental health services.

We also deliver integrated health and social care services for adults of a working age alongside Sheffield City Council.

At the heart of all of our services is a commitment to integrate care around people's mental and physical health needs, as well as their social care needs.

How we've performed

We have broken down the summary of our performance under our four strategic aims.

1. **Quality and safety aim: We will provide high quality care and support as early as possible in order to improve physical, mental and social wellbeing.**

Our priority areas for development over the last year were to ensure:

- effective quality assurance and improvement will underpin everything we do
- we deliver safe care at all times
- we provide positive experience and outcomes for service users
- timely access to effective care.

Following our previous CQC inspection in 2018, the Trust received an overall rating of 'requires improvement'. We have continued to implement the actions we agreed we would take to make the necessary improvements the CQC asked of us. However, the Trust was issued with a Section 29A Warning Notice following our 2020 inspection. This set out the CQC's concerns within four areas (mandatory training, staffing levels and experience, staff supervision and governance systems and processes). The required improvements have to be achieved by 29 May 2020 and we are confident that we can do what we need to do to make improvements in these areas.

Our final inspection report was published on 30 April 2020, which has resulted in our overall rating declining to 'inadequate'.

We are actively developing an action plan to address the regulation breaches identified during the inspection. The CQC has also recommended that we are placed in 'special measures' for quality, a position that has now been confirmed by NHS England and NHS Improvement.

The breakdown of our CQC performance is given below:

Overall trust quality rating	Inadequate
Are services safe?	Inadequate
Are services effective?	Requires improvement
Are services caring?	Good
Are services responsive?	Requires improvement
Are services well-led?	Inadequate

Our IAPT service has over-performed throughout the year on both 6 and 18 weeks waiting time for people entering treatment, as well as the target for individuals moving to recovery. We have not, however, achieved the target of new client

referrals, due to the impact that COVID-19 had on sessions booked during March 2020.

We achieved the Early Intervention in Psychosis Service commencing treatment in two weeks target, achieving 73% against a target of 53%.

We reached just over the 95% target of service users on Care Programme Approach who were followed up within seven days after discharge from inpatient care, for the reporting year. We also achieved over the 95% target for the percentage of admissions to acute wards for which the crisis resolution home treatment team acted as a gatekeeper during the reporting period.

From the latest community mental health survey that was carried out, service users and their representatives rated their overall experience of their contact with a health or social care worker as 6.7 out of 10, which is similar to other mental health trusts nationally.

The Trust is committed to providing high quality, safe services for our service users and one of our three strategic priorities for 2020/21 is getting back to 'good' with regards to our CQC rating.

As part of our emergency response to COVID-19, we undertook Quality Impact Assessments on a range of activities and services to ensure thorough evaluation of the impact of any proposed changes to inform decision making. These Quality Impact Assessments have been regularly reviewed without our ongoing emergency response governance.

2. **People aim: We will promote a culture of collaboration, supporting people to work together to make a difference.**

Our priority areas for development over the last year were to:

- implement a revised Organisational Development and Engagement Plan
- implement a programme to establish and expand new roles
- revamp and improve our approach to recruitment and retention
- prioritise the health, wellbeing of and welfare of our employees.

More detailed information on our performance in this area can be found in the Staff Report. Key areas of progress in delivering our priority areas are summarised below.

We have:

- rolled out the Listening into Action programme across the Trust, improving how we systematically engage, empower and unblock the way for teams so they can lead change they know will make life better for them and our service users
- developed and introduced new roles to support services and the care we aim to deliver. Examples range from Trainee Nursing Associates, Advanced Clinical Practitioners, Physicians Associates, Assistant Practitioners, Peer Support Workers and a range of apprenticeship roles
- improved nurse recruitment process and preceptorship training

- held the Trust's first Health and Wellbeing Conference, the first in the region, with 95% positive feedback
- made small but positive progress on a number of the targets agreed to support the Workforce Race Equality Standard (WRES)
- signed up to the national Social Partnership Forum call to action and pledged to 'tackle bullying and harassment', and have implemented a number of strategies in this area of concern.

We have exceeded our staff sickness absence rate target of 5.1%, achieving 6.39% over the year. Up until March 2020, we had over-achieved our Personal Development Review (PDR) target of 90% of staff having a PDR in the year (achieving 94.8%). However, in March 2020, this dropped to 85.4% when the COVID-19 pandemic began to impact on our Trust.

During the year our community mental health teams raised a collective dispute with us through their trade union representatives. We have worked with Unsion and ACAS and have an agreed Memorandum of Understanding that is now in place that all parties are satisfied with.

3. **Future services aim: We will develop excellent mental, physical and social wellbeing for the communities we service through innovation, collaboration and sharing.**

Our priority areas for development over the last year were to:

- develop community mental health services with primary care and local neighbourhood services
- ensure effective recovery services
- develop new care models for secure care
- develop effective crisis care pathways.

We have made good progress during the year in developing and expanding services to meet the needs of people in Sheffield.

Key areas of progress are summarised below:

- Sheffield is a national trailblazer site for delivering a new place-based community mental health service for adults and older adults. Sheffield has been awarded £5.2 million over two years to develop and implement a new transformational approach. The two-year programme is a partnership between the Trust, Primary Care Sheffield and NHS Sheffield CCG and the voluntary, community and social enterprise organisations in the city. It will focus on developing primary care and community based support with improved access to psychological therapies, improved physical health care, personalised and trauma-informed care. The aim is to avoid fragmentation between teams. The service will be delivered through the development of new multi-disciplinary teams of Psychological and Psychosocial Practitioners, Occupational Therapists, Mental Health Pharmacists, Mental Health Nurses, Community Connecters and Physical Health Improvement Workers, as well as an increased voluntary, community and social enterprise offer led by Sheffield

Mind. Services will be trialled within four identified primary care networks (GPA1, North 2, Township 2 and Universities)

- we have progressed well towards our aim for our recovery services to be accredited with the Royal College of Psychiatrists Centre for Quality Improvement next year. Gaining accreditation will demonstrate that local services are delivering care and treatment in line with evidence-based guidance to support the delivery of high-quality mental health care
- we have developed initial proposals to establish a provider collaborative partnership with four neighbouring inpatient providers across South Yorkshire and Bassetlaw. Our initial proposals have been agreed with NHS England and we will continue to develop our plans into next year. The aim is to work together to provide high quality forensic care that supports recovery, is community focused, delivered in the least restrictive setting and as close to home as possible. By doing this we will reduce the need for people to need care in hospital and support people to lead successful lives supported in their local community
- to support the above developments national transformation funding of £619,000 has been awarded to develop and test a new Specialist Community Forensic Service within Sheffield to support the delivery of better community focused care and treatment
- we launched our new Decisions Unit at the beginning of 2019. This new service works alongside a range of existing crisis services and will provide a safe place to support people in need of urgent mental health assessment, following their initial presentation and treatment in A&E or community crisis response services.

4. **Value for money aim: We will provide sustainable services through ensuring value for money, reducing waste and unproductive time for staff.**

Our priority areas for development over the last year were to:

- ensure the financial sustainability of our services
- establish clear procurement led approaches to reducing costs
- deliver an estate plan that meets our needs
- use technology to deliver new ways of working and new care models.

Our detailed financial report is provided in Section 5.0. Key areas of progress are summarised below.

We have:

- achieved our financial objectives for 2019/20. Our efficiency programme is predominantly identified and recurrent
- agreed a new Procurement Strategy to ensure we are able to procure effectively to deliver high quality, effective services driving added value and cost savings

- begun selecting our contractors for the refurbishment of the Longley Centre as part of the Acute Care Modernisation programme, and we expect to finalise the business case and start work during 2020/21
- continued to make good progress with the plans and supporting business cases to move from our current headquarters in Fulwood, which we expect to finalise in 2020/21.

Challenges and risks we face

The NHS faces critical workforce issues. Over the past decade, workforce growth has not kept up with need, and the way staff have been supported in work has not kept up with the changing requirements of service users.

There are vacancies in a number of roles across the NHS, with the biggest shortfalls in nursing, which presents our most urgent challenge. The Trust is at significant risk if it cannot attract, recruit and retain a motivated and skilled workforce particularly in professions with considerable challenges, including registered mental health nurses and consultants.

Workforce is our greatest priority, as national and regional shortages of healthcare professionals are expected to continue for the foreseeable future. It is critical that our focus is placed on making the Trust the best place to work to recruit, retain and develop our staff. We have agreed a new People Strategy to respond to the challenges.

There is extensive change planned across health and social care services and this will impact on the way we deliver care and treatment to the communities we serve. One of our key focuses will be developing city-wide strategies and plans that will deliver integrated pathways across secondary and primary care, health and social care and mental and physical health. The direction of travel is the right one for the city and for services and focuses on delivering sustainable services and improved experiences and outcomes for the people of Sheffield and beyond. We will need to balance the will and desire to deliver improvements quickly with the capacity to deliver and manage complex changes across the whole system.

The financial challenges remain significant - for us as a Foundation Trust, our main commissioners, the rest of the health and social care community in Sheffield and the broader South Yorkshire and Bassetlaw area. We continually review the risks that may impact on our ability to deliver our objectives. While we have identified challenges that need to be addressed, and these are being addressed, our assessment does not conclude that we are faced with significant risks that will impact on our capacity to deliver sustainable services over the coming years.

We need to invest in our inpatient facilities because we want to provide the best care we can in the best environments for our service users. We have been building our cash reserves over a number of years to deliver a substantial refurbishment and improvement programme at the Longley Centre for our acute inpatient services and crisis hub services. We expect to approve the final business case early in 2020/21 and for work to start later in the year.

Our recent CQC inspection has highlighted a number of areas that we need to improve and improve quickly. We are committed to ensuring that our service users and their families or carers have a positive experience and receive the support, care and treatment they deserve. We want to make Sheffield Health and Social Care NHS Foundation Trust a great place to work for our staff in facilities that we can all be proud of.

Capacity to handle risk

Effective risk management ensures that the Trust as a whole is able to manage all key risks, clinical and non-clinical, providing confidence that the Trust will achieve its objectives. The Board of Directors has overall responsibility for:

- ensuring robust systems of internal control are in place and are appropriately resourced
- encouraging a culture whereby risk management is embedded across the Trust
- routinely considering risks and collectively being assured that risks are being effectively managed.

As well as the Board of Directors, other senior Trust staff, managers and individual staff members, clinical leads and senior managers, are responsible for ensuring that they engage with risk management objectives to ensure that their clinical and managerial responsibilities for risk management are met.

The Trust has structures and systems in place to support the delivery of integrated risk management across the organisation. The standing committees of the Board of Directors work to ensure effective governance for the major operational and strategic processes and systems of the Trust, and also provide assurance that risk is effectively managed. The Board of Directors, and its supporting committees are detailed in the Annual Governance Statement (see Section 3.7).

Going concern

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

Details of any overseas operations

The Trust had no overseas operations during 2019/20 in respect of the provision of health care services. We are the main UK partner of the Gulu-Sheffield Mental Health Partnership alongside other NHS trusts in Sheffield, Manchester and London, as well as the University of Sheffield. We have been working with a service user and carer group, Mental Health Uganda Gulu Branch (MHUGB) and Gulu Regional Referral Hospital (GRRH) since 2012. All of the funding for the work of the partnership is external to the Trust.

Closing statement

This Performance Report has been approved by the Directors of Sheffield Health and Social Care NHS Foundation Trust.

Jan Ditheridge
Chief Executive
Date: 23 June 2020

Section 3.0 Accountability Report

3.1 Directors Report

3.1.1 The Board of Directors

The Board of Directors provide a wide range of experience and expertise which is essential to the effective governance of the Trust. Its members continue to demonstrate the leadership and scrutiny that enables the organisation to fulfil its ambition.

There were a number of changes to the executive members during the year. Our long-serving Chief Executive Kevan Taylor was seconded to the Accountable Care Partnership (effective 01 October 2019) following which our Executive Director of Operations/Deputy Chief Executive, Clive Clarke, was appointed as the Interim Chief Executive. Our Executive Director of Finance, Phillip Easthope was subsequently appointed as the Interim Deputy Chief Executive. After a successful recruitment process Jan Ditheridge was appointed as the Trust's Chief Executive effective 02 March 2020. In December 2019 the role of Chief Operating Officer previously held by the Executive Director of Operations/Deputy Chief Executive was shared between two existing Trust Directors, Michelle Fearon and Andrea Wilson, until 31 March 2020. The Local Authority Non-Executive Director stepped down on 13 December 2019 following her appointment as a local Member of Parliament. The position remains vacant whilst discussions take place with the local authority.

At the end of 2019/20, the Board of Directors comprised of five Non-Executive Directors, including the Chair, one Associate Non-Executive Director and five Executive Directors, including the Chief Executive (role of Chief Operating Officer is a being carried out as a joint role).

3.1.2 The Non-Executive Team

- Jayne Brown OBE (Chair)
- Richard Mills (Vice-Chair)
- Sandie Keene CBE (Senior Independent Director)
- Ann Stanley
- Heather Smith
- Professor Brendan Stone (Associate)

3.1.3 The Executive Team

- Jan Ditheridge (Chief Executive)
- Clive Clarke (Deputy Chief Executive/Executive Director of Operations)
- Dr Mike Hunter (Executive Medical Director)
- Liz Lightbown (Executive Director of Nursing and Professions)
- Phillip Easthope (Executive Director of Finance)
- Andrea Wilson (Joint Interim Chief Operating Officer)
- Michelle Fearon (Joint Interim Chief Operating Officer)

Both Andrea Wilson and Michelle Fearon were non-voting Directors from 02 March to 31 March 2020.

The Associate Director of Human Resources and Director of Corporate Governance/ Board Secretary attend and support the Board but are non-voting members.

All Board members use their expertise, experience and interest to help set the strategic direction of the Trust, as well as to monitor its management and performance.

3.1.4 Directors' statement as to disclosure to the Auditors

For each individual who was a Director at the time that this Annual Report was approved, so far as the Directors are aware, there is no relevant audit information of which the Trust's auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

3.1.5 Accounting policies statement

Accounting policies for pensions and other retirement benefits are set out in the Annual Accounts in Section 5.0 of this report and details of senior employees' remuneration can be found in the Remuneration Report in Section 3.2 of this report.

3.1.6 Our Auditors

Our External Audit function is carried out by KPMG. A full competitive tender process was carried out during 2019 to ensure compliance with regulator requirements. The outcome of the tender process, following a detailed review process was the recommendation to the Council of Governors for the appointment of KPMG, who had previous carried out the function for a number of years.

This decision was approved on 12 December 2019 for the commencement of the contract on 01 April 2020, for an initial period of three years, with an option to extend to for a further year.

3.1.7 The role of the Board of Directors

The responsibility for exercising the powers of the Trust rests with the Board of Directors. These powers are set out in the National Health Service Act, 2006 and are subject to the restrictions set out in the Trust's terms of authorisation.

The Board of Directors is responsible for:

- directing and supervising the organisation's affairs
- providing proactive leadership of the Trust within a framework of prudent and effective controls which enable risk to be assessed and managed
- setting the Trust's strategic aims and ensuring that the necessary financial and human resources are in place for the organisation to meet its objectives
- overseeing the organisation's progress towards attaining its strategic goals
- monitoring the operational performance of the organisation

- promoting the success of the organisation to maximise the benefits for the members as a whole and for the public.

The Board may delegate any of the powers conferred upon it to any committee of Directors or to an Executive Director. The Standing Orders of the Board of Directors provide for the manner in which the Board may arrange the delegation of its powers. The 'Scheme of Reservation and Delegation of Powers' (which forms part of the Board of Directors' Standing Orders) sets out, in detail, those powers which the Board has reserved to itself and those it has delegated and to whom.

The Chair of the Trust presides over the meetings of the Board of Directors and the Council of Governors. The Chair is responsible for:

- providing leadership to the Board of Directors and the Council of Governors
- ensuring that the Board of Directors and the Council of Governors work effectively together
- enabling all Board members to make a full contribution to the Board's affairs and ensuring that the Board acts as an effective team
- leading the Non-Executive Directors through the Board of Directors' Remuneration and Nomination Committee in setting the remuneration of the Chief Executive and (with the Chief Executive's advice) the other Executive Directors.

The Senior Independent Director is responsible for leading the Non-Executive Directors in the performance evaluation of the Trust Chair. The Trust Chair is responsible for carrying out the performance evaluation of the Non-Executive Directors. Both processes are overseen by the Council of Governors' Nominations and Remuneration Committee.

During 2019/20, the Board met every month with the exception of August 2019 and January 2020, with meetings open (in part) to members of the public and the press. There were three extraordinary Board meetings which took place in April, May and June 2019 which were confidential elements of the Board's business being of a confidential nature or commercially sensitive and were transacted in private, and the Board has been open about the need to do this.

The Board of Directors takes account of the NHS Constitution in its decisions and actions, as they relate to service users, the public and staff of Sheffield Health and Social Care NHS Foundation Trust. The principles and values set out in the Constitution are reflected in the organisation's strategy, objectives, vision and values. The Board of Directors is compliant with the principles, rights and pledges set out in the Constitution as they apply to mental health service providers.

3.1.8 Attendance at Board of Directors meetings

A full list of all the Directors who have served on the Board during 2019/20, including their attendance at the Board's meetings, is set out below.

Name	Position	Term	Attendance
Jayne Brown OBE	Chair	Four year term ending 30 June 2020.	10/12
Ann Stanley	Non-Executive Director	Three year term ending 31 October 2017 with 13 month extension ending 30 November 2018, further extended to 31 May 2019, 31 July 2019 and 31 July 2020.	12/12
Councillor Olivia Blake	Non-Executive Director	Three year term ending 13 August 2020 - resigned effected 13 December 2019.	6/8
Laura Serrant OBE	Non-Executive Director	Four year term ending 31 March 2022 - resigned effective 01 August 2019.	3/6
Richard Mills	Non-Executive Director/ Vice-Chair	Three year term ending 30 November 2018 extended to 31 May 2019, further extended to 31 July 2019. Second term commenced 01 August 2019 running to 30 November 2023.	11/12
Sandie Keene CBE	Non-Executive Director/ Senior Independent Director	Four year term ending 31 March 2022.	10/12
Heather Smith	Non-Executive Director	Four year term ending 31 July 2023.	6/6
Professor Brendan Stone	Associate Non-Executive Director	Four year term ending 31 July 2023.	9/12
Kevan Taylor	Chief Executive	To 01 October 2019.	6/7
Jan Ditheridge	Chief Executive	From 02 March 2020.	1/1

Clive Clarke	Deputy Chief Executive and Executive Director of Operations/ Interim Chief Executive	Interim Chief Executive from 01 October 2019 to 01 March 2020 (Deputy Chief Executive/Executive Director of Operations to 30 September 2019).	11/12
Dr Mike Hunter	Executive Medical Director	N/A.	12/12
Liz Lightbown	Executive Director of Nursing and Professions	N/A.	9/12
Phillip Easthope	Executive Director of Finance and Interim Deputy Chief Executive	Interim Deputy Chief Executive from 01 October 2019 to 01 March 2020.	11/12
Michelle Fearon	Interim Chief Operating Officer (joint role)	Temporary position ending 31 March 2020.	2/2
Andrea Wilson	Interim Chief Operating Officer (joint role)	Temporary position ending 31 March 2020.	1/2
Dean Wilson	Associate Director of Human Resources	N/A.	10/12
Margaret Saunders	Director of Corporate Governance (Board Secretary)	Resigned effective 31 October 2019.	8/8
Samantha Harrison	Interim Director of Corporate Governance (Board Secretary)	In position from November 2019 to 31 March 2020.	3/3

3.1.9 The Management Team

The Board of Directors delegates the day-to-day management of the operational activities of the Trust to the Executive Directors' Group (EDG). EDG comprises the Executive Directors, the Director of Human Resources and the Director of Corporate Governance (Board Secretary). Additionally, the Head of Communications, Director of Quality, Director of Organisation Development and the Director of Operations and Transformation have been incorporated into EDG. Latterly, the Director of Operations and Transformation and Director of Quality were appointed as the joint Director on a temporary basis to the role of Chief Operating Officer.

During the year EDG has met weekly to ensure that its delegated duties are appropriately discharged.

3.1.10 Board Committees

The Board has several Committees to whom it delegates authority to carry out some of its detailed work.

The Quality Assurance Committee is responsible for providing assurance to the Board on the effectiveness of the Trust's systems and processes for safeguarding and improving the quality of the Trust's services.

The Finance and Performance Committee is responsible for ensuring that the Trust's finances are managed within the allocated resources to deliver an effective and efficient service.

The Workforce and Organisation Development Committee is responsible for providing assurance to the Board on the effectiveness of the Trust's systems and processes for supporting employees in the provision and delivery of high quality, safe service user care and ensuring that the Trust is meeting its legal and regulatory duties in relation to its employees.

The Audit and Risk Committee and the Remuneration and Nomination Committee are described below.

3.1.10.1 Audit and Risk Committee

Membership of the Audit and Risk Committee is comprised of three independent Non-Executive Directors. The Committee is chaired by Ann Stanley who has recent and relevant financial experience, which fulfils the requirement for at least one Non-Executive member to have such experience.

The Audit and Risk Committee provides the Board of Directors with an independent and objective review of the system of internal control and overall assurance process associated with managing risk. It receives annual reports from each of the other Board Committees; these reports in turn inform the annual report of the Audit and Risk Committee which is presented to the Board of Directors at the end of each financial year. This allows the Audit and Risk Committee to discharge its responsibility for providing assurance to the Trust Board in relation to all aspects of governance, risk management and internal control. These assurances and this oversight form the basis for the Chief Executive's Annual Governance Statement.

The Committee is responsible for commissioning and reviewing work from independent external and internal audit services, counter fraud services and other bodies as required.

The Committee's work in undertaking these responsibilities is outlined in an annual report to the Board.

The Committee's meetings are attended, in accordance with the agenda, by the Internal and External Auditors, local counter fraud specialist, the Trust's Executive Directors, the Director of Corporate Governance, Head of Clinical Governance and Deputy Director of Finance. Other Directors and senior managers attend when invited by the Committee. The Chief Executive and the Trust Chair attend the meeting at which the annual accounts are presented.

Both the internal and external auditors have the opportunity to meet informally with Audit and Risk Committee members (without Executives present) to discuss any concerns or issues relating to the performance of management.

Copies of the terms of reference of the Audit and Risk Committee can be obtained on the Trust's website:
https://www.shsc.nhs.uk/about-us/board-directors/board-directors-committees

The Committee has met on five occasions during 2019/20 and discharged its responsibilities as set out in the terms of reference. Details of members' attendance at its meetings are as shown in the table below:

Name	Position	Number of meetings attended
Ann Stanley	Committee Chair and Non-Executive Director	5/5
Sandie Keene	Non-Executive Director	4/5
Olivia Blake	Non-Executive Director	3/4
Richard Mills	Non-Executive Director	2/2

Significant issues considered by the Committee

The Audit and Risk Committee has an annual review cycle in place in relation to reviewing and considering effectiveness and on-going compliance.

The Committee met on the 28 May 2020 in part to consider the financial statements for the period 2019/20 and as part of the annual review cycle considered the following issues in relation to financial statements, operations and compliance:

- accounting policies review for inclusion in the Financial Statements and Annual Report, including the appropriate treatment for Charitable Funds
- the 'going concern' status of the Trust. The Committee agreed that the 2019/20 Annual Accounts be prepared on a 'going concern' basis

- material estimates pertinent to the financial statements, including assets' valuation endorsing the methodology and accounting treatment
- due consideration of the organisation's risks and controls, particularly the Board Assurance Framework and Corporate Risk Register
- due consideration of the annual Internal Audit report and opinion, and, elements of risk and audit emphasis identified in the External Audit plan, such as the Trust's income
- Statutory Financial Statements and Annual Report and Accounts received and approved by the Committee prior to being submitted to the Board of Directors for final approval prior to submission to NHS Improvement.

In relation to the risks and areas of emphasis in the External Audit Plan, KPMG consider the key areas of accounting judgement and disclosure. For each of these areas, the Committee critically reviews and assesses the judgements that have been applied, the consistency of application from year to year and the appropriateness of the relevant disclosures made, together with the compliance with applicable accounting standards. The key areas considered by KPMG are in relation to valuation, the verification of land and building assets and recognition of NHS and non-NHS income.

Detail of the verification of land and building assets is contained in the material estimates paper considered by the Committee.

The main source of income for the Trust is the provision of healthcare services to the public under contracts with NHS commissioners. These contracts make up 71% of the Trust's income from activities. The Trust also receives 20% of its income from non-patient care services to other bodies. To satisfy itself as to the validity of the income, the Committee has confirmed that the Agreement of Balances exercise for NHS income and the confirmation of non-patient care income have been undertaken on a diligent and comprehensive basis. The Committee has also confirmed that effective income cut-off procedures were applied around the year end.

In relation to the Trust's income the Committee has been able to place reliance on work undertaken by the External Auditors as part of the work that they have undertaken to enable them to develop their Audit Opinion.

In addition, the Audit and Risk Committee receives regular updates and feedback in relation to the progress against plan of Internal Audit and Counter Fraud.

Any issues arising were addressed by the Committee. Any internal control or governance matters raised are incorporated into the Annual Governance Statement.

External Audit

For the financial year ending 2019/20, the Trust's external audit function was carried out by KPMG.

In 2018/19 the Trust's external audit function was carried out by KPMG with the contract expiring at the end of 2018/19.

In accordance with statutory requirements a competitive tendering process was undertaken to appoint the Trust's external auditors for new contractual terms. This appointment was undertaken by the Council of Governors as part of their statutory responsibility as governors of an NHS Foundation Trust.

The statutory fee for the 2019/20 audit was £49,250 plus VAT.

The effectiveness of the external audit function is assessed annually by the members of the Audit and Risk Committee utilising the methodology provided for such an evaluation by The Audit Committee Institute. For 2019/20 this was carried out as part of the AC self-assessment questionnaire of members.

KPMG has carried out no other services for the Trust during the financial year 2019/20.

Internal Audit

The Trust's Internal Audit function is carried out by 360 Assurance. The annual audit plan is derived following an overarching risk assessment and is translated into the annual internal audit operational plan and three-year strategic plan.

The internal audit plan was developed through discussion with members of the Audit and Risk Committee, the Executive Team and other Directors and a review of the Board Assurance Framework to identify a range of key risks, including those affecting the health sector generally. Reviews were identified across a range of areas including financial management, information management and technology, performance, clinical quality, people management and governance and risk.

A report is taken to every Audit and Risk Committee meeting detailing progress against the plan and drawing attention to any concerns.

The Audit and Risk Committee reviewed the performance and value for money of the internal audit function during 2019/20.

3.1.10.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Board of Directors comprises all the Non-Executive Directors. The Committee is chaired by Jayne Brown OBE, the Trust Chair.

The Committee is responsible for determining the remuneration and terms and conditions of service of the Executive Directors (including the Chief Executive) in order to ensure that they are properly rewarded having regard to the Trust's circumstances.

Full details of the Remuneration and Nomination Committee are provided in Section 3.2 of this report.

3.1.11 Executive and Non-Executive Directors' qualifications and experience

Jayne Brown OBE, Chair

Jayne has more than 25 years' NHS experience, including 13 years as a Chief Executive. She is the director of two limited companies, the vice-chair of a community voluntary service and a carer.

Jayne has a BA (Hons) in Politics and Modern History as well as a Masters Degree in Public Health, a Diploma in Strategic Health Service Management and a Coaching Diploma. She is a graduate of the Institute of Personnel and Development. Jayne was awarded an OBE in 2004 for services to the NHS.

Tenure of office
01 July 2016 to 30 June 2020.

Richard Mills, Non-Executive Director
(Vice Chair and Chair of the Finance and Performance Committee)

Richard has more than 35 years senior management experience in the NHS, charitable, independent and public sector organisations, including Board level positions in NHS organisations.

Richard was an NHS manager and director from 1979-2012, working in the London and Thames Valley area at Hospital, Health Authority and Primary Care Trust levels.

He was the Chief Executive of the Intensive Care National Audit and Research Centre (ICNARC) 2014- 2015 and has been a management consultant since 2012.

Richard is also a member of the Quality Assurance Committee and Audit and Risk Committee.

Tenure of office
01 December 2015 to 30 November 2018, extended to 31 July 2019. Second term of office commenced 01 August 2019 and will run to 30 November 2023.

Ann Stanley, Non-Executive Director
(Chair of the Audit & Risk Committee)

Ann is a qualified accountant by profession and has served as a senior finance executive in the public, voluntary and commercial sectors. Her experience includes working in Brussels for the European Communities (she is a fluent French speaker) and in London for the BBC.

Ann has also worked as a senior Finance Executive in Higher Education and as a Group Accountant for HM Prison Service.

She is a fellow of the Chartered Institute of Certified Accountants (FCCA). She is also a member of the Trust's Finance and Performance Committee and a member of the Workforce and Organisation Development Committee.

Tenure of office
01 November 2014 to 30 November 2018, extended to 31 July 2020.

Sandie Keene CBE, Non-Executive Director
(Senior Independent Director and Chair of Quality Assurance Committee)

Sandie began her career as a social worker and her early work was in South Yorkshire Local Authorities. She retired in 2014 after eight years as Director of Adult Social Services in Leeds. She was President of the Association of Directors of Adult Social Services (ADASS) in 2013/14 and was awarded a CBE in 2016.

After retiring Sandie worked with the Local Government Association (LGA) to support health and social care improvement. As an Associate with the LGA she has developed tools to support integrated Health and Social Care.

Additionally, she is Independent Chair of a Safeguarding Adults Board and the Sheffield Diocesan Safeguarding panel and Trustee of a National Housing Association.

Sandie is a member of the Audit and Risk Committee.

Tenure of office
01 April 2018 to 31 March 2022.

Heather Smith, Non-Executive Director
(Chair, Workforce and Organisation Development Committee)

Heather joined the Trust on 01 August 2019. Her previous job was Principal of The Sheffield College and she worked in education in Sheffield (where she lives) for over 33 years until her retirement.

Since retirement Heather has undertaken advisory and coaching support work with colleges around the country, as well as working on a voluntary basis with a local organisation which is focussed on reducing food waste and promoting sustainability. Heather's work in education has many links with the goals of the Trust. One of her early management roles was the introduction of pathways to employment and apprenticeships with the NHS in Sheffield, a project which gained several national awards and still exists today. She is a passionate supporter of the need for city-wide organisations to work together collaboratively in order to improve lives and promote social justice and equality.

Heather's interest and expertise lies in organisational development and transition, culture change and improvement management.

Heather is a member of the Quality Assurance Committee.

Tenure of office
01 August 2019 to 31 July 2023.

Jan Ditheridge, Chief Executive
(commenced in post on 02 March 20)

Jan joined the Trust as its Chief Executive on 02 March 2020 following seven years as Chief Executive of Shropshire Community Health NHS Trust. She is an experienced strategic leader with a background encompassing a broad variety of

clinical, operational and leadership roles across health, social care and the private sector.

She has a wealth of expertise in the areas of transformation, delivery, clinical quality and effective performance management. Jan is dual qualified as a registered general and mental health nurse and has an MBA.

Kevan Taylor, Chief Executive
(left post 30 October 2019)

Prior to his appointment as the Trust's Chief Executive in 2008, Kevan served as the Chief Executive of the predecessor Trust. He led the Trust through its achievement of both Care Trust and Foundation Trust status. He also served as Director of Commissioning of the Sheffield Health Authority.

Clive Clarke, Interim Chief Executive (01 October 2019 to 01 March 2020) Deputy Chief Executive (up to 30 September 2019 and from 01 March 2020 to date) and Executive Director of Operations (to 30 September 2019)

Clive was appointed as an Executive Director of the Trust in 2008. A qualified social worker, Clive brings more than 29 years' experience in health and social care provision. He served as Director of Adult Mental Health Services and as Head of Social Services in Sheffield Care Trust.

Since March 2013 Clive has been the Deputy Chief Executive and in 2016 he became the Trust's Executive Director of Operations. Clive was a participant in the 2001 King's Fund Top Managers Leadership Programme.

Clive was appointed as the Trust's Interim Chief Executive on 01 October 2019 to 01 March 2020.

Phillip Easthope, Interim Deputy Chief Executive (01 October 2019 to 01 March 2020), Executive Director of Finance (2016 to date)

Phillip has been the Trust's Executive Director of Finance since January 2016, following a period as the Trust's Interim Executive Director of Finance from March 2015. Prior to his appointment, he was the Trust's Deputy Director of Finance since 2012 and has more than 17 years' experience in NHS finance.

Phillip is a Fellow of the Association of Chartered Certified Accountants and has completed the NHS Strategic Financial Leadership Programme.

Phillip held the role of the Interim Deputy Chief Executive on from 01 October 2019 to 01 March 2020.

Dr Mike Hunter, Executive Medical Director

Mike was appointed as the Trust's Executive Medical Director in October 2016. He has been a Consultant Psychiatrist for many years and was previously Clinical Director of Acute and Inpatient Services and Community Services at the Trust. His responsibilities include quality improvement, patient safety, clinical governance, medical leadership, medical education and service user engagement.

Mike trained in Sheffield, first in medicine and then in psychiatry. He is a Consultant Psychiatrist with a background in rehabilitation and assertive community treatment. He also has a role as a National Speciality Advisor at NHS Improvement.

Liz Lightbown, Executive Director of Nursing and Professions

Liz Lightbown joined the Trust in April 2010, initially on secondment. She was subsequently appointed on a permanent basis in April 2011. She is a Registered Mental Health Nurse and holds a Bachelor of Science Degree in Behavioural Sciences, a Masters Degree in Health Planning and Financing, and a Diploma in Public Health. She was a participant on the King's Fund National Nursing Leadership Programme and is Prince 2 (Project Management) qualified.

Liz is the Trust's Chief Nurse, Executive Lead for Health Professions (non-medical), Director of Infection Prevention and Control (DIPC) and Executive Lead for Safeguarding Adults and Children.

Since April 2012 Liz has been the Executive Lead for the Trust's International Health Partnership with Gulu Regional Referral Hospital in Northern Uganda and was the Trust's Chief Operating Officer from 2012 to 2016. In 2016 Liz became the Trust's Executive Director of Nursing and Professions.

Andrea Wilson, Interim Chief Operating Officer (joint role)

Andrea Wilson joined the NHS in 1986 and has worked in Chesterfield, Barnsley and Wakefield before joining the Trust two years ago.

During her career she has undertaken a number of roles, initially working clinically as a podiatrist and specialising in the care of people with diabetes before moving into business planning and contracting, including liaison with primary care. Andrea has managed a variety of clinical services including specialist community nursing services, substance misuse services, learning disability services and moved in to the management of mental health services around 17 years ago.

Andrea's substantive role at the Trust is Director of Quality. For the period of December 2019 to March 2020, Andrea acted into the joint Interim Chief Operating Officer post.

In addition to her professional qualifications, Andrea has a BA (Hons) in Health Studies and an MA in Management and Leadership in Health and Social Care.

Michelle Fearon, Interim Chief Operating Officer (joint role)

Michelle Fearon joined the NHS in 1997 and has worked in a variety of clinical services' managerial and corporate support function roles; across mental health, learning disabilities, substance misuse and specialist community health care services.

Michelle's substantial role is as Director of Operations and Transformation. For the period December 2019 to March 2020, Michelle acted into the joint Interim Chief Operating Officer post, with operational responsibility for all of the Trust's clinical services with the exception of Clover Group.

Michelle graduated from the NHS Leadership Academy's Executive Development Programme in 2017, in addition to undertaking a number of academic and professional development programmes over the years.

3.1.12 Directors' interests

Members of the Board of Directors must declare any interests which might create, or be seen to create a conflict or potential conflict between their personal or private interests and those of the organisation or their duties as members of the Board of Directors. They are also required to declare any conflicts of interest that arise in conducting Trust business, specifically at each meeting of the Board.

The Register of Interests is maintained by the Board Secretary and is available for inspection by members of the public on the Trust's website by visiting https://www.shsc.nhs.uk/about-us/board-directors

3.1.13 Board Evaluation

The Board of Directors assesses its own performance and effectiveness, ensuring that it complies fully with its statutory and regulatory functions and duties.

Development sessions for the Board of Directors during 2019/20 have focused on Neighbourhoods and Primary Care Mental Health and New Care Models, refreshing the Trust's strategy, Primary Care Mental Health Transformation, benchmarking, the Performance Quality Framework and a deep dive into acute services. In addition, the Board and Council of Governors participated in a joint development session related to providing effective challenge. It has also critiqued and refreshed the Board Assurance Framework and the Trust's risk appetite.

All Executive and Non-Executive Director appointments are made in compliance with Condition G4 of the Provider Licence 'Fit and Proper Persons' requirements and these are reviewed on an annual basis.

Appraisals took place for those Non-Executive Directors who had been in post through the year. The Council of Governors and Board members were individually invited to comment on the performance of each Non-Executive Director. This information was fed into the appraisal process led by the Trust Chair with support from the Lead Governor and a further governor member of the Nominations and Remuneration Committee. In addition, appraisal of the Trust Chair took place led by the Senior Independent Director and was supported by the Lead Governor and a stakeholder governor. Guidance published by NHS England and NHS Improvement in September 2019 on the appraisal of NHS Chairs was adopted. All Governors, Board members and external stakeholders were invited to provide feedback on the Chair's performance which fed into the appraisal process. The outcome will be reported to the Council of Governors during early 2020/21.

The evaluation of the performance of the Executive Directors was carried out by the Chief Executive during his monthly one-to-one meetings and annual reviews with them.

The evaluation of the Chief Executive's performance was carried out by the Trust Chair in their one-to-one meetings. The performance of the Chief Executive, Executive Directors and the Associate Director of Human Resources was also discussed by the Remuneration and Nomination Committee.

The Board is satisfied that the composition of its membership is balanced, complete and appropriate and this can be seen in the biographical details of Board members as set out above.

3.1.14 Keeping informed of the views of Governors and members

The Board of Directors ensures it is kept informed of the views of Governors and members in a number of ways, including:

- private meetings between the Chair and governors if required
- attendance at Council of Governors' meetings
- receiving reports on the outcome of consultations with governors, for example on business planning
- updates provided by the Chair and Directors at Board meetings
- Governors are encouraged to attend public meetings of the Board of Directors.

The Senior Independent Director is also available to Governors if they have concerns regarding any issues which have not been addressed by the Chair, Chief Executive or other usual business arrangements.

In general, with regard to attendance at meetings of the Council of Governors:

- the Chair attends all meetings
- the Non-Executive Directors attend all meetings
- the Chief Executive, Deputy Chief Executive and Executive Director of Finance attend all meetings
- other Executive Directors and Trust officers attend meetings, if required, for example to deliver reports, or as observers.

The Council of Governors also has powers to require attendance of a Director at any of its meetings, under paragraph 26 (2) (aa) of Schedule 7 of the National Health Service Act 2006, for the purpose of obtaining information on the Trust's performance of its functions or the Directors' performance of their duties. The Council of Governors did not exercise these powers during 2019/20.

3.1.15 NHS Improvement's well-led framework

NHS Improvement's well-led framework is structured around eight characteristics of a well-led organisation as shown below:

Leadership capacity and capability

Overall leadership is provided by the Board of Directors. The biographies of Board membership demonstrate they are highly experienced and from a broad range of professional backgrounds and the composition of the Board is regularly reviewed. All Board members are subject to an annual appraisal. Governors are actively involved in the appraisal of non-executive directors.

The Trust has a clear policy for the appraisal for its staff and monitoring of the appraisal of senior leaders within the organisation takes place within the Executive Directors' Group. There is a clear leadership, accountability and governance structure within the organisation and through this assurance on quality and safety of the operational clinical services is provided to the Quality Assurance Committee.

Clear vision and credible strategy to deliver high quality, sustainable care

"Shaping the Future: Trust Strategy and Strategic Planning Framework 2017/2020" sets out our vision and the strategic objectives which will enable us to achieve our vision. The business plan to deliver our strategic direction is refreshed each year and takes into account changes to the internal and external environment and the views of stakeholders. Through this process, strategic priorities, including quality priorities are identified and agreed.

Any risks to the delivery of strategic objectives are recorded in the Trust's Board Assurance Framework which is reviewed quarterly by the Board and Board Committees as well as monthly by Executive Directors.

There are a number of strategies including the Quality Improvement and Assurance Strategy, Service User Engagement and Experience Strategy, Carers and Young Carers Strategy, People Strategy, Organisational Development Strategy and Estates

Strategy that support the delivery of our strategic direction all of which have clear outcome measures which are monitored by the appropriate Board committee.

Culture of high quality, sustainable care

We promote an organisational culture that is open, fair and transparent. We encourage our staff to be responsive and take an open approach towards identifying and understanding potential risks and responding to them. This includes requirements to report unsafe acts, untoward incidents or near misses using our incident reporting process.

We endeavour to underpin all we do through the application of our values of respect, compassion, partnership, accountability, fairness and ambition. We employ values-based recruitment for all staff and our Quality Improvement and Assurance Strategy supports a philosophy of continuous improvement and a model of co-production with our service users in the design and delivery of services.

Clear responsibilities, roles and systems to support good governance and management

Clarity of roles and responsibilities within our governance arrangements are provided in:

- the Constitution including the Schedule of Matters Reserved by the Board
- Standing Orders, Reservation and Delegation of Powers, incorporated in the Scheme of Delegation and Standing Financial Instructions
- the Scheme of Delegation of functions included in the Mental Health Act code of practice
- the terms of reference for Board committees and operational committees
- our programme and project management arrangements.

There are a number of systems to support good governance including:

- the Insight clinical record system
- the Ulysses Risk Management System which enables us to manage and report incidents, record risks and supports our serious incident processes
- the e-rostering system which supports safe staffing in our services
- the patient acuity tool which supports staffing numbers and skill mix to maintain effective care and safe staffing.

Clear processes to manage risk, issues and performance

The key systems and processes in place for managing risks, issues and performance are aligned to our governance structure: the Board, its committees, the Executive Directors' Group and clinical management groups, wards and teams.

Our Risk Management Strategy which was refreshed in 2019 sets out clear roles and responsibilities and escalation processes for risk.

In year, our Internal Auditors audited risk management and governance which included strategic objectives and values, Board and committee governance, quality

priorities, strategic risk management and partnership working and were able to provide significant assurance whilst also identifying areas for further development.

Appropriate and accurate information being effectively processed, challenged and acted upon

Our performance metrics and their targets are reviewed and refreshed each year as part of our business planning processes. Benchmarking and other external sources of information are used as appropriate and when available. Evidence of information being challenged and acted upon is provided in the minutes of Board and its committees which are available to the public.

The Data and Information Governance Board oversees the Trust's statutory duties and assures quality in regard to data and information, reporting to EDG, with oversight of information governance under the remit of the Audit and Risk Committee. Internal Auditors have carried out work to give interim feedback on our assessment of compliance against the Data Security and Protection Toolkit which we will use to work towards compliance by 31 March 2020.

People who use services, the public, staff and stakeholders are engaged and involved to support high quality sustainable services

There are a broad range of measures in place to enable us to effectively engage. Primarily these are:

- our Council of Governors
- engagement with our membership
- the work of our Engagement and Experience Team
- Microsystems
- formal consultations on service reconfigurations and change
- national patient survey
- Care Opinion
- quality of experience questionnaire
- Friends and Family Test
- our involvement in the South Yorkshire and Bassetlaw Integrated Care System
- our partnerships with commissioners
- membership and participation in local partnership boards
- membership and participation in local safeguarding boards
- engagement with local Healthwatch.

Using our Foundation Trust status to develop services and improve patient care

Foundation Trust status enables us to engage Governors and members, who represent the communities that we serve, in the development of our services and the improvement of care.

We are able to use our money more flexibly to support the priorities we have identified. Key examples of this have been how we have built up our cash reserves

over a number of years in order to improve our estate and inpatient services. Good progress has been made this year in finalising plans for significant improvements to the ward environment of our acute inpatient services. We expect to approve the final business case early in 2020/21 and for work to start later in the year.

3.1.16 Significant changes to the services we provide

During the year we developed and introduced new services and expanded some of our existing services to respond to the needs to the people in Sheffield.

Sheffield is a national trailblazer site for delivering a new place-based community mental health service for adults and older adults. Sheffield has been awarded £5.2 million over two years to develop and implement a new transformational approach. The two-year programme is a partnership between Sheffield Health and Social Care, Primary Care Sheffield and NHS Sheffield CCG and Voluntary Community and Social Enterprise (VCSE) organisations. It will focus on developing primary care and community based support with improved access to psychological therapies, improved physical health care, personalised and trauma-informed care. The aim is to avoid fragmentation between teams. The service will be delivered through the development of new multi-disciplinary teams of Psychological and Psychosocial Practitioners, Occupational Therapists, Mental Health Pharmacists, Mental Health Nurses, Community Connecters and physical health improvement workers, as well as an increased VCSE offer led by Mind. Services will be trialled within four identified primary care networks (GPA1, North 2, Township 2 and Universities).

We launched our new Decisions Unit at the beginning of the year. This new service works alongside a range of existing crisis services and will provide a safe place to support people in need of urgent mental health assessment, following their initial presentation and treatment in A&E or community crisis response services.

Over the last five years the Trust has provided substance misuse services for the residents of Sheffield. This has included support for alcohol, opiates and non-opiates (all other drugs). Our service is well regarded and delivers positive outcomes. From 01 April 2020 we are proud to have been asked to extend our services to support people who come into contact with the criminal justice system because of their substance use. We will support people in the police custody suite, Sheffield Magistrates Court and provide prison in-reach and support for those leaving prison. Our new service will provide a fully integrated model and comprehensive pathway for everyone in Sheffield.

3.1.17 Working with commissioners, partners and stakeholders

Our commissioners

As an NHS Foundation Trust, we provide a range of services, covering direct care services, training, teaching and support functions. The main commissioners of our clinical services are NHS Sheffield Clinical Commissioning Group, Sheffield City Council and NHS England. Housing associations commission our residential care services.

Our non-service user care services are commissioned by NHS Sheffield Clinical Commissioning Group, other NHS Foundation Trusts, NHS trusts and Whole Government Accounts (WGA) organisations, along with other Clinical Commissioning Groups.

NHS England and Clinical Commissioning Groups commission education, training, research and development from us.

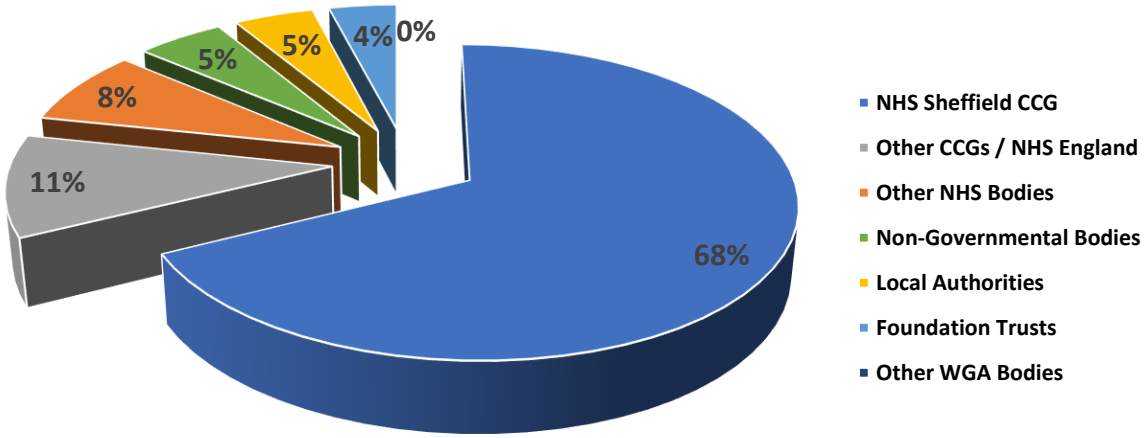
How we work with our partners

We work in partnership with the main organisations that commission our services, namely Sheffield Clinical Commissioning Group and Sheffield City Council. This allows us to understand the health and social care needs of the wider population, to influence the commissioning approach taken and to develop new services for the benefit of the people of Sheffield. We have a well-established governance structure across Sheffield and agree each year a single transformation programme for the city between the Trust and its main commissioners.

We work in partnership with the other health and social care organisations in Sheffield as we collaborate to provide the best services for the people of Sheffield. There is a clear drive to change the way services are provided in Sheffield to deliver real improvements in community care and support for individuals' health and social care needs.

We work in partnership with a diverse group of interested parties across the public and third sector, voluntary and local community groups. This allows us to develop better relationships with other organisations who support people in Sheffield and fosters better collaborative working between us. We use these opportunities to promote the needs and interests of the people that we serve and to reduce some of the barriers individuals can often experience in accessing the services that they need.

3.1.18 Total income by commissioner



3.1.19 Consultations

Formal consultations we have completed

We have not undertaken any formal consultations during the year about proposed service changes.

Formal consultations we have in progress

At the time of confirming this Annual Report there were no formal consultations in progress.

3.1.20 Council of Governors

3.1.20.1 The role of the Council of Governors

Governors play a vital role in governance arrangements of the Trust. They primarily carry out their role through the meetings of the Council of Governors of which there were six in 2019/20.

All meetings of the Council of Governors are open to members of the public, except in instances where there are confidential matters which need to be discussed. In these circumstances members of the public are excluded for the confidential items only.

While responsibility for the Trust's management and performance rests with the Board of Directors, the Council of Governors has specific decision making powers conferred upon it by the Health and Social Care Act 2012 and the Trust's Constitution. These include:

- holding the Non-Executive Directors both individually and collectively to account for the performance of the Board of Directors
- holding the Board of Directors to account for the effective management and delivery of the organisation's strategic aims and objectives
- to be consulted by Directors on future plans, including any significant changes to the delivery of the Trust's business plan, and offer comment on those plans
- receiving the annual accounts, any auditor report regarding the accounts, and annual report
- deciding whether any private patient work undertaken by the Trust would significantly interfere with the Trust's principal purpose, which is to provide goods and services for the health service in England, or performing the Trust's other functions
- approving any proposed increases in non-NHS income of 5% or more in any financial year. Approval means that at least half of the Governors taking part in the vote agree with the increase
- approving 'significant transactions'
- approving an application by the Trust to enter into a merger, acquisition, separation or dissolution. In this case, approval means at least half the Governors taking part in the vote agree with the amendments
- approving amendments to the Constitution.

The Council of Governors also plays an equally important role in the governance of the Trust by:

- assisting the Board of Directors in setting the strategic direction of the Trust
- monitoring the activities of the Trust with a view to ensuring these are being carried out in a manner that is consistent with the Trust's Constitution and its terms of authorisation
- representing the interests of members and partner organisations
- providing feedback to members
- developing the Trust's membership strategy
- contributing to constructive debate regarding the strategic development of the Trust and any other material and significant issues facing the organisation
- building and maintaining close relations between the Trust's constituencies and stakeholder groups to promote the effective operation of the Trust's activities.

In undertaking the above, the Council of Governors ensures that the Board of Directors is held to account by the Trust's key stakeholders.

The Engagement Policy which defines the relationship between the Board and Council sets out clearly the roles and responsibilities of each including that of the Chair, Chief Executive, Lead Governor, Senior Independent Director and Governors. Any disputes are resolved in accordance with the Trust's Constitution. The Engagement Policy provides further guidance on action to take dependent upon the nature of the dispute.

3.1.20.2 Composition of the Council of Governors

The Council of Governors comprises 44 seats, 33 of which are elected from the membership. Governors are elected for a three year term and can hold this position for a total of three terms. Eleven of the seats are for organisations with whom the Trust works (stakeholder organisations). These positions also have a three year term. The Council of Governors is chaired by Jayne Brown OBE who is also the Chair of the Board of Directors. It is her responsibility to ensure that Governors' views are represented at the Board of Directors and that information from the Board is fed back to the Council. She fulfils this responsibility through regular communication with Governors as well as providing updates at each Council meeting. The Chair also gives Governors the opportunity to meet with her. It is a requirement of the regulator, NHS Improvement, that all foundation trusts have a Lead Governor. From 01 April to 30 June Jules Jones, Public South East Governor held this position, following which Toby Morgan was appointed for a six month period. On 12 December 2019 Terry Proudfoot was elected as the Lead Governor with effect from 01 January 2020 for a two year period. Six Council of Governors meetings took place during 2019/20 which included one extraordinary meeting. The individual attendance of each Governor is shown in Table 1 which also shows a breakdown of seats on the Council and associated Governors throughout the year, including their term of office.

Table 1

Name	Constituency	Elected or appointed	Date appointed	Term Ends	Meetings attended
Jules Jones	Public South East	Elected	01.07.2011	30.06.2020	4/6
Steve Hible	Public North East	Elected	01.07.2019	30.06.2022	4/5
Ahmed Ibrahim	Public North East	Elected	01.07.2019	30.06.2022	2/5
Angela Barney	Public South West	Elected	01.07.2018	30.06.2021	6/6
David Houlston	Public South West	Elected	01.07.2016	30.06.2019	1/1
Charlotte Porter	Public South West	Elected	01.07.2019	02.03.2020	3/5
John Buston	Public North West	Elected	22.09.2014	30.06.2019	1/1
Sylvia Hartley	Public North West	Elected	01.07.2014	30.06.2020	4/6
Margaret Spencer	Public North West	Elected	09.08.2019	08.08.2022	1/4
Adam Butcher	Service User	Elected	01.07.2016	30.06.2022	6/6
Tyrone Colley	Service User	Elected	01.07.2011	30.06.2020	6/6
Lee Coxon	Service User	Elected	01.07.2018	30.06.2021	3/6
Jonathan Hall	Service User	Elected	01.07.2019	30.06.2022	3/5
Nick Hall	Service User	Elected	01.07.2018	30.06.2021	5/6
Toby Morgan	Service User	Elected	01.07.2018	30.06.2021	4/6
Julian Payne	Service User	Elected	01.07.2017	30.06.2020	6/6
Terry Proudfoot	Service User	Elected	01.07.2016	30.06.2022	5/6

Name	Constituency	Elected or appointed	Date appointed	Term Ends	Meetings attended
Kate Steele	Service User	Elected	01.07.2018	30.06.2021	4/6
Joan Toy	Service User	Elected	01.07.2016	30.06.2022	3/6
Billie Critchlow	Carer	Elected	01.07.2016	30.06.2022	6/6
Liz Friend	Carer	Elected	01.07.2019	30.06.2022	3/5
Sue Roe	Carer	Elected	01.07.2013	30.06.2022	6/6
Varria Russell-White	Carer	Elected	01.07.2019	30.06.2022	2/5
Michael Thomas	Young Service User/Carer	Elected	01.05.2016	30.04.2019	1/1
Joanna Bartlett	Staff Social Work	Elected	01.07.2018	02.05.2019	0/1
Liz Carthy	Staff Psychology	Elected	01.07.2018	30.06.2021	3/6
Julian Davis	Staff Nursing	Elected	01.07.2019	30.06.2022	4/5
Mark Goodwin	Staff Social Work	Elected	05.07.2019	04.07.2022	3/5
Vin Lewin	Staff Nursing	Elected	01.04.2013	30.04.2019	1/1
Dr Nusrat Mir	Staff Medical	Elected	01.07.2018	30.06.2021	2/6
Adam Rodgers	Staff Clinical Support	Elected	01.07.2017	30.06.2020	4/6
Antony Sharp	Staff Support Work	Elected	01.07.2017	28.02.2022	5/6
Bradley Wass	Staff Central Support	Elected	01.07.2019	30.06.2022	4/5
Maggie Young	Staff AHP	Elected	01.07.2017	30.06.2020	6/6

Name	Constituency	Elected or appointed	Date appointed	Term Ends	Meetings attended
Cllr Adam Hurst	Appointed – Local Authority	Appointed	05.09.2014	04.09.2020	3/6
Cllr Josie Paszek	Appointed – Local Authority	Appointed	04.02.2015	03.02.2021	4/6
Cllr Steve Ayris	Appointed – Local Authority	Appointed	05.07.2017	04.07.2020	5/6
Fay Colphon	Appointed – SACMHA	Appointed	24.04.2018	23.04.2021	5/6
Dr Abdul Rob	Appointed – PMC	Appointed	24.01.2011	23.01.2020	4/5
Muhammad Ali	Appointed – PMC	Appointed	24.01.2020	23.01.2023	1/1
Janet Sullivan	Appointed – Sheffield MENCAP	Appointed	01.07.2011	30.06.2020	2/6
James Barlow	Appointed – Sheffield Carers Centre	Appointed	22.01.2019	21.01.2022	4/6
Mark Gamsu	Appointed – NHS Sheffield CCG	Appointed	15.05.2017	14.05.2020	3/6
Scott Weich	Appointed – University of Sheffield	Appointed	05.09.2017	04.09.2020	5/6
Sue Highton	Appointed – Staff Side	Appointed	01.07.2011	30.06.2020	3/6
Susan Wakefield	Appointed – Sheffield Hallam University	Appointed	08.09.2016	07.09.2022	3/6

The attendance of Directors at Council of Governor meetings is shown in Table 2 below.

Table 2

Name	Title	Total
Jayne Brown OBE	Trust Chair	6/6
Richard Mills	Non-Executive Director and Vice Chair	5/6
Sandie Keene CBE	Non-Executive Director and Senior Independent Director	6/6
Ann Stanley	Non-Executive Director	5/6
Heather Smith	Non-Executive Director	2/4
Cllr Olivia Blake	Non-Executive Director	1/3
Laura Serrant	Non-Executive Director	1/2
Prof Brendan Stone	Associate Non-Executive Director	0/6
Kevan Taylor	Chief Executive (to 30/9/2019)	2/2
Clive Clarke	Deputy Chief Executive and Interim Chief Executive (from 1/10/2019 to 1/3/20)	4/6
Phillip Easthope	Executive Director of Finance to 30/9/20 Executive Director of Finance and Deputy Chief Executive (from 1/10/2019 to 1/3/2020)	3/6
Dr Mike Hunter	Executive Medical Director	3/6
Liz Lightbown	Executive Director of Nursing and Professions	3/6
Michelle Fearon and Andrea Wilson	Joint Chief Operating Officers from 11 December 2019 to 31 March 2020.	1/1
Dean Wilson	Associate Director of Human Resources	3/6
Margaret Saunders	Director of Corporate Governance (Board Secretary) (up to 31/10/2019)	3/3
Samantha Harrison	Interim Director of Corporate Governance (Board Secretary) from 25/11/19 to 31/3/20	3/3

3.1.20.3 Changes to the Council of Governors

In 2019/20 elections were held for vacancies in 11 constituencies.

Constituency	Number of candidates	Successful candidates	Declaration date	Term start date
Public Sheffield South East	2	Steve Barks	03/06/2019	Chose not to take up role
Public Sheffield North West	2	Margaret Spencer	09/08/2019	09/08/2019
Public Sheffield North East	2	Steven Hible Ahmed Ibrahim	24/4/2019	01/07/2019
Public Sheffield South West	2	Charlotte Porter	03/06/2019	01/07/2019
Public Rest of England	1	Donna Pierpoint	25/4/2019	Chose not to take up role
Service Users	4	Adam Butcher Jonathan Hall Terry Proudfoot Joan Toy	03/06/2019	01/07/2019
Young Service User or Carer	0			
Carer	6	Billie Critchlow Liz Friend MBE Sue Roe Varria Russell-White	03/06/2019	01/07/2019
Staff – Central Support	1	Bradley Wass	25/04/2019	01/07/2019
Staff - Nursing	1	Julian Davis	25/04/2019	01/07/2019
Staff – Social Work	1	Mark Goodwin	05/07/2019	05/07/2019

3.1.20.4 Governor Activities in 2019/20

3.1.20.4.1 Holding to Account

Throughout the year Governors have undertaken a number of activities which have enabled them to fulfil their statutory duties, represent members and the public and hold the Trust to account. The foundation of their success is dependent upon their relationship with the Board. The Board takes specific steps to cement its relationship with the Council of Governors in addition to the action it takes throughout the year to ensure that it fully understands the views of Governors. For the first half of 2019/20, Non-Executive Directors met with the Governors prior to each Council meeting to share information and agree to pursue any issues with the Board that Governors raised. However, following a development session between the Board of Directors and Council of Governors in July 2019, it was agreed that this should become a formal part of the Council meeting in order to formalise the holding to account of Non-Executive Directors. This has proven very successful, with Non-Executive Directors sharing significant issues from Board committees and providing assurance as to how they are being addressed. Along with the Chief Executive and Non-Executive Directors, other Board members and Trust officers attend Council meetings when appropriate.

According to the Health and Social Care Act 2012, it is the role of the Council of Governors to ensure that the Trust operates within its terms of authorisation. The Trust must furnish Governors with sufficient information to give assurance on the safety, quality and cost effectiveness of its services. This is undertaken through a variety of methods including performance reports to every Council meeting, annual reviews with the Board of Directors and through regular dialogue with Non-Executive Directors. To further strengthen the Board's accountability and increase its scrutiny, Governors are invited to ask questions of the Board at each meeting. The responses to these are formalised in the minutes of Council meetings. Governors have used this mechanism to raise questions on the following topics:

- access to primary care for people who are not British citizens
- restraint of people with a learning disability
- the number and impact of flexi staff on services and quality
- trust mergers
- disposal and recycling of electrical equipment
- numbers of qualified nursing staff and Trust plans for succession planning and retirement support
- inpatient care and the ability to meet demand
- how community services support inpatient demand
- out of town placements for inpatient care
- sale of personal medical data
- response to COVID-19
- suicide Bereavement Service

3.1.20.4.2 Forward Plans

Governor views on the Trust's forward plans are sought each year along with the views of staff, service users and other stakeholders. A session took place with Governors in November 2019 to seek views on the Trust's strategic direction which helped to shape the Trust's refreshed aims and objectives.

3.1.20.4.3 Other activities

Governors received a comprehensive Trust induction in 2019/20 which aligns with good practice guidance from NHS Providers. In addition to their statutory duties, Governors were involved in a number of other activities of the Trust including PLACE assessments, 15 Steps, interviews for key positions and involvement in service development programmes. Through their wider interests, Governors were able to bring a broad spectrum of views to Council.

Governors are required to declare any material or financial interests in the Trust. A copy of the register of interests is available on the Trust's website.

3.1.20.4.4 The Nominations and Remuneration Committee of the Council of Governors

The appointment of the Trust Chair and other Non-Executive Directors is the responsibility of the Council of Governors. The process of selecting suitable candidates to be recommended for appointment by the Council is delegated to a Committee of the Council of Governors known as the Nominations and Remuneration Committee (NRC). In addition, the NRC has responsibility for monitoring the performance evaluation of the Trust Chair and the Non-Executive Directors. It is the responsibility of the Council of Governors to both appoint and remove Non-Executive Directors. Termination requires the approval of three-quarters of the members of the whole Council of Governors following a formal process involving a number of rigorous elements. The Council of Governors approved an amendment to the Constitution regarding the reappointment of high performing Non-Executive Directors, namely to reduce the percentage of Governors required to approve reappointment from 75% to 60%.

The Committee also reviewed new national recommendations regarding the appraisal process for Trust Chairs and recommended its implementation to the Council of Governors. The Committee also considered Non-Executive Director remuneration in the context of the new national guidance, and recommended to the Council of Governors that the Trust adopts the new level with effect from 01 April 2020. In addition, the Committee considered supplementary payments for Non-Executive Directors and recommended that the Trust maintains supplementary payments for the role of Vice Chair, Senior Independent Director and Chair of the Audit and Risk Committee, but that the level is reduced going forwards to ensure compliance with national recommendations. This was approved by the Council of Governors in December 2019.

At the beginning of the 2019/20 financial year, the Committee undertook an open recruitment process for the appointment of three Non-Executive Directors, one of

which included the Chair of the Audit and Risk Committee. Two of the three appointments were successfully made, with the Committee recommending the reappointment of Richard Mills and the appointment of Heather Smith. Both recommendations were accepted by the Council of Governors at its meeting of July 2019. No appointment was made to the Audit and Risk Committee Chair. As the appointment to the Audit and Risk Committee Chair was not successful, the Council of Governors agreed to the extension of Ann Stanley's role to 01 July 2020 or sooner subject to successful appointment to the role prior to this date. At the latter end of 2019, the Committee began the process of recruitment for the Trust Chair and Non-Executive Director (Chair of the Audit and Risk Committee) both of which ran concurrently. Following detailed discussion and debate, the Committee recommended the appointment of an external recruitment agency given the importance of both appointments. The agency chosen demonstrated a high degree of success in appointments to both Audit Chair and Trust Chair, had a greater reach in terms of engaging potential candidates and had been market tested. The Committee also revised the job description and person specification of the Trust Chair to align with new national recommendations. They sought the views of the Board of the Directors as required by the NHS Foundation Trust Code of Governance. The Council of Governors approved the revised job description and person specification and agreed the use of an external recruitment agency at its meeting of December 2019. Due to COVID-19 the recruitment processes were halted in late March 2020 and will resume as soon as is practicable in 2020/21.

The Trust's Chair presides over the meetings except in circumstances where there would be a conflict of interest or regarding the appointment of the Trust Chair in which case the Reserve Chair, who is a member of the Council and Lead Governor, presides. There were two meetings of the NRC during 2019/20 and attendance of Committee members is shown in the table below.

Name	Position	Attendance
Jayne Brown OBE	Chair	1/2
Julies Jones	Public Governor	1/2
Maggie Young	Staff Governor	2/2
Sylvia Hartley	Public Governor	2/2
Cllr Adam Hurst	Appointed Governor	2/2
Adam Butcher	Service User Governor	1/2
Billie Critchlow	Carer Governor	2/2
Toby Morgan	Lead and Service User Governor (served until 31/12/2019)	1/1
Terry Proudfoot	Lead and Service User Governor (served from 1/1/2020)	1/1

3.1.21 Membership

Foundation Trust status gives us the advantage of being closely influenced by the people who live in the communities that we serve. This is reflected in the diversity of the constituencies into which our membership base is divided.

3.1.21.1 Constituencies, eligibility criteria and membership numbers

There are three elected membership constituencies, each of which has a number of classes within. The table details each one and its eligibility criteria and where applicable, the number of members in the class as at 31 March 2020.

Constituency	Class	Number of Members	Criteria
Public	South West	2,767	Must live in the following electoral wards: Gleadless Valley, Dore and Totley, Fulwood, Graves Park, Nether Edge, Ecclesall, Beauchief and Greenhill or Crookes.
Public	South East	2,419	Must live in the following electoral wards: Darnall, Manor Castle, Arbourthorne, Richmond, Birley, Mosborough, Beighton or Woodhouse.
Public	North West	2,121	Must live in the following electoral wards: Stocksbridge and Upper Don, Stannington, Hillsborough, Walkley, Broomhill or Central.
Public	North East	2,393	Must live in the following electoral wards: West Ecclesfield, East Ecclesfield, Southey, Firth Park, Burngreave, Shiregreen and Brightside.
Public	Rest of England	637	Any area within England outside of the Sheffield electoral wards.
Service User	Service User	960	Must have received a service or services from the Trust within the last five years.
Service User	Carer	629	Must have cared for someone who has received a service from the Trust in the last five years.
Service User	Young Service User/ Carer	77	A service user or carer, but must be 35 years old or younger
Staff	Allied Health Professional	144	Must have either worked for the Trust continuously for at least 12 months or have a contract of no fixed term.
Staff	Central Support	255	

Staff	Clinical Support	502	
Staff	Medical and Clinical	116	
Staff	Nursing	612	
Staff	Psychology	329	
Staff	Social Work	8	
Staff	Support Work	386	
Appointed	Stakeholder Organisation: Pakistan Muslim Centre	N/A	N/A
Appointed	Stakeholder Organisation: Sheffield Afro Carribbean Mental Health Association		
Appointed	Stakeholder Organisation x 2		
Appointed	Local Councillors x 3		
Appointed	Staff Side		
Appointed	Sheffield Hallam University		
Appointed	University of Sheffield		
Appointed	NHS Sheffield Clinical Commissioning Group		

At the end of March 2020 there were 12,003 members, excluding staff.

3.1.21.2 Developing a representative membership

As a successful foundation trust, it is our aim to maintain and further develop a membership that involves and reflects wide representation of our local communities. We have set out how we intend to do this through our membership strategy which was reviewed and refreshed in 2018/19. As well as defining the membership, this strategy outlines how we plan to:

- benefit from being a membership-based organisation
- communicate with and support the development of its membership
- make sure that the membership is reflective of Sheffield's diversity
- provide opportunities for our members to become involved with the Trust in ways that suit their needs and wishes.

Some of the actions identified to achieve these four points are:

- publicising the opportunities and benefits of membership
- recruiting members from across the whole community
- targeting hard to reach groups
- developing and supporting effective channels of communication and engagement between Governors and members
- ensuring membership is a worthwhile experience for individuals by engaging individuals in a manner of their choice.

3.1.21.3 Membership recruitment and engagement

In line with the Trust's membership strategy to both recruit and engage members from across Sheffield, Governors and staff participated in a number of community events, specifically targeting ones in areas of the city with diverse ethnicities and also targeting specific groups such as people with a learning disability.

The Trust held a successful Annual Members' Meeting in 2019 which more than 200 staff and members attended. The event provided an opportunity for members to learn more about the Trust and its services. Governors presented a report on their activities to members. A Wellbeing Festival was held in July 2019 in which wellbeing organisations from across the city participated. Governors attended and engaged with members of public, helping to recruit over 80 new members.

The Trust maintains a public profile, with the primary focus of communication via Involve, the membership magazine, the focus of which remains on issues important to members and the provision of information regarding all aspects of the Trust's services. The Trust website provides members with updated information and ease of access in communicating with both the Trust and governors. The Trust also has a presence on Facebook and Twitter and makes use of these social media platforms to promote, inform and engage members and the public.

If you want to contact your Governor, you can telephone 0114 2718825, email governors@shsc.nhs.uk or write to: THE COUNCIL OF GOVERNORS, FREEPOST SHEFFIELD HEALTH AND SOCIAL CARE NHS FOUNDATION TRUST

3.1.22 Political or charitable donations we have made

The Trust has not made any political or charitable donations during the year 2019/20 as it is not lawful for an NHS Foundation Trust to make such donations.

3.1.23 Cost allocation and charging guidance

The Trust complies with the cost allocation and charging guidance issued by HM Treasury in 'Managing Public Money', in that we seek to set charges that recover full costs, calculating costs on an accruals basis, including overheads, depreciation and the cost of capital.

3.1.24 Income disclosures

In 2019/20, we met the requirement that income from the provision of goods and services for the purposes of the Health Service in England must be greater than its income from the provision of goods and services for any other purposes as defined under section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012).

All net income from the provision of goods and services for other purposes has been reinvested back into frontline healthcare for the benefit of service users.

3.1.25 The Better Payments Practice Code

The Better Payments Practice Code target is to pay all non-NHS trade creditors within 30 days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed. The disclosure is completed on the basis of total bills paid. The calculations are carried out excluding invoices in dispute.

The Trust pays very few NHS bodies, making percentage compliance for NHS bodies challenging. However, we achieved 100% compliance throughout 2019/20 by both number and value.

Performance for non-NHS bodies is 98% by number and 99% by value.

The Trust is also signed up to the Prompt Payment Code administered by the Chartered Institute of Credit Management of behalf of the Department for Business Innovation and Skills. Code signatories undertake to pay suppliers on time within the terms agreed, give clear guidance to suppliers and encourage good practice through their supply chains. Signatories also undertake to pay suppliers within a maximum of 60 days and to work towards adopting 30 days as the norm.

There is no liability accruing in the year 2019/20 under the legislation as a result of late payments.

Jan Ditheridge
Chief Executive
Date: 23 June 2020

3.2 Remuneration Report

Annual statement on remuneration

In July 2019, the Remuneration and Nomination Committee agreed that the Trust's Executive Directors and Associate Director should receive a 3% pay uplift as received by other members of staff on Agenda for Change contracts, with effect from 01 April 2019.

During the year, interim remuneration arrangements for the Chief Executive and Deputy Chief Executive roles and for the joint interim role of Chief Operating Officer were agreed based on salaries for the respective substantive roles.

Following review of benchmarking information in October 2019, the Committee agreed that consideration in respect of the Chief Executive, Executive and Associate Director's remuneration would be deferred to April 2020 when the new Chief Executive Officer is in post.

Remuneration for the incoming Chief Executive (from 02 March 2020) was agreed following consideration of the salary of the outgoing Chief Executive and benchmarking information.

Jayne Brown
Chair
Chair of Remuneration and Nomination Committee

Executive Directors' remuneration

The Remuneration and Nominations Committee of the Board of Directors comprises of the Non-Executive Directors. The Committee is chaired by Jayne Brown OBE, the Trust Chair.

The Committee is responsible for determining the remuneration and terms and conditions of service of the Executive Directors (including the Chief Executive) in order to ensure that they are properly rewarded having regard to the Trust's circumstances.

The Chief Executive attends the Committee's meetings in an advisory capacity. The Associate Director of Human Resources and the Director of Corporate Governance / Board Secretary attend the Committee's meetings to provide advice and professional support to its members.

The Committee met on six occasions during 2019/20 and members' attendance is as shown below:

Name	Position	Attendance
Jayne Brown OBE	Committee Chair and Trust Chair	6/6
Richard Mills	Vice Chair and Non-Executive Director	6/6
Ann Stanley	Committee Member and Non-Executive Director	6/6
Sandie Keene CBE	Committee Member and Non-Executive Director	5/6
Professor Brendan Stone	Committee Member and Non-Executive Director	3/6
Olivia Blake	Committee Member and Non-Executive Director	4/4
Professor Laura Serrant OBE	Committee Member and Non-Executive Director	1/3
Heather Smith	Committee Member and Non-Executive Director	3/3
Clive Clarke	Interim Chief Executive	2/3
Kevan Taylor	Chief Executive (until 30 September 2019)	1/3
Margaret Saunders	Director of Corporate Governance	3/3
Samantha Harrison	Director of Corporate Governance	2/2
Dean Wilson	Associate Director of Human Resources	6/6

The Committee meets at least once a year to decide on the appropriate remuneration and terms and conditions of service of the Executive Directors. These terms and conditions are determined by the Committee and include all aspects of remuneration, provisions for other benefits (such as pensions and cars) and arrangements for termination of employment or other contractual terms.

The Committee is responsible for monitoring the performance of the Chief Executive, based on an annual review provided by the Trust Chair, and of all the other Executive Directors based on an annual report provided by the Chief Executive.

During 2019/20, the Committee has delivered its key responsibilities as set out in the terms of reference, including:

- approval of the secondment of the Chief Executive;
- review of the remuneration of Associate Mental Health Act Managers;
- consideration of benchmarking review and Pay Uplift proposals for the Chief Executive, Executive and Associate Directors;
- agreement of terms and conditions of the Interim Chief Executive and Interim Deputy Chief Executive;
- appointment and remuneration of the Chief Executive;
- approval of Interim Chief Operating Officer appointment and remuneration.

A decision on the pay uplift for the Chief Executive and Executive/Associate Directors was deferred until the appointment of a new Chief Executive

The Executive Directors are on permanent contracts, and six months' notice is required by either party to terminate the contract.

The only contractual liability on the Trust's termination of an Executive's contract is six months' notice. Any other liability, such as unfair dismissal compensation, would depend on the circumstances of the case.

The table provides details of Executive Directors' contracts:

Executive Director	**Date of contract**
Jan Ditheridge	March 2020
Kevan Taylor	March 2003
Clive Clarke	April 2003
Andrea Wilson	April 2018
Michelle Fearon	October 2017
Dr Mike Hunter	October 2016
Liz Lightbown	April 2011
Phillip Easthope	January 2016

The Chief Executive undertakes annual appraisals with all Executive Directors, and progress on objectives is assessed at monthly one-to-one meetings with each Executive Director.

The Chief Executive reports the outcomes of these appraisals to the Board's Remuneration and Nomination Committee. The Chief Executive's own performance is monitored by the Chair at regular one-to-one meetings, and he is subject to annual appraisal by the Chair who reports the outcome of the appraisal to the Board's Remuneration and Nomination Committee.

The Board's Remuneration and Nomination Committee reviews the remuneration of Executive Directors annually, taking into account information on remuneration rates for comparable jobs in the National Health Service.

The Executive Directors' remuneration levels are referenced to the Chief Executive's level of remuneration and any increases determined for the Chief Executive. Performance related pay is not applied under current arrangements.

The salary of the Chief Executive is benchmarked annually for review alongside other similar roles across the NHS and specifically both regionally, and against other mental health trusts.

The salary component for executives supports the short and long term strategic objectives of the Trust as it assists us in attracting and retaining senior managers who have the necessary skills and experience to lead the Trust and take forward the identified objectives. The salary is paid through our normal payroll processes. There is no specified maximum on the level of remuneration which could be paid but account would be taken of available benchmarking information and the relationship with the salaries available to other staff. There is provision, on termination of the contract, for the non-payment of salary in lieu of outstanding leave.

Non-Executive Directors' remuneration

There is a Nominations and Remuneration Committee of the Council of Governors whose responsibility, among others, is to make recommendations to the Council of Governors on the remuneration, allowances and other terms and conditions of office of the Chair and all Non-Executive Directors. It is for the Council of Governors, in general meeting, to determine the remuneration, allowances and other terms and conditions of office of the Chair and the Non-Executive Directors, taking into account the recommendations made to it by the Nominations and Remuneration Committee.

It is the responsibility of the Council of Governors' Nominations and Remuneration Committee to monitor the performance of the Trust Chair and Non-Executive Directors. The Committee may, in appropriate cases, or, if specifically requested by the Council of Governors to do so, report its findings to the Council. Details of the activities of the Nominations and Remuneration Committee for the past year are reported on in Section 3.1.20.4.4 of this report.

Details of the remuneration paid to all of the Directors during 2019/20 are shown in Table A on the following page. The policies applied, and descriptions of these

policies are included in Table B. The Non-Executive Directors' duration of office is reported in Section 3.1.8 of this report.

Directors' remuneration and pension entitlements

All Executive Directors, other than Dr Mike Hunter, are contributing members of the NHS-defined benefit pension scheme and are eligible for a pension of up to half of final salary on retirement. The scheme provides a lump sum of three times the final salary on retirement. Executive Directors in the scheme receive the same benefits as other staff members. The 'Pension Benefits' Table C provides details of the current pension and lump sum position for each Director.

Table A: Salaries and allowances

Name and title	Period 01.04.19 to 31.03.20							Period 01.04.18 to 31.03.19						
	Salary and Fees (bands of £5000)	Other Remuneration (bands of £5000)	Taxable Benefits (rounded to the nearest £00)	Annual Performance Related Bonuses (bands of £5000)	Long Term Performance Report Bonuses (bands of £5000)	Pension Related Benefits (bands of £2500)	Total (bands of £5000)	Salary and Fees (bands of £5000)	Other Remuneration (bands of £5000)	Taxable Benefits (rounded to the nearest £00)	Annual Performance Related Bonuses (bands of £5000)	Long Term Performance Report Bonuses (bands of £5000)	Pension Related Benefits (bands of £2500)	Total (bands of £5000)
J Brown OBE, Chair	35 - 40	0					35-40	35-40	0					35-40
P Stanley, Non-Exec	10 – 15	0					10 – 15	10 – 15	0					10 – 15
O Blake Non-Exec	5 – 10	0					5 – 10	10 – 15	0					10 – 15
R Mills Non-Exec	10 – 15	0					10 – 15	10 – 15	0					10 – 15
Prof. L Serrant OBE, Non-Exec	0 – 5	0					0 – 5	10 – 15	0					10 – 15
S Keene CBE, Non-Exec	10 – 15	0					10 – 15	10 – 15	0					10 – 15
H Smith Non-Exec	5 – 10	0					5 – 10	0	0					0
Prof. B Stone Assoc Non-Exec	5 – 10	0					5 – 10	0	0					0

Name and title	Period 01.04.19 to 31.03.20							Period 01.04.18 to 31.03.19						
	Salary and Fees (bands of £5000)	Other Remuneration (bands of £5000)	Taxable Benefits (rounded to the nearest £00)	Annual Performance Related Bonuses (bands of £5000)	Long Term Performance Report Bonuses (bands of £5000)	Pension Related Benefits (bands of £2500)	Total (bands of £5000)	Salary and Fees (bands of £5000)	Other Remuneration (bands of £5000)	Taxable Benefits (rounded to the nearest £00)	Annual Performance Related Bonuses (bands of £5000)	Long Term Performance Report Bonuses (bands of £5000)	Pension Related Benefits (bands of £2500)	Total (bands of £5000)
K Taylor, Chief Executive *(up to Sept 2019)*	75 – 80	0				42.5 – 45.0	120 – 125	145 – 150	0				0	145 – 150
J Ditheridge, Chief Executive *(wef March 2020)*	10 – 15	0				0	10 – 15	0	0				0	0
C Clarke, Deputy Chief Executive and Executive Director of Operations	140 – 145	0				55.0 – 67.5	195 – 200	125 – 130	0				10 – 12.5	140 – 145
P Easthope, Executive Director of Finance	125 – 130	0				45.0 – 47.5	170 – 175	115 – 120	0				17.5 – 20	135 – 140
Dr M Hunter, Executive Medical Director	180 – 185	0				0	180 – 185	175 – 180	0				0	175 – 180
L Lightbown, Executive Director of Nursing and Professions	115 – 120	0				87.5 – 90.0	205 – 210	110 – 115	0				25 – 27.5	140 – 145
M Fearon, Joint Chief Operating Officer *(December 2019 to March 2020)*	30 – 35	0				7.5 – 10.0	40 – 45	0	0				0	0
A Wilson, Joint Chief Operating Officer *(December 2019 to March 2020)*	30 – 35	0				7.5 – 10.0	40 – 45	0	0				0	0

Paragraph 4 – 16 inclusive of Part 3 of Schedule 8 to the Regulations requires the disclosure of the remuneration figures detailed above and includes a single remuneration for each senior manager who served during the year in tabular form as shown above.

Table B: Senior managers' remuneration - future policy table

Component	Description
Salary and fees	The salary component for Executives supports the short and long term strategic objectives of the Trust as it assists the Trust in attracting and retaining senior managers who have the necessary skills and experience to lead the Trust and take forward the identified objectives. The salary is paid through our normal payroll processes. There is no specified maximum on the level of remuneration which could be paid, but account would be taken of available benchmarking information and the relationship with the salaries available to other staff. There is provision, on termination of the contract, for the non-payment of salary in lieu of outstanding leave.
Other remuneration	No Executive currently receives payment under this component.
Taxable benefits	No Executive currently receives payment under this component.
Annual performance related bonuses	Performance-related pay is not applied under current arrangements.
Long-term performance related bonuses	Performance-related pay is not applied under current arrangements.
Pension related benefits	There is nothing in addition to the normal NHS pension employer contributions for all staff.

Note: There are no new components of the remuneration package. There have been no changes made to existing components of the remuneration package. The Executive Directors' remuneration levels are referenced to the Chief Executive's level of remuneration and any increases determined by the Remunerations and Nominations Committee. The remuneration levels for employees are set by Agenda for Change or other relevant agreed contractual arrangements.

The Hutton Disclosure

	01 April 2019 to 31 March 2020	01 April 2018 to 31 March 2019
Band of highest paid Director's total (remuneration £000)	180 – 185	175 - 180
Median total remuneration	28, 269	28, 050
Ratio of median remuneration to midpoint of the highest paid Director's band	6.5	6.3

In accordance with the Hutton Review of Fair Pay, reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the medium remuneration of the organisation's workforce.

The median remuneration is based on full time equivalent directly employed staff as at 31 March 2020, excluding the highest paid director (as per the guidance).

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

The median is the middle number in a sorted list of numbers. The ratio is the number of times the median can be divided into the highest paid director's total remuneration.

Directors and Governors expenses

	2019/20 £00	2018/19 £00
Expenses shown in £00s		
Aggregate sum of expenses paid to Governors	**1**	2
Aggregate sum of expenses paid to Directors	**25**	29
Total	**26**	31

	Number who held office during the year		**Number who claimed expenses during the year**		**Amount claimed in total £00**	
	2019/20	2018/19	**2019/20**	2018/19	**2019/20**	2018/19
Governors	**44**	35	**3**	4	**1**	2
Executive Directors	**8**	5	**5**	5	**25**	29

Table C: Pension benefits

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

Name and title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension at 31 March 2020 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2020 £000	Cash equivalent transfer value at 31 March 2019 £000	Real increase in cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
K Taylor, Chief Executive *(up to September 2019)*	2.5 – 5.0	12.5 – 15.0	65 - 70	200 - 205	1,675	1,497	142	0
J Ditheridge, Chief Executive *(wef March 2020)*	0	0	0	0	0	0	0	0
C Clarke, Deputy Chief Executive and Executive Director of Operations	2.5 – 5.0	2.5 – 5.0	35 – 40	90 – 95	768	676	76	0
P Easthope, Executive Director of Finance	2.5 – 5.0	0 – 2.5	25 – 30	55 – 60	416	365	42	0
Dr M Hunter, Executive Medical Director *(wef October 2016)*								
L Lightbown, Executive Director of Nursing and Professions	2.5 – 5.0	12.5 – 15.0	50 - 55	155 – 160	1,110	961	125	0
M Fearon, Joint Chief Operating Officer *(December 19 – March 20)*	0 – 2.5	0 – 2.5	15 – 20	25 – 30	251	217	28	0
A Wilson, Joint Chief Operating Officer *(December 19 – March 20)*	0 – 2.5	0 – 2.5	35 – 40	90 – 95	785	724	43	0

Note: The majority of employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practitioners and other bodies under the direction of the Secretary of State, in England and Wales. As a consequence, it is not possible for the Trust to identify its share of the underlying scheme assets and liabilities. A small number of staff (50) are, however, members of South Yorkshire Pensions scheme. Further details can be found in the Annual Accounts at note 1.7 and note 27.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

The pension benefit table provides further information on the pension benefits accruing to the individual.

Service contract obligations

There is a requirement to notify of any outside business interests, contracts or proposed contracts where there is a financial interest. Prior written consent is required for engaging in any other business, profession, trade or occupation.

The intellectual property created during the course of employment belongs to the Trust and there is provision for payment to Trust for any remuneration which arises from such intellectual property.

Policy on payment for loss of office

There is a requirement on each side to provide six months' written notice. The principles for approaching payment for loss of office will be those arising from the legal obligations of the Trust under normal contractual or statutory provisions.

The Trust reserves the right to terminate the contract forthwith for offences of gross misconduct and other similar situations such as serious breach of the contract, becoming bankrupt, being convicted of a criminal offence, becoming permanently incapacitated or becoming disqualified from holding office as an Executive Director.

Statement of consideration of employment conditions elsewhere in the Trust

The Committee took explicit account of the Agenda for Change pay award which was effective from 01 April 2017 and, this year, applied the same increase to Executive Directors. There was no consultation with staff regarding this increase.

Senior manager remuneration policy

Our objective is to promote diversity and equal opportunity across groups where there is evidence of underrepresentation.

This is identified through a review of data, in particular metrics found in the Workforce Race Equality Standard, the Workforce Disability Equality Standard and Gender Pay Gap review.

Action is identified annually and progress is reported through reports, including the diversity of Board representation in terms of race and disability.

Some of our commitments to diversity and equal opportunity include:

- Members of the Committee will be compliant with the legal duties incumbent upon them set out in the Equality Act 2010 and related regulations, in particular the duty to have due regard to preventing discrimination and promoting equality of opportunity where people share specific characteristics.
- The Committee may consider the use of positive action in recruitment and promotion in line with section 158 and section 159 of the Equality Act 2010.
- The Committee will review the diversity of membership of the committee, Executive Directors and Non-Executive Directors when undertaking its duties, and consider appropriate action that may be taken in response.

Jan Ditheridge
Date: 23 June 2020

3.3 Staff Report

3.3.1 Staff numbers and staff costs

There has been a slight increase in substantive staff, and an increase in the use of agency staff.

Average number of employees (whole time equivalent basis)	Permanent number	Other number	2019/20 total number	2018/19 total number
Medical and dental	68	86	**154**	151
Administration and estates	404	63	**467**	436
Healthcare assistants and other support staff	658	86	**744**	735
Nursing, midwifery and health visiting staff	479	14	**493**	503
Nursing, midwifery and health visiting learners	-	1	**1**	4
Scientific, therapeutic and technical staff	249	21	**270**	271
Other	-	-	**-**	6
Total average numbers	**1,858**	**271**	**2,129**	**2,106**
Of which:				
Number of employees (WTE) engaged on capital projects	9	5	**14**	4

As at 31 March 2020 the gender ratio of staff is 74.2% female and 25.8% male. Of our Directors, seven are female and five are male. Of our other senior managers, 39 are female and 20 are male.

	Permanent £000	Other £000	2019/20 Total £000	2018/19 Total £000
Salaries and wages	79,007	478	**79,485**	74,404
Social security costs	7,495	-	**7,495**	7,037
Apprenticeship levy	370	-	**370**	349
Employer's contributions to NHS pensions	13,496	15	**13,511**	8,897
Pension cost – other	48	-	**48**	27
Termination benefits	161	-	**164**	66
Temporary staff	-	4,096	**4,096**	3,540
Total gross staff costs	**100,577**	**4,589**	**105,166**	**94,320**
Recoveries in respect of seconded staff	-	-	**-**	**-**
Total staff costs	**100,577**	**4,589**	**105,166**	**94,320**
Of which				
Costs capitalised as part of assets	446	277	**723**	305

3.3.2 Sickness absence

The sickness absence rates for the Trust can be found on the NHS Digital website by following the link below:
https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

3.3.3 Supporting disabled employees

In 2019 we completed our first Workforce Disability Equality Standard (WDES) return and Action Plan. Full details can be found on the Trust's website at https://www.shsc.nhs.uk/about-us/equality-diversity-and-inclusion

Some of our current plans for 2020 are:

- improving engagement with disabled staff and growing our staff network
- introducing a disability passport to support better communication of adjustments agreed with staff
- improving recording on our Employee Staff Record of staff who are disabled
- we aim to work together with people who work in our organisation to improve the Staff Survey results that are included in the WDES
- we continue to work in partnership with Disability Sheffield on priorities they are helping us to identify

- we plan to relaunch the Disabled Staff Policy in 2020 and run a series of workshops for staff on this area.

3.3.4 Staff engagement and involvement

The Trust has a range of methods for keeping staff informed on matters of concern to them as employees. These include:

- a weekly email from the Chief Executive
- regular team briefings
- a monthly managers' briefing
- a weekly all staff newsletter
- an intranet where latest news, events and documents are shared
- bi-monthly leadership engagement network
- engagement with various groups of staff, such as our BME Staff Network Group, through regular forums on specific areas of concern.

In March 2019 the Trust adopted the Listening into Action programme, with a focus on staff engagement and empowerment. The programme is based on the results the Trust received in the national NHS Staff Survey, and is designed to address the priority areas highlighted by staff in the feedback they shared in the survey.

The first step of Listening into Action involved a pulse check to gauge how staff felt about working at the Trust. A number of key themes emerged from the feedback and work began across the organisation to address them. One of the main focuses was engaging with our senior leaders to help them create a dialogue between staff and leaders, and to enable them to respond to and engage with staff concerns and ideas for improvement.

Some of the other key themes that came out of the pulse check were:

- reviewing and enhancing our approach to dealing with bullying and harassment
- improving the visibility and engagement of senior leaders and staff in clinical teams, through visits to services and leadership forums
- reviewing and enhancing our Trust-wide approach to supervision and reflective practice.

Following on from the pulse check the focus moved to staff empowerment and engagement, with a focus on devolving decision making and supporting staff to feel able to lead on change and improvement.

Over 60 Listening into Actions Champions from teams across the organisations volunteered to share, promote and take ownership of the project in their areas of the Trust.

Teams were also encouraged to come forward with innovative ideas for change within the organisation. The '7 Steps' project was implemented to support teams and help unblock the barriers they faced to make those changes.

One of the most successful ‘7 Steps’ projects was one led by a group of administration staff who were concerned that there was little opportunity for career progression for staff working in this area. The group engaged with administration staff from across the organisation and identified a number of career opportunities that already existed for staff that they were unaware of. They worked closely with the Trust’s Training Department to identify the right opportunities and while work is still underway the impact on staff wellbeing and engagement has been significant.

3.3.5 Staff consultation

We engage with Staff Side, the Trust’s union representatives, on a continuing basis. This includes established mechanisms such as the Joint Consultative Forum, Joint Policy Group and, for medical staff, the Joint Local Negotiating Committee (JLNC).

In addition, there are specific arrangements put in place for particular issues or topics. This year we co-authored with Staff Side a new policy detailing our approach to organisational change and developed a plan of action and jointly signed a commitment to a zero tolerance approach to bullying. For our medical workforce we also worked with the JLNC and the British Medical Association (BMA) to re-open the Associate Specialist grade to assist with medical recruitment and retention.

We have also worked with Staff Side colleagues to resolve employment relation issues following a reorganisation of our community based teams in 2017/18 with both parties committed to finding a resolution that supports our staff and the services we provide. We are committed to continuing this vital partnership and will be working with Staff Side to review some of our services in line with our revised approach to organisational change.

3.3.6 Education, training and development

Apprenticeships

We currently have 60 people on apprenticeships, with 37 new starters in 2019/2020. We are supporting Trainee Nurse Associates (TNA) in primary care services and we have transferred levy funds for one TNA in the private and voluntary sector. We have changed the way we offer the healthcare support worker apprenticeship, connecting this to vacancies with permanent employment on completion using annex 21 instead of the apprenticeship wage.

We will be supporting the last cohort of Business and Administration Level 2 apprentices in April before the framework is switched off. There are no plans for a replacement, so individual apprenticeships related to finance and customer service will be used where appropriate. We now have seven Nursing Degree Apprentices on our programme with plans for two more every September. We continue to offer apprenticeships to new and existing staff.

Recovery Education Unit

The Recovery Education Unit continues to offer a wide portfolio of learning opportunities for staff within the Yorkshire and Humber region. The team, which draws on both academic and lived experience expertise, offers a variety of learning

and professional development opportunities, both within its core business of running in-house courses up to PGDip level, and through lending its expertise to other programs of study such as the MRCpsych training and Sheffield Hallam University's student nurse curriculum.

The team continues to host three-day workshops, including the ever-popular Maastricht interview and solution-focused workshops. This year has seen the introduction of an additional advanced Maastricht workshop for those already trained in the interview method and using it in practice. Their five day courses, which include both family and recovery-based practice skills, remain in high demand and continue to be well subscribed. Developments have also been made to allow staff to access learning online with a mental health awareness course and a comprehensive recovery values practice course which are now operational and involve one-to-one tutoring via an online learning environment. Last year, the Recovery Education Unit successfully completed the re-validation process of its post-graduate programme, and the team continues to work on the consolidation and implementation of existing and new modules now taught within the programme. It has been a whole team effort that reflects the priorities of the students, service users and the health sector. With the revalidated course being designed to be future proof, it allows changes to be accommodated to ensure it is always covering new developments in different spheres of health policy. As a result, the Recovery Education Unit is able to ensure that the material presented is always innovative, relevant and developing the skill sets required to ensure staff in the Yorkshire and Humber region are forward thinking and prepared to take on more challenging roles.

The Recovery Education Unit was also successful in a tender to Health Education England to deliver two five-day family work courses for people working in national early intervention teams.

The team recruited two new team members in October 2019 with both professional and lived experience of using services, and look forwards to the fresh perspectives they bring to both our course development and our students moving forwards.

Cognitive Behavioural Psychotherapy Education

The Cognitive Behavioural Psychotherapy Training Department continues to be accredited with the British Association for Behavioural and Cognitive Psychotherapies at level 2 which denotes the high standard of the provision and ensures that on successful completion of the Post Graduate Diploma in Cognitive Behavioural Psychotherapy, graduates can be accredited with the BABCP.

The course is experiencing a record number of applicants who want to train to become Cognitive Behavioural Psychotherapists (we currently have 40 applicants for the 2020 intake). There is a 100% pass rate and a 100% graduate employment rate with many students being offered Cognitive Behavioural Psychotherapy posts prior to completion.

The Post Graduate Diploma CBP was rated by students as the top performing course in the Sheffield Hallam University Health and Wellbeing Faculty in the Post

Graduate Taught Experience Survey. Sheffield Hallam University subsequently won University of the Year for Teaching Quality 2020.

The department also delivers an online introduction to Cognitive Behavioural Therapy for Health Staff as well as the University Advanced Certificate in Acceptance and Mindfulness Approaches module and Developments in Acceptance and Mindfulness module. These modules continue to be extremely popular with staff and are also experiencing record applications with waiting lists for all courses.

The department staff have published research this year and have been involved in developing a guide to working with interpreters. The department is due to deliver a symposium to the British Association of Behavioural and Cognitive Psychotherapies 2020 September conference.

Mandatory training

We have a dedicated Education, Training and Development Department which commissions and delivers core mandatory, clinical skills and specialist training for our staff to ensure that they meet the essential training requirements for their roles.

Our aim is to ensure we always have the staff with the rights skills at the right time to provide high quality, safe care to our services users. While we have maintained compliance of 80% completion across 22 subjects, our CQC inspection between January and February 2020 identified five mandatory subjects where staff compliance was below 80%.

We immediately rolled out a comprehensive action plan to resolve this, working closely with subject lead specialists in nursing, clinical operations and team managers. We ensured that additional training, enhanced monitoring and weekly reporting was put into place from February 2020 to address the issues.

We continually review all training courses along with methods of training delivery to make sure they reflect changes and developments within the changing NHS, especially with the new emerging staff roles and seek opportunities to work in conjunction with our partners across Sheffield and the wider region.

Nursing pre-registration training and new role developments

This year the Trust has increased capacity to support pre-registration Mental Health Nursing students meaning that in January 2020 a cohort of 34 students were able access placements. This group of students are the first to be governed by the Nursing and Midwifery Council (NMC) Standards for Education and Training 2018. The Placement Quality Team have been focused on helping the nursing workforce prepare for the new standards and have now supported over 200 staff into the new roles of Practice Assessor and Practice Supervisor.

The introduction of conditional job offers to nursing students having placements with the Trust, along with an enhanced preceptorship offer, has seen a significant increase in the number of newly qualified nurses taking employment in the Trust.

The Trust is now supporting 18 members of staff on the Trainee Nursing Associate apprenticeship with the University of Sheffield. A fourth round of recruitment will

launch in Spring 2020 significantly increasing the presence of trainees across inpatient services.

In collaboration with the South Yorkshire and Bassetlaw Advanced Clinical Practice Faculty, Primary, Community and Mental Health Care Project the Trust is supporting 15 members of staff to study the Advanced Clinical Practice MSc with Sheffield Hallam University. Our involvement in the project is helping to shape future Mental Health Advanced Practice education with the introduction of specific mental health modules to the MSc programme.

3.3.7 Health and safety

We place a strong focus on the health, safety and wellbeing of our staff. We aim to maintain an environment and practices which are safe and supportive for service users, staff and visitors.

The Trust has an established Health and Safety Group with representatives from senior leaders and Staff Side, which is chaired by an Executive Director. The role of the group is to monitor and maintain effective health and safety management systems that are proportionate to the level of risk to be managed and ensure compliance with legislation, regulations and codes of practice.

Feedback from a Health and Safety Executive visit in 2019 has seen us continue to focus on the development of a more robust local workplace risk assessment process and the provision of additional training in this area will continue to support the further development of our local Environmental Risk Assessments.

The provision of effective back care training and support for staff in this area, and ensuring we continue to provide suitable and well-maintained equipment for staff to use, remains a priority as we move forward.

3.3.8 Occupational health

Our approach to occupational health involves the following strands:

- occupational health service – provided by People Asset Management (PAM) since 01 September 2018, and includes Level 1 and 2 of the Psychological Stepped Care Model
- Workplace Wellbeing – this is our own free, confidential staff counselling and consultation service which is available to both individuals and groups of staff as well as bespoke Stress Resilience sessions for teams
- health and wellbeing – we provide a dedicated page on our staff intranet which helps direct staff to a range of useful local, regional and national resources and tools to assist with promoting a healthy and active lifestyle
- training – we provide specific training on key health related areas such as back care, manual handling, stress awareness and dealing with conflict
- specific projects – this encompasses both regular initiatives such as the annual staff flu vaccination campaign.

3.3.9 Countering Fraud, Bribery and Corruption

The Director of Finance is responsible for ensuring compliance with the NHS Counter Fraud Authority strategy for countering fraud, bribery and corruption and the application of the related NHS Counter Fraud Authority Standards for Providers. Our Counter Fraud Service is provided by 360 Assurance and the Local Counter Fraud Specialist attends meetings of the Audit and Risk Committee to provide updates on progress against the annual work plan and compliance with Standards for Providers in the following areas:

- Strategic Governance
- Inform and Involve
- Prevent and Deter
- Hold to Account

Staff are trained in fraud awareness and we actively promote the mechanisms for staff to report any concerns. All concerns of fraud, bribery and corruption at the Trust are referred to the Local Counter Fraud Specialist and addressed in accordance with the Trust's Fraud, Bribery and Corruption Policy. The Local Counter Fraud Specialist reports annually on all work undertaken, including the outcome of investigations.

3.3.10 Gender Pay Gap

Information on the Trust's Gender Pay Gap data can be found at https://gender-pay-gap.service.gov.uk

You can find out more about the Trust's approach to equality and the Gender Pay Gap at https://www.shsc.nhs.uk/about-us/equality-diversity-and-inclusion

3.3.11 Staff Survey

The NHS Staff Survey is conducted annually. From 2018 onwards, the results from questions have been grouped to give scores against theme areas. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those. The response rate to the 2019 Staff Survey among Trust staff was 40% (in 2018 it was 36%). Scores for each indicator together with that of the survey benchmarking group (mental health/learning disability) are presented below. Please note the theme 'Team Working' has been added for 2019.

	2019/20 2019 Survey		**2018/19 2018 Survey**		**2017/18 2017 Survey**	
	Trust	Benchmark Group	Trust	Benchmark Group	Trust	Benchmark Group
Equality, Diversity and Inclusion	**8.9**	9.0	**9.0**	8.8	**8.8**	9.0
Health and Wellbeing	**5.7**	6.0	**5.8**	6.1	**5.7**	6.2
Immediate Manager	**7.2**	7.3	**7.2**	7.2	**7.0**	7.2
Morale	**6.1**	6.3	**6.0**	6.2	**N/A**	N/A
Quality of Appraisals	**5.1**	5.8	**5.1**	5.7	**4.9**	5.5
Quality of Care	**6.9**	7.4	**6.6**	7.3	**6.8**	7.3
Safe Environment – Bullying and Harassment	**7.9**	8.0	**7.9**	7.9	**7.9**	8.0
Safe Environment – Violence	**9.3**	9.3	**9.3**	9.3	**9.1**	9.2
Safety Culture	**6.1**	6.8	**6.2**	6.7	**6.3**	6.7
Staff Engagement	**6.7**	7.0	**6.7**	7.0	**6.6**	7.0
Team Working	**6.7**	7.0	**6.8**	6.9	**6.8**	6.9

The Trust Benchmark Report is available online at http://www.nhsstaffsurveyresults.com/wp-content/uploads/2020/02/NHS_staff_survey_2019_TAH_full.pdf

In 2019 the Trust took action to increase the response rate to the staff survey through an intensive communications plan and a mixture of email and paper copy surveys. This was successful and the aim is to increase the number completing the staff survey year-on-year to take completion rates above the benchmark average.

For all themes changes from 2018 to 2019 are not statistically significant, however, analysis of data indicates there is a general increase in positive reports.

In 2019 the Trust introduced Listening into Action and this initiative has been successful in engaging staff and introducing improvements based on staff feedback. The Trust also appointed a Director of Organisational Development to lead our approach to staff engagement. The Trust continues to develop a systemic approach to action in response to the results from the Staff Survey with the introduction of a Staff Survey Steering Group with membership from across the organisation.

Future priorities and targets

Key areas of action that aim to support improvement are:

- the Trust Health and Wellbeing Action plan is in place and has been implemented
- the Director of Organisational Development is finalising diagnostic work and has started to feedback the results
- the Staff Survey Steering Group has been established with a focus on attention to the 11 theme areas, engaging with service areas and staff, and ensuring action is identified and implemented with clear outcomes identified and achieved
- Listening into Action initiative.

3.3.12 Trade Union Facility Time

All public-sector organisations that employ more than 49 full-time employees are required to submit data relating to the use of facility time in their organisation as per the Trade Union (Facility Time Publication Requirements) Regulations 2017.

The current reporting year is for the 12 months from 01 April 2018 to 31 March 2019. ‘Facility time’ is the provision of paid or unpaid time off from an employee’s normal role to undertake trade union duties and activities as a trade union representative.

There is a statutory entitlement to reasonable paid time off for undertaking trade union *duties*. There is no statutory entitlement to paid time off for undertaking trade union *activities*. The data below relates to the period 01 April 2018 to 31 March 2019 – this is known as the relevant period.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	29
Full-time equivalent employee number for the Trust	29

Percentage of time spent on facility time

Number of employees who were relevant union officials employed during the relevant period who spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of time	Number of employees
0%	5
1% - 50%	10
51% - 99%	0
100%	4

Percentage of pay bill spent on facility time

Total cost of facility time	£139,928
Total pay bill	£93,196,000
Percentage of the total pay bill spent on facility time	0.15%

Paid trade union activities

The number of hours spent by employees who were relevant union officials during the relevant period on paid trade union activities as a percentage of total paid facility time hours.

Time spent on paid trade union activities as a percentage of total paid facility time hours	13.23%

3.3.13 Expenditure on consultancy

In 2019/20 the Trust spent £449,000 on consultancy. Consultancy costs have been incurred in relation to a range of professional services including the planned sale of property, reconfiguration and IMST system support. This also includes costs incurred on behalf of the South Yorkshire and Bassetlaw Integrated Care System and these are offset via the receipt of income.

3.3.14 Off-payroll engagements

As part of the Review of Tax arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, NHS Foundations Trusts are required to present data in respect of off-payroll arrangements.

Table 1: 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 of existing engagements as of 31 March 2020	**1**
Of which:	
Number that have existed for less than one year at time of reporting	1
Number that have existed between one and two years at time of reporting	0
Number that have existed between two and three years at time of reporting	0
Number that have existed between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 01 April 2019 and 31 March 2020, for more than £245 per day and that last longer than six months.

Number of new engagements, or those that reached six months in duration, between 01 April 2019 and 31 March 2020	**1**
Number of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	1
Of which:	
Number for whom assurance has been received	0
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0

Table 3: For any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 01 April 2019 and 31 March 2020.

Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	**0**
Number of individuals that have been deemed 'Board members, and/or, senior officials with significant financial responsibility', during the financial year. These figures should include both off-payroll and on-payroll engagements.	**8**

3.3.15 Exit packages

Staff exit packages

Reporting of compensation schemes - exit packages 2019/20

Departures disclosed below are the legacy of the previous service restructure after exhausting all possible redeployment options within the Trust.

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	1	-	**1**
£10,000 - £25,000	-	-	**-**
£25,001 - £50,000	1	1	**2**
£50,001 - £100,000	1	-	**1**
Total number of exit packages by type	**3**	**1**	**4**
Total cost (£)	£123,000	£38,000	**£161,000**

Reporting of compensation schemes - exit packages 2018/19

Exit packages are related to compulsory redundancies as a result of restructures across the Trust.

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	**-**
£10,000 - £25,000	1	-	**1**
£25,001 - £50,000	4	-	**4**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	2	-	**2**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**7**	**-**	**7**
Total resource cost (£)	£367,000	£0	**£367,000**

Analysis of non-compulsory departure payments

The table below discloses non-compulsory departures and values of associated payments by individual type. The table shows packages agreed in year, irrespective of the actual date of accrual or payment.

	2019/20		2018/19	
	Payments agreed number	**Total value of agreements £000**	**Payments agreed number**	**Total value of agreements £000**
Voluntary redundancies including early retirement contractual costs	1	38	-	-
Total	**1**	**38**	**-**	**-**
Of which: Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	-	-	-	-

3.4 Code of Governance Disclosures

Our commitment to good governance

The Board of Directors recognises the importance of the principles of good corporate governance and is committed to improving the standards of corporate governance followed by all those who play a part in the conduct of the Trust's business.

The Board recognises that the purpose of the NHS Foundation Trust Code of Governance (the Code), published by NHS Improvement, the independent Regulator of NHS Foundation Trusts, is to assist NHS Foundation Trust Boards and their Governors to improve their governance practices by bringing together the best practices from the public and private sectors.

Sheffield Health and Social Care 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 Code issued in 2012.

Application of the main and supporting principles of the Code of Governance

The Board implements the main and supporting principles of the Code through a number of key governance documents, policies and procedures, including:

- the Trust's Constitution
- the Standing Orders of the Board of Directors and the Council of Governors
- the Scheme of Reservation and Delegation of Powers of the Board of Directors

- the Standing Financial Instructions
- the Annual Governance Statement
- Codes of Conduct and Standards of Business Conduct
- the Annual Plan and the Annual Report
- authority structures and terms of reference for the Committees of the Board of Directors and Council of Governors.

Compliance with the provisions of the Code

In 2019/20 the Trust complied with all relevant requirements of the Code with the exception of one provision.

In relation to provision B.7.4 relating to the terms of office of Non-Executive Directors, a comprehensive review of the Trust's Constitution was undertaken and it was agreed by the Board of Directors and Council of Governors that terms of office of four years, rather than three stated in the Code, would provide a greater degree of stability and continuity without compromising independence.

Disclosure of corporate governance arrangements

In accordance with the disclosure requirements of the Code, the Board of Directors makes the following disclosures:

In accordance with the disclosure requirements of the Code, the Board of Directors makes the following disclosures:

A.1.1 Statements on how the Board of Directors and the Council of Governors operate, including high level statements of which types of decisions are to be taken by each one of them and which are to be delegated to the management by the Board of Directors, are contained in Sections 3.1.7 and 3.1.20 of this report. A statement describing how any disagreements between the Council of Governors and the Board of Directors will be resolved is contained in Section 3.1.20.

A.1.2 The names of the Chair, the Vice-Chair, the Chief Executive, the Senior Independent Director, Chairs and members of the Board of Directors' Remuneration and Nomination Committee, the Council of Governors' Nominations and Remuneration Committee and the Audit and Risk Committee are contained Sections 3.1.2, 3.1.3, 3.1.11 and 3.1.20.4.4 of this report. The number of meetings of the Board of Directors, its Committees and the attendance by individual Directors are shown in Sections 3.1.8 and 3.1.10 of this report.

A.5.3 The names of the Governors, details of their constituencies, whether they are elected or appointed, the duration of their appointment and details of the nominated Lead Governor are contained in Section 3.1.20.2 of this report. The number of meetings of the Council of Governors and the individual attendance by Governors and Directors is also contained in Section 3.1.20.2.

B.1.1 The Board considers the following Non-Executive Directors to be independent in character and judgement:

I. Jayne Brown OBE (Chair)
II. Ann Stanley
III. Richard Mills
IV. Sandie Keene CBE
V. Heather Smith

The Board holds this view in relation to all of the above-mentioned Directors for the following reasons:

- None of them is employed by the Trust or has been in the last five years
- None of them has, or has had, within the last three years, a material business relationship with the Trust, either directly or as a partner, shareholder, Director or senior employee of a body that has such a relationship with the Trust
- None of them has received or receives additional remuneration from the Trust apart from their Director's fee. They do not participate in any performance-related pay as no such scheme is run by the Trust nor are they a member of the Trust's pension scheme
- None of them has close family ties with any of the Trust's advisers, Directors or senior employees
- None of them holds cross-directorships or has significant links with other Directors through involvement (with those other Directors) in other companies or bodies
- None of them is a member of the Council of Governors
- None of them has served on the Board of this NHS Foundation Trust for more than 10 years.

B.1.4 Contained in Sections 3.1.11 and 3.1.13 of this report is a description of each Director's expertise and experience and a statement on the Board of Directors' balance, completeness and appropriateness. In addition, it also contains information about the length of appointments of the Non-Executive Directors. Information about how Non-Executive Director appointments may be terminated is contained in Section 3.1.20.4.4.

B.2.10 An explanation of the work of the Remuneration and Nomination Committee which oversees the appointment process of executive members of the Board can be found in Sections 3.1.10.2 of this report. The work of the Nominations and Remuneration Committee of the Council of Governors, including the process it has used in relation to Board appointments together with an explanation of whether a search consultancy was used in the appointment of the Chair or the Non-Executive Directors, is contained in Section 3.1.20.4.4 of this report.

B.3.1 The Trust Chair's other significant commitments and any changes to them during the year are contained in the Directors' Register of Interests referred to in Section 3.1.12 of this report.

B.5.6 A statement about how the Governors have canvassed the opinion of the Trust's members and the public, and for appointed Governors the body they represent, on the Trust's forward plan, including its objectives, priorities and strategy, and how their views were communicated to the Board of Directors is contained in Section 3.1.20.4.2 of this report.

B.6.1 A statement on how the performance of the Board, its Committees and individual Directors was evaluated is contained in Section 3.1.13 of this report.

B.6.2 Relating to external evaluation of the Trust Board and governance of the Trust a number of activities have taken place.

A Care Quality Commission (CQC) well-led inspection took place in January to February 2020. Further details are outlined in the Annual Governance Statement in Section 3.7.

In addition during 2019/20 360 Assurance, the Trust's internal auditors conducted a number of governance reviews. Following each review detailed actions plans have been completed and monitored by relevant committees and the Trust Board.

C.1.1 An explanation from the Directors of their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities is contained in Sections 3.1.4 and 3.6 of this report and the approach taken to quality governance is detailed in the Annual Governance Statement in Section 3.7.

C.2.1 A report that the Board has conducted a review of the effectiveness of the Trust's system of internal controls is contained in Section 3.1.10.1 of this report.

C.2.2 The Trust has an internal audit function. Information on how the function is structured and what role it performs is included in Section 3.1.10.1 of this report.

C.3.5 The Council of Governors has not refused to accept the recommendation of the Audit and Risk Committee on the appointment of an external auditor, and this matter is therefore not reported on.

C.3.9 An explanation of the work of the Audit and Risk Committee can be found in Section 3.1.10.1 which includes any significant statements the Committee considered in relation to financial statements, operations and compliance, and how these issues were addressed, an explanation of how it has assessed the effectiveness of the Trust's external audit process and details of the Trust's external audit contract

as well as information about any non-audit work that may have been commissioned.

D.1.3 Details regarding Director remuneration can be found within the Remuneration Report in Section 3.2 within the salaries and allowances table.

E.1.4 Members who wish to communicate with governors or Directors may do so via the Trust's website where contact details are clearly stated.

E.1.5 Board members, and in particular Non-Executive Directors, develop an understanding of the views of Governors and members through their attendance at meetings of the Council of Governors. They are further informed of the activities of the Council of Governors through monthly Trust Board meeting updates on the affairs of the Council of Governors and Trust's members as a standing item on the Board's agenda. Board members are appraised of members' opinions at the Annual Members' Meeting where views are canvassed. Further details on how the Board canvass the views of Governors and members can be found in Section 3.1.14 of this report.

E.1.6 The Board monitors membership and engagement through monthly reporting processes. Information on monitoring how representative the Trust's membership is and the level and effectiveness of member engagement is contained in Section 3.1.21 of this report.

Detailed information regarding the Trust's membership constituencies and their eligibility, membership numbers, the Membership Strategy and steps taken in year to ensure a representative membership are detailed in Section 3.1.21.

The Council of Governors has not exercised their power under paragraph 10c of Schedule 7 of the NHS Act 2006, and this matter is therefore not reported on.

A statement from the Directors that the business is a going concern, together with supporting assumptions or qualifications as necessary, is contained in Section 2.1 of this report.

3.5 NHS England and NHS Improvement's NHS Oversight Framework

NHS Oversight Framework

NHS England and NHS Improvement's NHS Oversight Framework provides the framework for overseeing providers and identifying potential support needs.

The framework looks at five themes:

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability (well-led).

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

Segmentation

The CQC, in their formal inspection report, received in April 2020, recommended to NHS England and NHS Improvement that the Trust should be placed in special measures for reasons of quality. This recommendation was formally accepted by the NHS England and NHS Improvement Provider Oversight Committee (POC) on 12 May 2020.

The POC also agreed that the Trust should be placed in Segment 4. We are working closely with our regulators to address the issues raised.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance.

These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the NHS England's and NHS Improvement's Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2019/2020 scores				2018/2019 scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	1	1	1	1	1	1	1	1
	Liquidity	1	1	1	1	1	1	1	1
Financial efficiency	I&E margin	1	1	1	3	1	1	1	1
Financial controls	Distance from financial plan	1	1	1	1	1	1	1	1
	Agency spend	2	2	2	2	2	2	2	2
Overall scoring		1	1	1	2	1	1	1	1

3.6 Statement of the Chief Executive's responsibilities as the Accounting Officer of Sheffield Health and Social Care 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 Sheffield Health and Social Care 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 Sheffield Health and Social Care NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health 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
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable them to ensure 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.

Jan Ditheridge
Chief Executive
Date: 23 June 2020

3.7 Annual Governance Statement

3.7.1. Scope of Responsibility

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

3.7.2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Sheffield Health and Social Care 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 Sheffield Health and Social Care NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the Annual Report and Accounts.

3.7.3. Capacity to Handle Risk

3.7.3.1 Risk Management Leadership and Structure

I am ultimately responsible and accountable for the Trust's provision of safe services and for ensuring that the systems on which the Board of Directors relies to govern the organisation are effective. I have been supported in these duties by the following roles that were in place to 31 March 2020:

- the Deputy Chief Executive/Executive Director of Operations - responsible for safe delivery of operational service and Caldicott Guardian (from 2 March 2020 the Deputy Chief Executive/Executive Director of Operations was split into two roles)
- the Executive Director of Nursing and Professions, who is responsible for nursing and professions, safeguarding adults and children, infection prevention and control, health professions' education and the International Health Partnership and for the management of risk across these portfolios
- the Executive Medical Director, who is responsible for clinical governance, clinical risk management, care standards, clinical effectiveness, service user experience and medical practice and medical advice on risk and safety issues

- the Executive Director of Finance who is responsible for managing financial risk and who is also the Senior Information Risk Owner (SIRO) and has responsibility for information governance and performance management
- the Associate Director of Human Resources, who is responsible for health and safety, training and risk management associated with the Trust's employment processes
- the Director of Corporate Governance (Board Secretary), who is responsible for the management of the Corporate Risk Register and the Board Assurance Framework.

The Trust's Corporate and Clinical Governance Teams provide leadership, support, guidance and advice for all matters relating to risk management and corporate and clinical governance. Specific roles and responsibilities for risk management are detailed within the Trust's Risk Management Strategy, and include:

- all Executive Directors are operationally responsible for safety and the effective management of risk within their areas of responsibility
- all managers, including team managers/leaders and heads of departments, are responsible for health and safety and the effective management of risks within their teams, services or departments
- all Trust staff, including those on temporary contracts, placements or secondments, and contractors must keep themselves and others safe. All staff have a duty of care to provide safe services and do no harm. All health and social care staff working directly with service users and carers are responsible for ensuring that their work is safe and that they use systematic clinical risk assessment and management processes in the delivery of care and treatment.

3.7.3.2 Staff Training and Development

Staff training and development needs with regard to risk management and safety are described in the Trust's Mandatory Training Policy. Staff receive appropriate training relevant to their post requirements. All staff receive an introduction to the organisation and core training (risk management, health and safety, equality and human rights, information governance, safeguarding, infection control etc). More specific training is provided, dependent upon the individual's job role and/or work location, and includes incident reporting and investigation, Mental Health Act, Mental Capacity Act, First Aid and Life Support (including resuscitation), Clinical Risk Assessment and Management, Medicines Management and Respect (managing violence and aggression).

Following the CQC inspection of five core services and the well-led domain between January and February 2020 the Trust received a Section 29a warning notice in February 2020 which outlined that the Trust's governance systems had failed to ensure that all staff received the appropriate training as is necessary to enable them to carry out the duties that they are employed to perform.

Although the Trust is achieving its target level of 80% overall for the mandatory training subjects it reports on across 27 areas, with 22 subjects above 80% and action recovery plans in place for the five subjects currently below 80%, an action

recovery plan agreed by Executive Directors will see all subjects above 80% by 29 May 2020. The Mandatory Training Lead is working with all clinical and non-clinical areas to highlight the staff that need to undertake certain subjects with additional courses having been arranged to ensure achievement of targets. All areas are prioritising staff release for course work and e-learning training.

Monitoring remains in place to ensure consistent achievement of mandatory training. The training provided is regularly reviewed to incorporate learning from good practice, lessons learnt as well as ensuring legislative and policy changes are incorporated. A variety of delivery methods are incorporated into the mandatory training programme to enhance delivery and learning, with a continued focus on the application of learning into practice. Due to COVID-19, essential changes were introduced to mandatory training delivery from March 2020 to meet the requirements for social distancing and control of infection.

The Trust employs a range of suitably qualified and experienced personnel who are accessible to all staff to advise on risk issues, such as clinical risk, infection control, risk assessment, health and safety, litigation, liability, fire and security, environmental, estate management, medicines management, safeguarding, human resources, data protection, corporate, information governance and financial risk.

Development sessions for the Board of Directors during 2019/20 have included:

- focus on learning and monitoring progress against action plans following the 2018 Care Quality Commission (CQC) Well-Led inspection
- developing the Trust's strategy and agreeing its priorities for the Trust's Annual Plan for 2019/20
- reviewing the Trust's transformation agenda in relation to its Acute Care Reconfiguration, new Secure Care Models
- the national Transforming Care agenda and a city-wide dementia strategy.

It has also reviewed and refreshed the Board Assurance Framework and the Trust's risk appetite.

3.7.3.3 Learning from Good Practice

The Trust uses a variety of mechanisms for ensuring that good practice and lessons learned are shared across the services. These include:

- Quality Assurance Committee meetings and Significant Issues reports for the Board of Directors
- Quality Improvement Forum
- clinical audit and Clinical Effectiveness Group reports
- serious incident and lessons learned briefings
- patient experience reports
- team and care network governance meeting reports and events
- acute care forum
- lessons learned events
- Listening into Action initiative

- “You said…we did…” campaign
- lessons learned sub-group (of the Service User Safety Group)
- service based development forums
- Service User Safety Group reports
- Schwartz Rounds
- Let’s Talk Safety initiative
- Service User Engagement Group reports
- safer care conferences
- quality improvement conferences.

3.7.4 The Risk and Control Framework

3.7.4.1 Risk Management Strategy

The Trust recognises that positive and managed risk taking is essential for growth, development and innovation. Risks are not seen as barriers to change and improvement; instead they are recognised, considered and managed effectively as part of service improvements. The Trust’s Risk Management Strategy was refreshed in 2018/19 and describes the Trust’s strategic approach to safety and risk management; it also sets out the Trust’s structure and governance arrangements, together with defining levels of authority, accountability, responsibility and escalation for risk management.

Risks are assessed using a stepped approach which identifies and analyses the risk, identifies the control measures in place and how effective these are and the actions that need to be taken to reduce, mitigate or remove the risk. Risks are graded according to their severity and likelihood of recurrence, using a 5 x 5 risk grading matrix based upon guidance produced by the former National Patient Safety Agency.

High level risks rated 12 or above as well as risks which affect more than one directorate or care network are entered onto the Corporate Risk Register. Risks are recorded on an electronic risk management database (Ulysses Risk Management System), which is separated into teams and directorates/care networks. All recorded risks have an accountable individual and are reviewed and monitored by the appropriate operational governance group. Risk registers are held at corporate, directorate/care network and team level. Each directorate/care network has a risk register lead responsible for managing and maintaining their risk register. The Corporate Risk Register is administered by the Director of Corporate Governance (Board Secretary).

Risks on the Corporate Risk Register (CRR) were reported to and reviewed by the Executive Director’s Group every month and to the Board and its committees on a quarterly basis. At 31 March 2020 the Trust had 21 identified risks on the Corporate Risk Register. Of these six are rated high with a score of 15 or above and reflect both feedback from the CQC inspection and impact of the COVID-19 pandemic. Nine risks are rated 12, and six risks are rated 10 or below.

Following on from the reconfiguration of the Trust’s Community Mental Health Services in 2017/18 and as the new service has gone through a period of

embedding, risks have been included on the Corporate Risk Register which has ensured Board's continued oversight until they have been sufficiently mitigated. A remaining risk relates to the Trust's ability to meet increasing demand within the service and has been an area of scrutiny and oversight during 2019/20.

A number of safety risks are cited on the CRR which include Information Management Systems and Technology (IMST) infrastructure risks. Both areas (safety and IMST) receive additional scrutiny through the Quality Assurance Committee and Finance and Performance Committee.

As the year progressed and uncertainty regarding the EU Exit increased, the potential impact on the supply of medication and the Falsified Medicines Directive became apparent and risks were duly recorded at the latter end of the year to ensure Board level oversight.

The Trust Board reviews its risk appetite annually aligning it to revised strategic objectives and determines whether an individual risk or a specific category of risks are considered acceptable or unacceptable based upon the circumstances or situation facing the Trust. The Trust's approach is to minimise exposure to risk that impacts on patient safety and the quality of our services. However, the Trust accepts and encourages an increased degree of risk relating to innovation, provided the innovation is consistent with the achievement of patient safety and quality improvements.

Risks are highlighted via incidents, including serious incidents, complaints, concerns, safeguarding issues, claims and other queries. The Quality Assurance Committee receives quarterly reports on incidents, complaints, infection prevention and control, safeguarding, service user experience and clinical audit.

Staff are actively encouraged to report all incidents and near misses to enable the Trust to learn from such events and improve service user safety.

An Internal Audit Report of Governance and Risk Management published in October 2019 provided a significant assurance opinion that the control environment was effectively managed for the period under review. However, findings also outlined that timelines for actions identified within the Board Assurance Framework (BAF) were extended throughout the year and output from audit, whether assurances or gaps, were not always reflected in the BAF. One high risk issue was identified through the Central Alerting System (CAS) audit which received a limited assurance opinion, and this action has not been fully implemented. The Trust agreed to take immediate action to implement the required CAS actions and to develop a process from which it is able to obtain assurance that required CAS actions are implemented.

A significant amount of work continued throughout 2019/20 to support operational risk management including the provision of comprehensive risk management training to senior staff, senior operational managers and team leaders to embed the use of the electronic risk management system. Whilst significant assurance in relation to governance and risk management progresses has been provided, the Trust acknowledges that governance processes are not embedded at all levels and work continues to address gaps where they exist. This was highlighted in the Section 29a

warning notice received by the Trust in February 2020 following the CQC inspection earlier in 2020, and which outlined that the Trust did not have systems and processes in place which were operated effectively to assess, monitor and mitigate the risks relating to the health, safety and welfare of service users in receiving Trust services. The Trust is undertaking work to make significant improvements to address this issue by the agreed deadline of 29 May 2020.

Assurance is provided to the Audit and Risk Committee every quarter that risks are being addressed and actions completed via amendments to the Corporate Risk Register and Board Assurance Framework.

3.7.4.2 Board Assurance Framework (BAF)

The BAF is a document outlining the Trust's strategic aims and objectives and which details principal risks which may inhibit delivery of those objectives. The BAF is used to monitor the levels of assurance received at Board and in committees regarding the robustness of the Trust's system of internal controls and whether or not the risks are being effectively managed.

Work continued in 2019/20 to develop and embed the use of the BAF at Board and across Board committees. The BAF was reviewed quarterly by the Audit and Risk Committee. Each Board committee also received the element of the BAF relevant to their remit on a quarterly basis. Following Committee reviews, the BAF was received by the Trust Board. In 2019/20, of those control areas identified for improvement, none were deemed to pose a serious risk to the overall system of internal control or delivery of the Trust's strategic objectives.

A clear link between papers and the BAF is required on each report to demonstrate how they provide assurance to Board and its committees that risks are being managed and mitigated.

At the start of the 2019/20 financial year, 17 strategic risks were agreed at Board and assigned to the BAF under our strategic aims of quality and safety, people, future services and value for money. The final iteration of the 2019/20 BAF saw two of these risks closed and a new risk added providing 16 risks in total on the BAF. Throughout the year residual risk scores have been reviewed, and a number increased following receipt of the Section 29a warning notice from the CQC following its inspection in February 2020.

During March 2020 the Board agreed a BAF risk and a detailed Corporate Risk to capture the strategic and operational risk areas raised by the Trust's emergency response to the COVID-19 pandemic. The risks continue to be monitored via reports detailing the Trust's emergency planning response directly to Board, and management and mitigation of risks are overseen by the emergency planning governance structure on an ongoing basis. The Trust's structure of governance allowed a prompt response to this significant change in circumstances and control over decision making was maintained through effective implementation of the emergency response (Gold, Silver and Bronze command structures) and alignment with Board reporting. This included reviewing service provision in line with guidelines and evaluating impact of reduced services through Quality Impact Assessments.

At the end of each financial year, the Board receives and approves the final Board Assurance Framework and any residual risks and outstanding actions are carried forward onto the refreshed BAF. Any underlying risks are similarly updated on the Corporate Risk Register.

3.7.4.3 Public Stakeholder Involvement in managing risks

It is an organisational ambition of the Trust to continuously improve our approach to engaging service users, carers, governors and partners, both voluntary and statutory, to learn from individuals' experiences and enable continuous quality improvements in all areas of our business. At the heart of our quality improvement approach is the inclusion of people with lived experience of our services to help shape and inform service improvements. The Quality Improvement Team and Engagement and Experience Team work in parallel to support such alignment, continuing to strengthen partnership working with our public stakeholders.

Such public voice representatives are members of the governance structures of the Trust and actively take part in groups across the organisation to contribute to planning and service improvement. Examples include regular membership on Microsystem Improvement groups, the Service Users Engagement Group, the Carers' Strategy Implementation Group, the Service User Safety Group and the Quality Improvement Forum. Public voice representatives have also been involved in assisting the Trust to undertake various site visits in relation to our 15 Steps Challenge and the Patient-Led Assessments of the Care Environment (PLACE) visits. Furthermore, consultation of the community reconfiguration and current Acute Care Modernisation Programme actively included the public voice.

Last year's revision of the Carers' Implementation Strategy Group meetings have evidenced progress in terms of driving implementation of the strategy and ensuring significantly enhanced connection with quality improvement and safety. The Service Users Engagement Group (SUSEG) has continued to alternate its formal meetings with less formal road shows to give the opportunity for two-way dialogue around any potential areas of concern or risk. In addition, 2019 has seen a review of the SUSEG formal meeting agendas, in line with welcoming the Managing Director of Flourish as the new co-chair.

The number of service user and carer networks, co-led by service users and carers, has continued to develop, enabling services to improve their care in line with service user and carer experience and feedback. Last year's developments around the governance of such forums has become more embedded, providing appropriate systems to minimise and manage risks. Public voice representatives also volunteer in many of our services and undertake focused work to strengthen our engagement and facilitate quality improvements.

Our partnership working has continued to develop over the last 12 months through the growth of the Sheffield Accountable Care Partnership (ACP) strengthening relationships, in particular with NHS Sheffield Clinical Commissioning Group, Primary Care Sheffield, Sheffield Teaching Hospitals NHS Foundation Trust, Sheffield Children's NHS Foundation Trust and the Local Authority. Two key areas of

joint working include the ongoing development of the Sheffield-wide Dementia Strategy through public co-production and influencing the Shaping Sheffield work, which focuses on developing priorities across the city and ensuring we continue to work together to deliver them. The regional Integrated Care System (ICS) has consolidated the joint working with stakeholders across the locality through the development of a joint vision and associated work priorities, aiming to improve the health and wellbeing of our collective population. Members of the public have been invited to engage in the process through the engagement of Healthwatch and local voluntary sector organisations

As a foundation trust, the Trust has public members and a Council of Governors. The overall role of the Council of Governors is to assist the Trust in the drive to raise standards by providing services of the highest possible quality that meet the needs of the people of Sheffield. The Council of Governors receives updates on the Trust's compliance against regulations and standards and helps plan and steer the Trust and assists in setting priorities for improvements and changes. Governors are also members of key governance meetings where they can represent the interests of the local community, service users and carers and make sure that the Trust does what it says it will do.

3.7.4.4 Quality Governance Arrangements

The Trust triangulates service performance across a range of indicators relating to care standards, quality, workforce and finance at service, Care Network/Directorate and Trust-wide level. During 2019/20 the Trust continued the development of a Performance Quality Framework alongside the ongoing development of a data warehouse, to enhance and improve effective business intelligence systems.

The Board of Directors' monthly and annual performance reporting processes ensure that the Executive Directors' Group has been able to scrutinise and manage the operational performance of services and enables the Board of Directors to maintain overall oversight on the Trust's performance.

Performance of all services is reviewed through Care Network/Directorate Service Reviews. The Executive Directors' Group has reviewed with each Care Network and Corporate Directorate their performance against planned objectives.

The Trust reports progress on the Trust's Quality Objectives to the Quality Assurance Committee of the Board of Directors on a quarterly basis and also regularly monitors progress against the indicators contained within the Quality Schedule that forms part of our contract with our commissioners, NHS Sheffield Clinical Commissioning Group.

The Trust has arrangements in place to ensure that assessments of the impact on service quality are integral in the production of its forward and future plans. Quality Impact Assessments on cost improvement plans contained within the Trust's Annual Plan, Care Network/Directorate level business plans and business case development, production and implementation were undertaken throughout the year and assessed as 'very low' or 'low' risk in respect of their impact on the quality of services. To provide assurance, reviews have been undertaken at the end of each

quarter to ensure regular appraisal of the impact on quality and have been reported to the Executive Directors' Group and Quality Assurance Committee of the Board of Directors.

The governance framework outlined in Section 6 of this statement ensures that the Board of Directors is able to monitor and evaluate the performance of the Trust and its services and to initiate improvement actions where required.

The Trust has an approved Quality Improvement and Assurance Strategy in place, which was refreshed in January 2019, following the Trust's previous CQC well-led inspection.

During the year, governance arrangements were in place within clinical operations to monitor progress against required quality improvements following CQC inspections. These arrangements aimed to ensure monitoring and approval is delivered through a structured process from ward or team level to final decision approval at the Trust's Executive Directors' Group. The Trust regularly reviews ongoing compliance with the CQC's Fundamental Standards of Quality and Safety which is assessed throughout the year by individual teams within their internal governance processes.

Where contractual arrangements are in place, stakeholders also assess compliance with CQC and other regulatory standards and monitor progress where improvements are identified. Compliance with standards is also monitored by the Quality Assurance Committee to the Board of Directors. Non-Executive Directors also undertake visits to services for additional assurance. Further assurance is also provided through external accreditation of services, where applicable. Progress with service accreditation is reported through the Quality Assurance Committee to the Board of Directors.

The Foundation Trust is not fully compliant with the registration requirements of the Care Quality Commission (CQC).

The CQC completed a well-led review of the Trust and inspected five of its core services between 06 January 2020 and 05 February 2020. The five core services were:

- acute mental health wards and one psychiatric intensive care units for adults of working age
- mental health crisis services and health-based places of safety
- forensic inpatient low secure wards
- community-based mental health services for adults of working age
- wards for older people with mental health problems.

Following this inspection, the Trust received notice of possible urgent enforcement action under Section 31 of the Health and Social Care Act 2008 relating to concerns with regards to the Decisions Unit providing care for young people aged 16 and 17. Following immediate action by the Trust, the CQC confirmed they were satisfied with the actions and did not move to use its urgent powers.

On 13 February 2020, the Trust received a warning notice under Section 29a of the Health and Social Care Act 2008 outlining four areas as requiring significant improvement. Timescales have been agreed to comply with each action area and compliance will be tested through reinspection. The full CQC inspection report was published on 30 April 2020 and confirmed ratings for 'safe' and 'well-led' as inadequate, 'effective' and 'responsive' as requires improvement and 'caring' as good. As part of the Summary of Findings, the CQC recommended that on the basis of the report, the Trust should be place in special measures for reasons of quality. This recommendation was formally accepted by the NHS England and NHS Improvement Provider Oversight Committee (POC) on 12 May 2020.

3.7.4.5 Information Governance and Data Security

The Trust has a range of information governance policies which provide a framework covering the creation, use, safe handling and storage of all records and information. The management and monitoring of information risks is the responsibility of the Trust's Senior Information Risk Owner (SIRO) and information risks and incidents are reviewed and monitored through the Data and Information Governance Board which is accountable to the Executive Directors Group. In 2019/20 information governance was incorporated into the responsibilities of the Audit and Risk Committee to further strengthen assurance processes.

The Trust made an inaugural submission to the Data Security and Protection Toolkit in March 2019 and, after completion of a work plan, agreed with NHS Digital that it met the required standards.

Information governance training is included as part of the core training for new starters and other training sessions have been provided for staff. Information Governance is also covered in the Trust's local induction checklist for all new staff.

Reminders are presented to staff when accessing the Trust's main patient information system and all staff are expected to complete annual online information governance training.

Information governance and data security incidents and risks are recorded and reported through the Trust's risk management processes, as described above. Between 01 April 2019 and 31 March 2020, the Trust reported two data breaches to the Information Commissioner's Office (ICO) – no further action was required by the ICO in addition to the remedial actions taken by the Trust.

3.7.4.6 Foundation Trust Compliance

The Board of Directors receives regular information on various aspects of the Trust's performance, to assure itself that it is fulfilling the requirements and responsibilities as established within the Provider Licence, Code of Governance and Quality Governance Framework. Further information on this is provided within the Code of Governance disclosure of this report.

3.7.4.7 NHS Pensions Scheme Regulations

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

3.7.4.8 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. Equality Impact Analysis is required of all Trust written polices and Equality Analysis is also undertaken through processes set out in the Trust Project Management Documentation Suite. Information and reports related to compliance with obligations under the Equality Act 2010 are published through the Trust's website.

3.7.4.9 Carbon Reduction Plans

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

3.7.4.10 Workforce Strategies

The Trust's safe staffing governance is overseen by the Effective Staffing Group which has five sub-groups: Education and Training Steering Group, Safer Staffing, Workforce Planning, Medical Workforce and Bank/Agency/E-Rostering groups. These groups have revised their terms of reference to ensure National Quality Board (NQB) guidance is embedded. The Safer Staffing Group leads the review of staffing data and meets monthly, chaired by the Executive Director of Nursing and Professions, with representatives from clinical services, Human Resources, E-Rostering and Finance. The Board and Executive Directors Group both receive a monthly report on staffing. The Trust Workforce Planning Group has membership from across corporate and clinical multi-disciplinary teams and coordinates the development and introduction of new roles, with sub-groups working on specific areas such as Physician Associates, Nursing Associates and Advanced Clinical Practice.

We are responding to the publication of the national mental health Optimum Staffing Tool (OST).

To effectively manage service user demand, the monthly Board Safer Staffing report includes an executive assurance statement from the Executive Director of Operations, Executive Medical Director and Executive Director of Nursing and Professions which covers reviews of staffing capacity (e-roster), bed management, use of additional staffing and staff redeployment.

The forecast demand for staffing for 2020/21 is captured in the Trust's annual workforce return. A five-year workforce plan, aligned to the financial plan, was submitted to NHS Improvement in September 2019 as part of the South Yorkshire and Bassetlaw ICS Workforce Plan. The Workforce Strategy has been refreshed for 2020/24 and is aligned with the NHS Long Term Plan, Mental Health Workforce Plan, NHS Interim People Plan, and the Sheffield Accountable Care Partnership Workforce Plan. The key priorities include health and wellbeing, recruitment and retention, workforce transformation and leadership and talent.

The Director of Quality has worked collaboratively with IMST and clinical services to develop an integrated performance and quality framework (PQF). The PQF involves the provision of accurate and timely information on performance across all corporate and clinical services and the quality of care delivered against standards or targets that are clearly defined and understood, in order to facilitate informed decision making within the Trust.

The Trust is working to respond to the national standards for e-rostering and e-job planning, and remains part of the South Yorkshire and Bassetlaw Integrated Care System E-Rostering collaborative.

We have an effective and well-used Quality Impact Assessment (QIA) procedure in place linked to cost improvement programmes.

Low staffing is recorded as an incident via the Ulysses reporting system, escalated to the Senior Operational Manager/Associate Clinical Directors/Deputy Director of Nursing for oversight, action and follow-up. Any escalated risks scoring 12 or more are registered on the Trust's Corporate Risk Register.

The Section 29a warning notice received by the Trust following the CQC inspection 2020 outlined that the Trust's governance systems and processes failed to ensure that sufficient numbers of suitably qualified, competent, skilled and experienced staff work within the acute mental health wards for working age adults and the psychiatric intensive care unit. Action plans were implemented by the Trust to monitor and redress this issue to achieve significant improvements by the deadline of 31 March 2020.

3.7.4.11 Managing Conflicts of Interest in the NHS

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS 22 guidance.

3.7.5 Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Trust has a robust committee governance structure including the Audit and Risk Committee, Remuneration and Nomination Committee, Finance and Performance Committee, the Workforce and Organisation Development Committee and the Quality Assurance Committee, together with various operational groups. This committee governance structure, together with the Board of Directors, is the

foundation of effective governance within the Trust. During 2019/20 the Trust has continued the process of refreshing all committee terms of reference, reviewing committee structures and reviewing assurance processes. In addition, the Trust is committed to undertake a longer-term piece of work to review the robustness of the assurance that is received at each committee in terms of its content and documentation.

The Executive Directors' Group has provided strategic and operational governance for all plans to develop new or reconfigured services, supported by the Business Planning Group.

The Trust has continued to review a number of operational efficiency metrics throughout the year, including the results of benchmarking exercises. This has enabled the Trust to focus on service elements that can be considered in terms of the delivery of the Trust's Cost Improvement Programme (CIP) targets. The Trust has also carried out productivity analysis of its clinical services to drive further improvements in efficiency and help realise further efficiency savings, without impacting on quality standards of care.

The Trust has continued to take a Quality, Innovation, Prevention and Productivity (QIPP) approach to the delivery of Cost Improvement Plans and Cash Releasing Efficiency Scheme (CIP/CRES) targets. All CIP schemes are quality impact assessed to ensure their effectiveness. Detailed plans have been presented to the Board of Directors and regular reports are provided to the Board regarding delivery against these targets.

The organisation has strong leadership through its directorates and care networks, including joint Service and Clinical Directors where appropriate. Each Director has received budget training and is responsible for ensuring that the resources they manage are done so effectively and efficiently and demonstrate value for money. Financial sign-off of budgets is undertaken by Directors and is performance managed by the respective Executive Directors. Budget managers are provided with monthly budget reports for their areas of responsibility to assist them in undertaking this role. The Executive Director of Finance meets regularly with Directorates forecasting an overspend greater than 2% of plan to ensure mitigation plans are in place. Formal service reviews take place bi-annually, which include oversight and scrutiny of financial matters.

3.7.6 Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the 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 the outcome of the CQC inspection undertaken during January and February 2020 which gave an overall rating of inadequate including identifying areas as part of the warning notice, which notified the Trust that the CQC

has formed the view that the quality of healthcare provided by the Trust for its regulated activities as inspected requires significant improvement. The full CQC inspection report was published on 30 April 2020 and confirmed ratings for 'safe' and 'well-led' as inadequate, 'effective' and 'responsive' as requires improvement and 'caring' as good. On the basis of the report, the CQC recommended that the Trust should be placed in special measures for reasons of quality and this was formally confirmed by NHS England and NHS Improvement on 12 May 2020.

My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit and Risk Committee, the Quality Assurance Committee, the Workforce and Organisation Development Committee, the Finance and Performance Committee and Executive Team and a plan to address weaknesses and ensure continuous improvement of the system is in place.

These committees/groups and their accountability are described more fully below. Each Board Committee provides a Significant Issues Report to the Trust Board highlighting significant issues arising in the meeting and any changes to the level of assurance received. This report is in addition to the minutes received from each of those committees.

The Head of Internal Audit (HOIA) provides me with an opinion based on an assessment of the design and operation of the underpinning assurance framework and supporting processes and an assessment of the individual opinions arising from risk-based audit assignments contained within the internal audit risk-based plan that have been reported throughout the year. This assessment has taken into account the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

The Head of Internal Audit Opinion is based on three elements:

- the design and operation of the BAF and strategic risk management arrangements
- the outcome of individual audit reports
- the extent to which the Trust has responded to audit recommendations.

The overall opinion of the HOIA is that of moderate assurance that there is a generally sound framework of governance, risk management and control, however, inconsistent application of controls puts the achievement of the organisation's objectives at risk.

It should be noted that in providing this opinion the HOIA emphasised the following points:

- Board Assurance Framework and strategic risk management – whilst there have been arrangements in place all year for the update and reporting of the BAF, review of the progress of the BAF identifies that issues have not been progressed in year to reduce the risks/improve controls etc, for example, the CQC action plan and the issues identified in the recent warning notice from the CQC. There were

examples of action dates being extended across the year, something that was recognised by the Audit and Risk Committee members at the January 2020 meeting.

- Internal audit plan outturn – to date, the majority of core reviews are significant assurance. However, there have been a number of weaknesses identified in relation to quality governance and the information governance review has been limited assurance for the past two years. Auditors experienced difficulty in completing the 2019/20 CQC Action Plan Assurance audit, a key piece of work, predominately due to significant delays in the Trust progressing with the actions Auditors had been asked to focus on.

- Follow up of actions – work was undertaken throughout the year to reduce the backlog on historic agreed actions and whilst the Trust has made some improvement through the year, the current completion of actions by the original agreed date is 61%; this falls only just within the moderate assurance rating of 60 to 74%.

I note the comments in the Head of Internal Audit Opinion, noting particularly the areas for improvement and follow up highlighted in the Opinion, which will help the Trust shape its governance systems in 2020/21. This work will be closely monitored by the Audit and Risk Committee, who will provide assurance or highlight risks to the Trust Board.

Executive managers within the organisation, who have responsibility for the development and maintenance of the system of internal control, provide me with assurance. The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

My review is also informed by:

- reports from the Board of Directors and the Board Committees
- reports from External Audit
- reports from Internal Audit
- external assessments by the CQC, including Mental Health Act Commissioners
- full registration with the CQC across all locations
- Clinical Audit Programme
- quality improvement systems in health care – Microsystems
- Patient-Led Assessments of the Care Environment (PLACE)
- service user surveys
- Data Security and Protection Toolkit.

3.7.6.1 Board of Directors

The Board of Directors is responsible for setting the Trust's overall strategy in accordance with the NHS Long Term Plan. It is also responsible for ensuring that the organisation has robust clinical, corporate and financial governance systems in place. This includes the development of systems and processes for financial control,

organisational control and risk management. The Board of Directors receives and scrutinises detailed information and assurances on all aspects of the Trust's performance and business.

It assesses its own performance and effectiveness, ensuring that it complies fully with its statutory and regulatory functions and duties. Further information on the Board of Directors can be found in Section 3 of the Trust's Annual Report. Further information on the Board of Directors' committees (as given below) can be found in Section 3.1.10 of this report.

3.7.6.2 Audit and Risk Committee

The Audit and Risk Committee provides assurance to the Board of Directors through objective review and monitoring of the Trust's internal control mechanisms, such as financial systems, financial information, compliance with the law, governance processes and emergency planning among others. It monitors the effectiveness of the systems in place for the management of risk and governance, and delivery of the Board Assurance Framework. The Committee is also responsible for ensuring the integrity and security of Trust data.

3.7.6.3 Quality Assurance Committee

The Quality Assurance Committee provides assurance to the Board of Directors on the quality of care and treatment provided across the Trust by ensuring there are efficient and effective systems for quality assessment, improvement and assurance and that service user and carer perspectives are at the centre of the Trust's quality assurance framework.

A number of committees/groups report to the Quality Assurance Committee for assurance purposes including the Medicines Management Committee, Infection Control Committee, Safeguarding Adults and Children and Psychological Therapies Governance Committee.

These groups regularly meet to discuss risks in their specific areas. The Service User Safety Group has a particular role in reviewing risks to the safety of service users, staff and the public.

3.7.6.4 Finance and Performance Committee

The Finance and Performance Committee provides assurance to the Board of Directors on the management of the Trust's finances and financial risks.

3.7.6.5 Remuneration and Nomination Committee

The Remuneration and Nomination Committee makes recommendations to the Board of Directors on the composition, balance, skill mix and succession planning of the Board, as well as advising on appropriate remuneration and terms and conditions of service of the Chief Executive and Executive Directors.

3.7.6.6 Workforce and Organisation Development Committee

This Committee provides assurance to the Board of Directors on the human resource structures, systems and processes that support employees in the delivery of high quality, safe patient care and to ensure the Trust meets its legal and regulatory duties in relation to its employees.

3.7.6.7 Executive Directors' Group

The Executive Directors' Group has been in place during the year to ensure the operational and performance delivery of services in line with Trust strategic and business objectives. The Executive Directors' Group is the key team which manages strategic and operational risk issues, and receives frequent reports on risk and governance.

3.7.6.8 Operational Governance Groups

A number of operational governance groups are established across the Trust, together with a series of professional advisory groups and committees, which have reported to the Executive Directors' Group. These groups provide operational, clinical and professional advice and assurance on the Trust's business.

From the reports and information provided across the organisation to the various governance groups, I am satisfied that the system of internal control is effective, subject to improvement plans underway in areas as highlighted from the recent CQC inspection, and supports the achievement of the Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets.

Conclusion

In my opinion significant internal control issues have been identified for the period 01 April 2019 to 31 March 2020 as arising from the CQC inspection undertaken 07 January 2020 to 05 February 2020. Warning notices for immediate attention were received in-year and the final CQC report published on 30 April confirmed that the Trust received an overall rating of inadequate, and was placed in special measures. This challenges the internal controls the Trust has in place and these will be reviewed and redressed during 2020/21 working closely with our regulators.

Jan Ditheridge
Chief Executive
Date: 23 June 2020

3.8 Equality Report

Sheffield Health and Social Care NHS Foundation Trust is committed to eliminating discrimination, promoting equal opportunity and doing all that we can to foster good relations in the communities in which we provide services and within our services. We aim to recognise and promote the diversity of our organisation with respect to gender, race, ethnicity, ethnic or national origin, citizenship, religion and beliefs, disability, mental health, age, domestic circumstances, social class, sexual orientation, marriage or civil partnership status and recognise and to support trade union membership.

We believe in fairness and equality and aim to value diversity and promote inclusion in all that we do. This is reflected in our values which form the guiding principles and behaviours for the way we do our work.

Our values are:

- respect
- compassion
- partnership
- accountability
- fairness
- ambition

These values are at the heart of celebrating and promoting the diversity of our organisation. Prioritising equal opportunity is essential to living these values.

We are committed to ensuring that all employees achieve their full potential in an environment characterised by dignity and mutual respect. Within our teams valuing difference is fundamental; it enables staff to create respectful work environments and to deliver high quality care and services while giving service users the opportunity to reach their full potential.

If unlawful discrimination occurs it will be taken very seriously and may result in formal action being taken against individual members of staff, including disciplinary action.

Equality and diversity

Our Annual Equality and Human Rights Report is published each year on our website which you can view at https://www.shsc.nhs.uk/about-us/equality-diversity-and-inclusion

The report highlights progress we have made against our equality objectives and also the priority action we have identified under the NHS Equality Delivery System. In 2019 we published our first Workforce Disability Equality Standard report and action plan and are currently working with a range of stakeholders to ensure that this is implemented.

We also publish our Workforce Race Equality Standard (WRES) Report and Action Plan and gender pay gap report and action plan on our website.

In 2019 we made progress in areas in terms of equality of race, highlights being the increase in the number of BME staff in senior roles. However, there is still considerable work to be done to improve the experience of staff experiencing racial harassment in our services and disparity in our disciplinary figures remains high.

Work is now being taken forward in the Trust focused on developing a just and learning culture in the organisation which we hope will impact positively on this area.

Accountability Report closing statement

This Accountability Report has been approved by the Trusts' Chief Executive, Jan Ditheridge, in her capacity as Accounting Officer.

Jan Ditheridge
Chief Executive
Date: 23 June 2020

Section 4.0 Auditor's Report

Independent Auditor's report to the Council of Governors of Sheffield Health and Social Care NHS Foundation Trust.

KPMG

Independent auditor's report

to the Council of Governors of Sheffield Health and Social Care NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

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

In our opinion:

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

Basis for opinion

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

Overview	
Materiality: financial statements as a whole	£2m (2018/19:£2m) 1.5% (2018/19: 1.6%) of income from operations

Risks of material misstatement		vs 2018/19
Recurring risks	Combined risk: Recognition of Income from Activities and Other Operating Income	◀▶
	Valuation of Land and Buildings	◀▶
	Fraudulent Expenditure Recognition	◀▶

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2018/19).

	The risk[14]	Our response
Recognition of Income from Activities and Other Operating Income Income from Activities: £105.7m (2018/19: £98.7m) Other Operating income: £25.7m (2018/19: £29.2m) *Refer to note 1 (accounting policies) and notes 3 and 4 (financial disclosures)*	**2019/20 Income** The main source of income for the Trust is the provision of healthcare services to the public under contracts with NHS Commissioners, which make up around 70% of operating income. Income from NHS England and CCGs is captured through the Agreement of Balances (AoB) exercises performed at months 6, 9 and 12 to confirm amounts received and owed. Mismatches in income and expenditure, and receivables and payables are recognised by the Trust and its counterparties to be resolved. Where mismatches cannot be resolved they can be reclassified as formal disputes. In addition to patient care income the Trust also receives a significant proportion (around 25%) from non-patient care activities, principally social care support to people with learning disabilities, education and training, and research and development. Much of this income is generated by contracts with other NHS and non-NHS bodies which are based on varied payment terms, including payment on delivery, milestone payments and periodic payments. Consequently there is a greater risk that income will be recognised on a cash rather than an accruals basis.	Our procedures included: **Tests of detail:** We undertook the following tests of detail: — We inspected the information provided by the Trust as part of the 2019/20 AoB exercise to agree that it is consistent with the information in the accounts covering both NHS income and NHS receivables; — We identified any mismatches over £100k (both income and receivables) with Commissioners and obtained explanations for the mismatches; — We agreed any disputed NHS income or receivables over £100k to documentation which supported the Trust's estimates; — We assessed whether any adjustments to balances agreed with other NHS organisations had been appropriately reflected in the accounts; — We agreed any accrued income balances to supporting documentation to confirm they had been recorded appropriately; — We agreed income recorded in the financial statements to signed contracts and contract variations with Local Authorities and non-government bodies; and — For a sample of invoices raised immediately before and after the balance sheet date, we checked that income had been recognised in the correct financial period.

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

	The risk[14]	Our response
Valuation of Land and Buildings £49.6m: (2018/19: £49.6m) *Refer to note 1 (accounting policies) and note 16 (financial disclosures)*	**Subjective valuation** The Trust's main land and buildings relate to multiple sites across Sheffield. Land and buildings are required to be measured at market value in existing use (EUV) for non-specialised property assets in operational use, and, for specialised assets where no market value is readily ascertainable, the depreciated replacement cost (DRC) of a modern equivalent asset that has the same service potential as the existing property. There is significant judgement involved in determining the appropriate valuation basis (EUV or DRC) for each asset according to the degree of specialisation, as well as over the assumptions made in arriving at the valuation of the asset. Valuations are completed by an external expert engaged by the Trust using construction indices and so accurate records of the current estate are required. Full valuations are completed every five years, with interim desktop valuations completed in interim periods. In 2019/20, the Trust requested that the valuer provide information on whether the value of the estate was likely to have changed during 2019/20 based on available indices. The valuer used previous knowledge of the Trust and its land and buildings to provide information on expected changes in values. Valuations are inherently judgemental, therefore our work focused on whether the methodology, assumptions and underlying data, are appropriate and correctly applied. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. There is a risk that uncertainties around the impact of the Covid-19 pandemic on the values of land and buildings will be inappropriately disclosed.	Our procedures included: — **Assessing valuer's credentials:** We assessed the competence, capability, objectivity and independence of the Trust's external valuer to carry out the valuation objectively and competently; — **Test of detail:** We considered the data provided to the valuer in 2017/18 when the last full revaluation was undertaken to determine whether there had been any material changes to land and buildings since that date; — **Methodology choice:** We assessed and recalculated the impact of the indices used by the valuer on the value of the Trust's land and buildings. We also obtained alternative valuation indices to consider whether there would have been a material change in the value of the Trust's land and buildings had a different method of valuation been used. — **Tests of detail:** We tested material additions during the year to supporting documentation including invoices; — **Tests of detail:** We assessed whether the impairments and revaluations had been correctly accounted for in line with applicable accounting standards and the GAM; — **Assessing transparency:** We assessed the adequacy of the disclosures about the key judgements and degree of estimation involved in arriving at the valuation and the related sensitivities; and — **Assessing Transparency:** We ensured that the disclosures made were in line with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20, supplemented by additional guidance issued by NHS Improvement in April 2020.

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

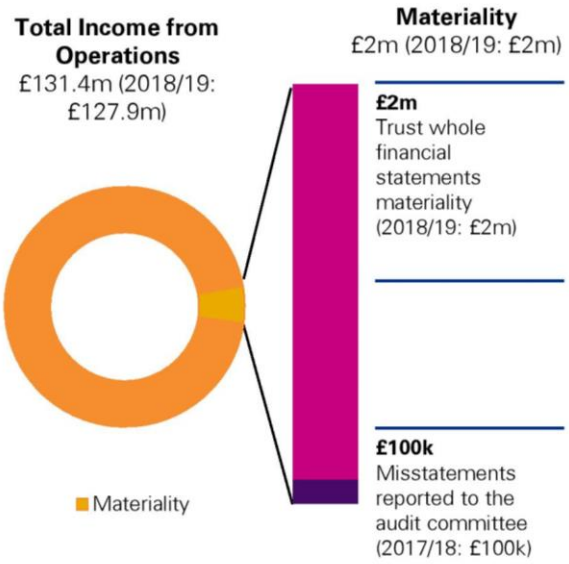
	The risk	Our response
Recognition of Expenditure Non-pay operating expenses: £23.3m (2018/19: £21.5m) Creditors and accrued non-pay expenditure: £8.4m (2018/19: £7.4m) Provisions: £1.1m (2018/19: £1.8m) *Refer to note 1 (accounting policies) and notes 7, 23, 24 (financial disclosures)*	**Effect of irregularities** In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets. As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition and so the auditor has regard to this when planning and performing audit procedures. This risk does not apply to all expenditure in the period. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of creditors and accrued non-pay expenditure at year-end, as well as the completeness of the recognition of provisions or the inappropriate release of existing provisions.	Our procedures included: **Tests of detail:** We undertook the following tests of detail: — We tested a sample of expenditure in March and April 2020 and confirmed that these items had been accounted for in the correct period, with reference to when the service was delivered, through inspection of relevant source documentation such as invoices. — We tested both NHS and non-NHS accruals at year end and confirmed that our sample agreed to appropriate evidence to support the completeness of accruals and the judgments made by management. — We performed sample testing of all material expenditure balances captured by this risk (non-pay operating expenses). — We reviewed the outcome of the agreement of balances exercise and corroborated the Trust's position in all cases where there was a variance over £100k. — We tested the mathematical accuracy of management's year-end provision position and agreed the appropriateness of any provision releases in year to supporting records.

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £2 million (2018/19: £2 million), determined with reference to a benchmark of income from operations (of which it represents approximately 1.5% (2018/19: 1.6%). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £100k million (2018/19 £100K), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was performed remotely.



4. We have nothing to report on going concern

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

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

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

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note 1.2 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

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

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

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

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

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

Remuneration report

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

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

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

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

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

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

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

We have nothing to report in these respects.

Our conclusion on the Trust's arrangements for securing, economy efficiency and effectiveness in the use of resources is adverse

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

Adverse conclusion

As a result of the matters outlined in the basis for adverse conclusion paragraph below, we are unable to satisfy ourselves that, in all significant respects Sheffield Health and Social Care NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for adverse conclusion

The Trust received an overall inadequate rating by CQC in its latest inspection report dated 30 April 2020. The quality of leadership of the Trust (the 'well-led domain') was rated inadequate as part of this inspection and as a basis of the report, the Chief Inspector of Hospitals has recommended the Trust be placed into special measures.

The inspection report has identified a number of concerns in relation to governance, risk management and workforce management. We are satisfied this provides evidence the Trust did not put in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned sustainable outcomes, including working with partners, for the year ended 31 March 2020.

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

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

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

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

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

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

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

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

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

Significant Risk	Description	Work carried out and judgements
Financial Sustainability	**Financial sustainability (including delivery of the Cost Improvement Programmes (CIPs)** Maintaining financial balance, whilst delivering high quality healthcare is a key objective for the Trust. The sustained financial pressure on the sector meant that the Trust had to identify and achieve challenging savings goals to continue to meet its targets.	Our procedures included: — **Review of the process to achieve recurrent cost savings:** Our work focused on the arrangements in place to deliver recurrent cost improvements. We also reviewed how the shortfall in the planned CIP was managed by the Trust; and — **Review of the process for identifying future CIP schemes:** We sought evidence that the Trust had in a place a process to identifying further CIP schemes to meet future savings targets, including for the 2019/20 year. **Our findings on this risk area:** For 2019/20, the Trust achieved its CIP target of £2.8m. The Trust worked throughout the year to identify additional areas of saving and to keep remaining schemes on track in order to deliver its CIP target. Overall the Trust achieved a surplus of £3.3m against a planned surplus of £1.2m. At the time of reporting, CIP requirements for 2020/21 were still to be agreed nationally as a result of the impact of the Covid-specific funding regime which has been put in place. Our work has confirmed that the Trust has adequate arrangements to deliver financial sustainability. No issues were identified as a result of our testing that impacts on our value for money conclusion.
Delivery of CQC improvement action plans	The CQC report published on 05 October 2018 raised concerns in relation to safety and leadership, resulting in the Trust being given an overall 'requires improvement' rating. A further CQC report published on 30 April 2020 rated the Trust inadequate.	Our procedures included: - Prior to the publication of the 30 April 2020 CQC report, our work focused on the adequacy of the Trust's arrangements for ensuring the issues raised by the CQC were being addressed. - Following the publication of the CQC report on 30 April 2020, our work considered the findings of the CQC report to understand the impact on our VFM conclusion. **Our findings on this risk area:** The Trust received an overall inadequate rating by CQC in its latest inspection report dated 30 April 2020. The quality of leadership of the Trust (the 'well-led domain') was rated inadequate as part of this inspection and as a basis of the report, the Chief Inspector of Hospitals has recommended the Trust be placed into special measures. The inspection report identified a number of concerns in relation to governance, risk management and workforce management. This provides evidence that the Trust did not put in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned sustainable outcomes, including working with partners, for the year ended 31 March 2020.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

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

Rashpal Khangura
for and on behalf of KPMG LLP

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

KPMG

Section 5.0 Annual Accounts

Foreword to the accounts

Sheffield Health and Social Care NHS Foundation Trust

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

After making enquiries the Directors have reasonable expectation that the NHS Foundation Trust has adequate resource to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Jan Ditheridge
Chief Executive (as Accounting Officer)
Date: 23 June 2020

The Accounts of Sheffield Health and Social Care NHS Foundation Trust for the period ending 31 March 2020 follows the four primary statements; the Statement of Comprehensive Income (SOCI), the Statement of Financial Position (SOFP), the Statement of Changes in Taxpayers' Equity (SOCITE), and the Statement of Cashflows (SCF) are presented first. These are followed by the supporting notes to the accounts.

Note 1 outlines the Foundation Trust's accounting policies. Subsequent notes provided further detail on lines in the four primary statements and are cross referenced accordingly.

The financial statements (Accounts) were approved by the Board on 23 June 2020 and signed on its behalf by:

Jan Ditheridge
Chief Executive (as Accounting Officer)
23 June 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	105,734	98,720
Other operating income	4	25,741	29,216
Operating expenses	7, 9	(126,990)	(114,813)
Operating surplus/(deficit) from continuing operations		**4,485**	**13,123**
Finance income	12	322	224
Finance expenses	13	(38)	(21)
Public Dividend Capital (PDC) dividend payable		(1,432)	(1,635)
Net finance costs		**(1,148)**	**(1,432)**
Other gains / (losses)	14	-	6
Surplus/(deficit) for the year from continuing operations		**3,337**	**11,697**
Surplus /(deficit) for the year		**3,337**	**11,697**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	17	90	-
Other recognised gains and (losses)		(1,165)	287
Remeasurements of the net defined benefit pension scheme liability / asset	27	1,368	(812)
Total comprehensive income / (expense) for the period		**3,630**	**11,172**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	15	1,439	977
Property, plant and equipment	16	49,583	49,617
Investment property	18	-	200
Receivables	21	4,666	5,331
Total non-current assets		**55,688**	**56,125**
Current assets			
Inventories	20	113	91
Receivables	21	7,822	13,032
Cash and cash equivalents	22	51,018	40,933
Total current assets		**58,953**	**54,056**
Current liabilities			
Trade and other payables	23	(10,385)	(8,805)
Provisions	24	(460)	(1,059)
Other liabilities	23	(25)	(25)
Total current liabilities		**(10,870)**	**(9,889)**
Total assets less current liabilities		**103,771**	**100,293**
Non-current liabilities			
Provisions	24	(678)	(755)
Other liabilities	23	(4,769)	(5,792)
Total non-current liabilities		**(5,447)**	**(6,547)**
Total assets employed		**98,324**	**93,746**
Financed by			
Public Dividend Capital		35,504	34,556
Revaluation reserve		13,106	13,016
Income and expenditure reserve		49,714	46,174
Total taxpayers' equity		**98,324**	**93,746**

The notes on pages 125 to 179 form part of these accounts.

Jan Ditheridge
Chief Executive (as Accounting Officer)
Date: 23 June 2020

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

	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers' and others' equity at 01 April 2019 – brought forward	**34,556**	**13,016**	**46,174**	**93,746**
Surplus/(deficit) for the year	-	-	3,337	**3,337**
Revaluations	-	90	-	**90**
Other recognised gains and losses	-	-	(1,165)	**(1,165)**
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	1,368	**1,368**
Public dividend capital received	948	-	-	**948**
Taxpayers' and others' equity at 31 March 2020	**35,504**	**13,106**	**49,714**	**98,324**

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

	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers' and others' equity at 01 April 2018 – brought forward	**34,201**	**13,132**	**34,886**	**82,219**
Prior period adjustment	-	-	-	-
Taxpayers' and others' equity at 01 April 2018 – restated	**34,201**	**13,132**	**34,886**	**82,219**
Surplus/(deficit) for the year	-	-	11,697	**11,697**
Transfer to retained earnings on disposal of assets	-	(116)	116	**-**
Other recognised gains and losses	-	-	287	**287**
Remeasurements of the defined net benefits pension scheme liability/asset	-	-	(812)	**(812)**
Public dividend capital received	355	-	-	**355**
Taxpayers' and others' equity at 31 March 2019	**34,556**	**13,016**	**46,174**	**93,746**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		4,485	13,123
Non-cash income and expense			
Depreciation and amortisation	7.1	2,657	2,565
Non-cash movements in on-SoFP pension liability		345	137
(Increase)/decrease in receivables and other assets		5,225	(840)
(Increase)/decrease in inventories		(22)	(19)
Increase/(decrease) in payables and other liabilities		1,873	(722)
Increase/(decrease) in provisions		(673)	(598)
Other movements in operating cash flows		(345)	(120)
Net cash generated from / (used in) operating activities		**13,545**	**13,525**
Cash flows from investing activities			
Interest received		314	215
Purchase of intangible assets		(704)	(764)
Purchase of property, plant and equipment and investment property		(2,368)	(2,042)
Sales of property, plant, equipment and investment property		-	174
Net cash flows from / (used in) investing activities		**(2,758)**	**(2,417)**
Cash flows from financing activities			
Public dividend capital received		948	355
PDC dividend (paid) / refunded		(1,650)	(1,429)
Net cash flows from / (used in) financing activities		**(702)**	**(1,074)**
Increase / (decrease) in cash and cash equivalents		**10,085**	**10,034**
Cash and cash equivalents at 01 April – brought forward		**40,933**	**30,899**
Cash and cash equivalents at 31 March	22.1	**51,018**	**40,933**

Supporting 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 NHS foundation trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC Group Accounting Manual 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 DHSC Group Accounting Manual 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. Sheffield Health and Social Care NHS Foundation Trust ("the Trust") achieved foundation trust status on 1 July 2008.

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.

Note 1.1.2 Accounting period

The accounts of the Trust have been drawn up for the year to 31 March 2020.

Note 1.1.3 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

Note 1.2 Going concern

The Trust's annual report and accounts have been prepared on a going concern basis, approved by the Board. There is a reasonable assumption that the Trust has the ability to continue in existence in the foreseeable future.

Note 1.3 Interests in other entities

NHS charitable funds

The Trust is one of the related Charities to Sheffield Hospitals Charitable Trust, under the umbrella registration of 1059043-3. The Trust is not a corporate trustee of the charity. The Trust has assessed its relationship to the charitable fund and determined it not to be a subsidiary because the Trust does not have the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff. The Trust will not be consolidating the Sheffield Hospitals Charity. The Department of Health and Social Care corresponds directly with NHS charities whom are independent of their linked trust (with independent trustees) to obtain the information they require to consolidate the Department of Health and Social Care group. Sheffield Hospitals Charity is one such charity.

Subsidiaries

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'. During 2015/16 the Trust established an operating company, 7 Hills Care and Support Ltd wholly owned by the Trust and which has currently remained dormant during 2019/20.

Associates

Associate entities are those over which the trust has the power to exercise a significant influence, so as to obtain economic or other benefits. Associate entities are recognised in the trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, e.g., share dividends are received by the trust from the associate. Associates which are classified as held for sale are measured at the lower of their carrying amount and "fair value less costs to sell". During 2019/20 the Trust recognises no Associates.

Joint arrangements

Arrangements over which the trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint

venture. A joint operation exists where the parties that has joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Where the trust is a joint operator it recognises its share of, assets, liabilities, income and expenses in its own accounts. During 2019/20 the Trust recognises no Joint arrangements.

Note 1.4 Critical judgement and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Trust confirms that it has not used any key assumptions concerning the future or had any key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year that need to be disclosed under IAS1.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset or liability recorded in note 16.1

Note 1.4.1 Critical judgements in applying accounting policies

The main area of estimation uncertainty within the Trust is the carrying value of the property portfolio and the assumptions used in the determination of fair value at the Statement of Financial Position date, in order to minimise the risk of material misstatement, a full property valuation has been commissioned by the Trust as at 31 March 2018. Provisions have been calculated having recognised an obligating event during the year and include estimates and assumptions relating to the carrying amounts and timing of the anticipated payments. The litigation provisions are based on estimates from the NHS Resolution and the injury benefit provisions on figures from NHS Business Services Authority. Refer to note 1.15 for further details. A further area where estimation is required relates to the net liability to pay pensions in respect of the staff who transferred to the Trust from Sheffield City Council. This estimation depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in the retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the South Yorkshire Pensions Authority to provide the Trust with expert advice about the assumptions to be applied. Refer to note 1.7 and note 27 and 27.1 for further details.

The Trust policy is to perform full revaluations of lands and buildings every five years, with an interim revaluation on the third year. In addition, as the full revaluation was undertaken within this timeframe, a review of asset valuation movements using the BCIS indices was undertaken in February 2020 to assess whether asset valuation is likely to have moved materially from those valued in March 2018 and since depreciated. This review, along with written confirmation received from our

valuers identified that they do not consider asset values to have materially moved in the area over the last year, indicating that current carrying values are appropriate. The BCIS index has not moved in the time-frame, upon consultation with the Trust's valuers, there was no indication of any material changes to the current values reported at end of March 2020. All but one (Wardsend Road) of the Trust's fixed assets are specialised assets revalued at their 'Depreciated Replacement Cost'. This technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date. In making these judgements, the Trust is aware that the Royal Institute of Chartered Surveyors (RCIS) has issued (April 2020) a valuation practice notice which gives guidance to valuers where a valuer declares a materiality uncertainty attached to a valuation in light of impact of COVID-19 on markets. As explained above, the Trust has not obtained a valuation report for 2019/20 but it should be noted that there now may be greater uncertainty in markets on which the valuation obtained in March 2018 and reflected in the financial statements is based. Given the judgements explained above in preparing the financial statements, the Trust has not deviated from its existing accounting policy by obtaining an additional valuation to which a materiality uncertainty might be attached.

Note 1.5 Transfers of functions

As public sector bodies are deemed to operate under common control, business reconfigurations within the DHSC group are outside the scope of IFRS 3 Business Combinations. Where functions transfer between two public sector bodies, the GAM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Income, and is disclosed separately from operating costs.

Note 1.6 Revenue

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:

- the Trust does 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 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 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 method adopted to assess progress towards the complete satisfaction of a performance obligation is the input method, i.e. the measure of resources consumed to deliver services.

Other income

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

Note 1.7 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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.

NEST Pension Scheme

The trust is a member of the National Employment Savings Trust (NEST) pension scheme which operates as a defined contribution plan. The trust pays contributions into a fund but has no legal or constructive obligation to make further payments if the fund does not have sufficient assets to pay all of the employees' entitlements to post-employment benefits. The trust's obligation is therefore limited to the amount it agrees to contribute to the fund and effectively place actuarial and investment risk on the employee. The amount recognised in the period is the contribution payable in exchange for service rendered by employees during the period.

Local Government Pension Scheme

Some employees are members of the Local Government Pension Scheme, administered by the South Yorkshire Pensions Authority, which is a defined benefit pension scheme. The scheme assets and liabilities attributable to these employees can be identified and are recognised in the Trust's accounts. The assets are measured at fair value, and the liabilities at the present value of future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs. Re-measurements of the defined benefit plan are recognised in the income and expenditure reserve and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. These postings are mostly

countered by the terms of the current partnership agreement. The terms of the current partnership agreement with Sheffield City Council ('the Council') provide that any long-term pension liability arising from the scheme will be funded by the Council, with the exception of any pension changes which relate to salary increases in excess of any local government grading agreements. The impact on the current and prior year Statement of Comprehensive Income and Statement of Changes in Taxpayers' Equity relating to the application of IAS 19 - 'Employee Benefits' within the accounts of the Trust is mostly negated by the inclusion of a corresponding non-current receivable with the Council. For further information see note 27 and 27.1.

Note 1.8 Expenditure on other goods and services

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

Note 1.9 Property, plant and equipment

Note 1.9.1 Recognition

Property, plant and equipment is capitalised if:

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

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

Note 1.9.2 Measurement

Valuation

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no

plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. These valuations are carried out by professionally qualified valuers in accordance with Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Fair values are determined as follows:

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

A full revaluation was undertaken as at 31 March 2018 and a ‘desktop’ revaluation as at 31 March 2020 and are reflected in these financial statements.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet 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 and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences in the following quarter when the assets are brought into use.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of ‘other impairments’ are treated as revaluation gains.

Note 1.9.3 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'
- the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met. The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the income statement. On disposal, the balance for the asset on the revaluation reserve, donated asset reserve or government grant reserve is transferred to retained earnings.

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

Note 1.9.4 Donated and grant funded assets

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated in the same way as for purchased assets.

Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

Government grant funded assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

Note 1.9.5 Investment property

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

Note 1.9.6 Economic lives of property, plant and equipment

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

	Minimum life - years	Maximum life - years
Buildings, excluding dwellings	15	50
Plant and machinery	5	15
Transport equipment	3	7
Information technology	3	7
Furniture and fittings	7	10

Freehold land, assets under construction or development, investment properties, and assets held for sale are not depreciated. Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight-line basis over their estimated useful lives.

The estimated economic useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the 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. At each financial year end, the Trust checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, 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 at the financial year end.

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

Note 1.10 Intangible assets

Note 1.10.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably and when the cost is at least £5,000.

Internally generated intangible assets

Software

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software

which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the Trust intends to complete the intangible asset and 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 technical, financial and other resources to complete the intangible asset and sell or
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Note 1.10.2 Measurement

Intangible assets acquired separately are initially recognised at cost. The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of amortised replacement cost (modern equivalent assets basis) and value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

Revaluations and impairments are treated in the same manner as for property, plant and equipment.

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

Note 1.10.3 Amortisation

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

Note 1.10.4 Economic lives of intangible assets

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

	Minimum life - years	Maximum life - years
Information technology	3	7
Software licences	3	7
Licences and trademarks	3	7

Notes 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

Note 1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.13 Financial assets and financial liabilities

Note 1.13.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements 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.

Note 1.13.2 Classification and measurement

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

transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets and liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

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).

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.

Note 1.13.3 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.

Note 1.14 Leases

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

Note 1.14.1 The trust as lessee

Finance leases

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

During 2019/20 the Trust has no finance leases.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

Where a lease is for land and buildings, the land and building component are separated and individually assessed as to whether they are operating or finance leases.

Note 1.14.2 The trust as lessor

Finance leases

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

Operating leases

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

Note 1.15 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the 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 HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of negative 0.50% (2018-19: positive 0.29%) in real terms.

Note 1.16 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 24.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in a note to the accounts where an inflow of economic benefits is probable. As at 31 March 2020 the Trust has no contingent assets.

Contingent liabilities are not recognised, but are disclosed in note 25, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity’s control
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.18 Public dividend capital (PDC) and PDC dividend

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

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

(i) donated and grant funded assets,

(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility,

(iii) any PDC dividend balance receivable or payable, and

(iv) any Receivables related to PSF Incentive and bonus.

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care, 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. The PDC dividend calculation is based upon the trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

Note 1.19 Value added tax

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

Note 1.20 Corporation tax

The Finance Act 2004 amended Section 519A of the Income and Corporation Taxes Act 1998 to provide power to the Treasury to make certain non-core activities of the Trust, which are not related to, or ancillary to, the provision of healthcare and where profits exceed £50,000 per annum, are potentially subject to corporation tax and should be subject to a review.

The Trust has carried out a review of corporation tax liability of its non-healthcare activities. At present all activities are either ancillary to patient care activity or below the de-minimise £50,000 profit level at which corporation tax is due.

Note 1.21 Foreign currencies

The Trust's functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. 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. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March.

Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Income in the period in which they arise.

Note 1.22 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.23 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

Note 1.24 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Early adoption of standards, amendments and interpretations

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

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

The DHSC GAM does not require the following Standards and Interpretations to be applied in 2019/20. These standards are still subject to HM Treasury FReM adoption, with IFRS 16 being deferred for implementation until year 2021/22, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases - The standard is effective 01 April 2021, as adapted and interpreted by the FReM.
- IFRS 17 Insurance Contracts - Application required for accounting periods beginning on or after 01 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

The Trust has considered the above new standards, interpretation and amendments to published standards that are not yet effective and concluded that IFRS 17 is currently not relevant to the Trust or would not have a significant impact on the Trust's financial statements, apart from some additional disclosures. However, the future implementation of IFRS 16 "Leases" is being assessed in line with HM Treasury and NHSI guidance to better understand its impact on Capital expenditure, EBITDA, finance cost and depreciation, which is also being incorporated to the five years Long Term Financial Model.

This conforms to the FT ARM 2019/20, which requires that any amendments to standards are applied in accordance with the applicable timetable, with early adoption not permitted.

Note 2 Operating Segments

The Trust considers that it has one operating segment, that being the provision of health and social care. All revenues are derived from within the UK.

Details of operating income by classification and operating income by type are given in Note 3.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)

Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Block contract income	93,714	89,880
Clinical partnerships providing mandatory services (including S75 agreements)	1,133	1,115
Other clinical income from mandatory services	6,289	6,217
Agenda for Change pay award central funding*		1,383
Additional pension contribution central funding**	4,122	
Other clinical income	476	125
Total income from activities	**105,734**	**98,720**

*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 01 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)

Income from patient care activities received from:	2019/20 £000	2018/19 £000
NHS England	9,877	4,406
Clinical commissioning groups	90,164	87,408
Department of Health and Social Care	-	1,383
Other NHS providers	1	-
Local authorities	5,653	5,399
Non NHS: other	39	124
Total income from activities	**105,734**	**98,720**
Of which:		
Related to continuing operations	105,734	98,720
Related to discontinued operations	-	-

Note 4 Other operating income

	2019/20			2018/2019		
	Contract income	**Non-contract income**	**Total**	**Contract income**	**Non-contract income**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Research and development	1,252	-	**1,252**	1,111	-	**1,111**
Education and training	6,295	-	**6,295**	5,756	-	**5,756**
Non-patient care services to other bodies	8,946		**8,946**	9,764		**9,764**
Provider sustainability fund (PSF)	1,202		**1,202**	7,655		**7,655**
Income in respect of employee benefits accounted on a gross basis	6,480		**6,480**	3,517		**3,517**
Rental revenue from operating leases		58	**58**		80	**80**
Other contract income	1,508	-	**1,508**	1,333	-	**1,333**
Total other operating income	**25,683**	**58**	**25,741**	**29,136**	**80**	**29,216**
Of which:						
Related to continuing operations			**25,741**			**29,216**
Related to discontinued operations			**-**			-

Other income includes mainly business with Primary Care Sheffield (non-NHS) in the relation to the “Clover GP Practice”.

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

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	25	25
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

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

Note 5.2 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 £000	2018/19 £000
Income from services designated as commissioner requested services	105,734	98,720
Income from services not designated as commissioner requested services	25,741	29,216
Total	**131,475**	**127,936**

Note 5.3 Profits and losses on disposal of property, plant and equipment

No disposals of property, plant and equipment to disclose in financial year 2019/20.

Note 6.1 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed. No material fees and charges to report at 31 March 2020.

Note 7.1 Operating expenses

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	697	739
Purchase of healthcare from non-NHS and non-DHSC bodies	3,923	3,095
Staff and executive director costs	103,451	93,196
Remuneration of non-executive directors	119	118
Supplies and services – clinical (excluding drugs costs)	315	270
Supplies and services – general	961	907
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	845	815
Inventories written down	8	15
Consultancy costs	449	257
Establishment	659	681
Premises	5,391	5,288
Transport (including patient travel)	1,328	1,117
Depreciation on property, plant and equipment	2,539	2,514
Amortisation on intangible assets	118	51
Movement in credit loss allowance: contract receivables / contract assets	42	(77)
Increase/(decrease) in other provisions	(310)	-
Change in provisions discount rate(s)	50	(12)
Audit fees payable to the external auditor		
audit services – statutory audit	59	61
other auditor remuneration (external auditor only)	-	17
Internal audit costs	96	103
Clinical negligence	634	811
Legal fees	168	191
Insurance	169	162
Research and development	1,075	1,305
Education and training	447	384
Rentals under operating lease	1,235	1,273
Redundancy	161	66
Car parking and security	175	91
Hospitality	46	17
Losses, ex gratia and special payments	125	140
Other services, eg external payroll	150	156
Other	1,862	1,062
Total	**126,990**	**114,813**
Of which:		
Related to continuing operations	126,990	114,813
Related to discontinued operations	-	-

Other expenditure not considered a material figure, there are no single significant items of expenditure included in this figure.

Note 7.2 Other auditor remuneration

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	11
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	-	6
Total	**-**	**17**

Due to the COVID-19 pandemic, the Quality Report has been removed from Trust accounts at national level as advised by the DoHSC. There is no longer a requirement for the Trust to produce quality accounts, which the external auditors would normally audit. This fee has therefore not been incurred for 2019/20.

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1m (2018/19: £1m).

Note 8 Impairment of assets

No impairment of assets to declare in relation to PPE. The desktop valuation 2019/20 show no movement on indices. A full revaluation is scheduled by the end of March 2021. No impairment of assets recorded in financial year 2018/19.

Note 9 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	79,485	74,404
Social security costs	7,495	7,037
Apprenticeship levy*	370	349
Employer's contributions to NHS pensions	13,511	8,897
Pension cost - other	48	27
Termination benefits	161	66
Temporary staff (including agency)	4,096	3,540
Total staff costs	**105,166**	**94,320**
Of which:		
Costs capitalised as part of assets	723	305

* The apprenticeship levy was introduced in May 2017 and aims to encourage organisations to take on more apprentices by financing their training. It is a tax applied to all employers whose annual wage bill is more than £3m a year. It amounts to 0.5% of their total payroll and can be used for apprentice training and assessment, but not salaries.

Note 9.1 Directors and Non-Executives remuneration

	2019/20 Total £000	2018/19 Total £000
Fees to Non-Executive Directors*	113	109
Executive Directors – Salaries **	730	693
Executive Directors – Benefits (NHS Pension scheme)	75	74
	918	**876**

* Excludes National Insurance contributions.

** Further information about the remuneration of individual Directors and details of their pension arrangements is provided in the Remuneration Report.

Note 9.2 Retirements due to ill-health

During 2019/20 there was one early retirement from the trust agreed on the grounds of ill-health (one in the year ended 31 March 2019). The estimated additional pension liabilities of this ill-health retirement is £9k (£3k in 2018/19).

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

Note 10 Pension costs

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

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

An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 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 at 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 10.1 NEST Pension Scheme

The Trust is a member of the National Employment Savings Trust (NEST) pension scheme which operates as a defined contribution plan. The Trust pays contributions into a fund but has no legal or constructive obligation to make further payments if the fund does not have sufficient assets to pay all of the employees' entitlements to post-employment benefits. The Trust's obligation is therefore limited to the amount it agrees to contribute to the fund and effectively place actuarial and investment risk on the employee. The amount recognised in the period is the contribution payable in exchange for service rendered by employees during the period.

	2019/20 £000	2018/19 £000
Employer's Contributions	48	27

The average number of members in FY 2019/20 are 184. 176 in FY 2018/19.

Note 11 Operating leases

Note 11.1 Sheffield Health and Social Care NHS Foundation Trust as a lessor
This note discloses income generated in operating lease agreements where Sheffield Health and Social Care NHS Foundation Trust is the lessor.

The Trust subleases surplus space at the Sidney Street property to the private sector. However, the sublease is coming to an end by 31 March 2020.

Operating lease revenue	**2019/20 £000**	**2018/19 £000**
Minimum lease receipts	58	80
Total	**58**	**80**

Note 11.2 Sheffield Health and Social Care NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Sheffield Health and Social Care NHS Foundation Trust is the lessee.

The Trust holds operating leases mainly from other DoHSC bodies £814k, and non WGA £346k. Operating leases are required for premises to deliver patient care services. From Non-WGA organisations the Trust rents accommodation for its Estates Department among others services.

Operating lease expense	2019/20 £000	2018/19 £000
Minimum lease payments	1,292	1,334
Contingent rents	-	-
Less sublease payments received	(57)	(61)
Total	**1,235**	**1,273**

Future minimum lease payments due:	31 March 2020 £000	31 March 2019 £000
- not later than one year;	1,305	2,112
- later than one year and not later than five years;	1,694	1,080
- later than five years.	4,980	8,582
Total	**7,979**	**11,774**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

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

	2019/20 £000	2018/19 £000
Interest on bank accounts	322	224
Total	**322**	**224**

Note 13.1 Finance expenditure

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

	2019/20 £000	2018/19 £000
Unwinding of discount on provisions	(3)	2
Other finance costs (LGPS)	41	19
Total finance costs	**38**	**21**

The Finance interest associated with the Local Authority Pension scheme is presented net as a finance cost in line with IAS19. Refer to accounting policy note 1.7 (LGPS).

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

No liability accruing in year 2019/20 under this legislation as a result of late payments.

Note 14 Other gains / (losses)

	2019/20 £000	2018/19 £000
Gains on disposal of assets	-	6
Losses on disposal of assets	-	-
Total gains / (losses) on disposal of assets	**-**	**6**
Total other gains / (losses)	**-**	**6**

Note 15.1 Intangible assets – 2019/20

	Software licenses	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross costs at 01 April 2019 – brought forward	**297**	**764**	**1,061**
Additions	-	704	**704**
Reclassifications	419	(543)	**(124)**
Valuation / gross costs at 01 April 2020	**716**	**925**	**1,641**
Amortisation at 01 April 2019 – brought forward	**84**	**-**	**84**
Provided during the year	118	-	**118**
Amortisation at 31 March 2020	**202**	**-**	**202**
Net book value at 31 March 2020	**514**	**925**	**1,439**
Net book value at 01 April 2019	**213**	**764**	**977**

Notes 15.2 Intangible assets – 2018/19

	Software licenses £000	Intangible assets under construction £000	Total £000
Valuation / gross costs at 01 April 2018 – as previously stated	**87**	**210**	**297**
Prior period adjustments	-	-	**-**
Valuation / gross costs at 01 April 2018 – restated	**87**	**210**	**297**
Additions	-	764	**764**
Reclassifications	210	(210)	**-**
Valuation / gross costs at 31 March 2019	**297**	**764**	**1,061**
Amortisation at 01 April 2018 – as previously stated	**33**	**-**	**33**
Provided during the year	51	-	**51**
Amortisation at 31 March 2019	**84**	**-**	**84**
Net book value at 31 March 2019	**213**	**764**	**977**
Net book value at 01 April 2018	**54**	**210**	**264**

Note 16.1 Property, plant and equipment – 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Valuation/gross cost at 01 April 2019 – brought forward	**11,185**	**35,370**	**4,040**	**836**	**240**	**2,538**	**25**	**54,235**
Additions	-	-	2,091	-	-	-	-	**2,091**
Revaluations	-	(471)	-	-	-	-		**(471)**
Reclassifications	-	264	(167)	-	-	227	-	**324**
Disposals / derecognition	-	-	-	(257)	(24)	(697)	(6)	**(984)**
Valuation/gross cost at 31 March 2020	**11,185**	**35,163**	**5,964**	**580**	**216**	**2,068**	**19**	**55,195**
Accumulated depreciation at 01 April 2019 – brought forward	**-**	**2,362**	**-**	**533**	**169**	**1,535**	**19**	**4,618**
Provided during the year	-	2,032	-	48	23	434	3	**2,539**
Revaluations	-	(561)	-	-	-	-	-	**(561)**
Disposals / derecognition	-	-	-	(257)	(24)	(697)	(6)	**(984)**
Accumulated depreciation at 31 March 2020	**-**	**3,833**	**-**	**324**	**167**	**1,272**	**17**	**5,612**
Net book value at 31 March 2020	**11,185**	**31,330**	**5,964**	**255**	**48**	**797**	**3**	**49,583**
Net book value at 01 April 2019	**11,185**	**33,008**	**4,040**	**303**	**71**	**1,003**	**6**	**49,617**

Note 16.2 Property, plant and equipment – 2018/19

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Valuation/gross cost at 01 April 2018 – as previously stated	**11,327**	**35,312**	**2,152**	**824**	**240**	**2,469**	**25**	**52,349**
Additions	-	-	2,071	-	-	-	-	**2,071**
Reclassifications	-	101	(182)	12	-	69	-	**0**
Disposals / derecognition	(142)	(43)	-	-	-	-	-	**(185)**
Valuation/gross cost at 31 March 2019	**11,185**	**35,370**	**4,040**	**836**	**240**	**2,538**	**25**	**54,235**
Accumulated depreciation at 01 April 2018 – as previously stated	**-**	**340**	**-**	**478**	**146**	**1,138**	**18**	**2,120**
Provided during the year	-	2,038	-	55	23	397	1	**2,514**
Disposals / derecognition	-	(16)	-	-	-	-	-	**(16)**
Accumulated depreciation at 31 March 2019	**-**	**2,362**	**-**	**533**	**169**	**1,535**	**19**	**4,618**
Net book value at 31 March 2019	**11,185**	**33,008**	**4,040**	**303**	**71**	**1,003**	**6**	**49,617**
Net book value at 01 April 2018	**11,327**	**34,972**	**2,152**	**346**	**94**	**1,331**	**7**	**50,229**

Note 16.3 Property, plant and equipment financing – 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Net book value at 31 March 2020								
Owned - purchased	11,185	30,517	5,964	255	48	797	3	**48,770**
Owned - donated	-	813	-	-	-	-	-	**813**
NBV total at 31 March 2020	**11,185**	**31,330**	**5,964**	**255**	**48**	**797**	**3**	**49,583**

Note 16.4 Property, plant and equipment financing - 2018/19

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Net book value at 31 March 2019								
Owned - purchased	11,185	32,160	4,040	303	71	1,003	6	**48,769**
Owned - donated	-	848	-	-	-	-	-	**848**
NBV total at 31 March 2019	**11,185**	**33,008**	**4,040**	**303**	**71**	**1,003**	**6**	**49,617**

Note 17 Revaluations of property, plant and equipment

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date. Land and buildings used for the Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. These valuations are carried out by professionally qualified valuers in accordance with Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Fair values are determined as follows:

- land and non-specialised buildings – market value for existing use
- specialised buildings – depreciated replacement cost

The most recent full revaluation of the estate was carried out as at 31 March 2018. The Trust policy is to perform full revaluations every five years, with an interim revaluation on the third year. In addition, as the full revaluation was undertaken within this timeframe, a review of asset valuation movements using the BCIS indices was undertaken in February 2020 to assess whether asset valuation is likely to have moved materially from those valued in March 2018 and since depreciated. This review, along with written confirmation received from our valuers Avison Yourng identify that they do not consider asset values to have materially moved in the area over the last year and indicate that current carrying values are appropriate. The BCIS index has not moved in the time-frame, upon consultation with the Trust's valuers, there was no indication of any material changes to the current values reported at end of March 2020. All but one (Wardsend Road) of the Trust's fixed assets are specialised assets revalued at their 'Depreciated Replacement Cost'. This technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date. In making these judgements, the Trust is aware that the Royal Institute of Chartered Surveyors (RCIS) has issued (April 2020) a valuation practice notice which gives guidance to valuers where a valuer declares a materiality uncertainty attached to a valuation in light of impact of COVID-19 on markets. As explained above, the Trust has not obtained a valuation report for 2019/20 but it should be noted that there now may be greater uncertainty in markets on which the valuation obtained in March 2018 and reflected in the financial statements is based. Given the judgements explained above in preparing the financial statements, the Trust has not deviated from its existing accounting policy by obtaining an additional valuation to which a materiality uncertainty might be attached. The carrying value of plant and equipment is written off over their remaining useful lives and new plant and equipment is carried at depreciated historic cost as this is

not considered to be materially different from fair value. Please refer to note 1.9 for further details of economic lives attributed to PPE.

Note 18.1 Investment property

	2019/20 £000	2018/19 £000
Carrying value at 01 April – brought forward	**200**	**200**
Reclassifications to/from PPE	(200)	-
Carrying value at 31 March	**-**	**200**

The Trust has reclassified investment property to business occupied property in relation to the Creche and other elements of Fulwood HQ which provided rental income in past periods. This judgement has been made in line with the DoHSC GAM 2019/20 and appropriate accounting standards such as IAS 16, IAS 40, IFRS 13, and also consulted IFRS 5 and concluded that this reclassification represents a true and fair view in line with the imminent disposal of Fulwood HQ land and buildings.

Note 18.2 Investment property income and expenses

	2019/20 £000	2018/19 £000
Direct operating expense arising from investment property which generated rental income in the period	-	(4)
Direct operating expense arising from investment property which did not generate rental income in the period	-	-
Total investment property expenses	**-**	**(4)**
Investment property income	-	19

Note 19 Disclosure of interests in other entities

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'. During 2015/16 the Trust established an operating company, 7 Hills Care and Support Ltd wholly owned by the Trust and which has currently remained dormant during 2019/20.

Note 20 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	113	90
Consumables	0	1
Total inventories	**113**	**91**
of which:		
Held at fair value less costs to sell	-	91

Inventories recognised in expenses for the year were £742k (2018/19: £717k). Write-down of inventories recognised as expenses for the year were £8k (2018/19: £15k).

Note 21.1 Receivables

Current	31 March 2020 £000	31 March 2019 £000
Contract receivables	7,150	12,588
Allowance for impaired contract receivables / assets	(472)	(710)
Prepayments (non-PFI)	769	822
Interest receivable	8	-
PDC dividend receivable	203	-
VAT receivable	131	297
Corporation and other taxes receivable	33	36
Total current trade and other receivables	**7,822**	**13,032**
Non-current		
Prepayments (non-PFI)	469	273
Other receivables*	4,197	5,058
Total non-current receivables	**4,666**	**5,331**
Of which receivables from NHS and DHSC group bodies:		
Current	4,791	10,290
Non-current	-	-

* Other non-current receivables is governed by IAS 19 (Employee Benefits), and it is in relation to the LGPS funding agreement with Sheffield City Council.

Note 21.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	**All other receivables**	**Contract receivables and contract assets**	**All other receivables**
	£000	**£000**	**£000**	**£000**
Allowances as at 01 April – brought forward	**710**	**-**	**-**	**939**
Impact of implementing IFRS 9 (and IFRS 15) on 01 April 2018			939	(939)
New allowances arising	232	-	449	-
Reversals of allowances	(190)	-	(526)	-
Utilisation of allowances (write offs)	(280)	-	(152)	-
Allowances as at 31 March 2020	**472**	**-**	**710**	**-**

The Trust has no material category of receivable which requires generic expected credit losses to be recognised. Receivables are impaired when there is evidence to indicate that the Trust may not recover, in full, sums due. This can be on the basis of legal advice, insolvency of debtors, or other economic factors. Impaired receivables are written off only when all reasonably possible means of recovery have been exhausted. The nature of the Trust's business generally means that no collateral is held against outstanding receivables. Prepayments and accrued income are neither past their due date, nor impaired. Other trade receivables become due immediately as the Trust does not offer extended credit terms.

Note 22.1 Cash and cash equivalents movements

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

	2019/20 £000	2018/19 £000
At 01 April	**40,933**	**30,899**
Net change in year	10,085	10,034
At 31 March	**51,018**	**40,933**
Broken down into:		
Cash at commercial banks and in hand	86	203
Cash with the Government Banking Service	50,932	40,730
Total cash and cash equivalents as in SoCF	**51,018**	**40,933**

Note 22.2 Third party assets held by the trust

Sheffield Health and Social Care NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020 £000	31 March 2019 £000
Bank balances	52	52
Monies on deposit	25	41
Total third party assets	**77**	**93**

Note 23.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	2,077	1,679
Capital payables	593	870
Accruals	4,424	3,590
Social security costs	1,147	1,055
Other taxes payable	815	360
PDC dividend payable	-	15
Other payables	1,329	1,236
Total current trade and other payables	**10,385**	**8,805**
Non-current		
£nil Non-current trade and other payables at 31 March 2020	-	-
Of which payables from NHS and DHSC group bodies:		
Current	767	575
Non-current	-	-

Note 23.2 Other Liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	25	25
Total other current liabilities	**25**	**25**

Non-current

	31 March 2020 £000	31 March 2020 £000
Net pension scheme liability (LGPS)	4,769	5,792
Total other non-current liabilities	**4,769**	**5,792**

Sheffield Health and Social Care NHS Foundation Trust has no loans in place to declare as at 31 March 2020.

Note 24.1 Provisions for liabilities and charges analysis

	Pensions: injury benefits	Legal claims	Re-structuring	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 01 April 2019	**742**	**87**	**81**	**198**	**707**	**1,814**
Change in the discount rate	**50**	**-**	**-**	**-**	**-**	**50**
Arising during the year	**21**	**78**	**-**	**48**	**98**	**245**
Utilised during the year	(50)	(82)	-	(123)	(175)	**(430)**
Reversed unused	**(108)**	**(45)**	**-**	**(26)**	**(359)**	**(538)**
Unwinding of discount	**(3)**	**-**	**-**	**-**	**-**	**(3)**
At 31 March 2020	**652**	**38**	**81**	**97**	**271**	**1,138**
Expected timing of cash flows:						
- not later than one year	41	38	81	97	**203**	**460**
- later than one year and not later than five years	165	-	-	-	**68**	**233**
- later than five years	446	(0)	0	(0)	**(0)**	**445**
Total	**652**	**38**	**81**	**97**	**271**	**1,138**

A provision of £652,000 relates to Injury Benefits. These are payable to current and former members of staff who have suffered injury at work. These cases have been adjudicated by the NHS Pensions Authority. The value shown is the value of payments due to the individuals for the term indicated by Government Actuary life expectancy tables, and the actual value of this figure represents the main uncertainty in the amounts shown. (31 March 2019 - £742,000).

Legal claims relate to claims brought against the Trust for Employer's Liability or Public Liability. These cases are handled by NHS Resolution, who provide an estimate of the Trust's probable liability. Actual costs incurred are subject to the outcome of legal action. The eventual settlement costs and legal costs may be higher or lower than provided. Costs in excess of £10,000 per case for Employer's liability, and cost is excess of £3,000 per case for Public Liability are covered by NHS Resolution and are not included above.

Restructuring and Redundancy provisions are in line with on-going staff redeployment schemes as a result from previous restructure of services. A level of uncertainty remain with three members of staff and are reflected in the provisions above.

Other provisions are made of various elements related to possible liabilities as a result of the HQ relocation, uncertainties with relation to Working Time Directive (WTD) in relation to over time hours linked to annual leave entitlements. Some legal cases brought to the Trust which are outside of the NHS Resolution scheme, and provisions in relation to complaints brought against the "Residential Financial Services", and dilapidation costs for a property rented by the Trust.

Note 24.2 Clinical negligence liabilities

At 31 March 2020, £3,047k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Sheffield Health and Social Care NHS Foundation Trust (31 March 2019: £3,138k).

Note 25 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(45)	(78)
Gross value of contingent liabilities	**(45)**	**(78)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(45)**	**(78)**
Net value of contingent assets	-	-

Legal claims contingent liabilities represent the consequences of losing all current third party legal claim cases. The contingent liabilities are based on the estimations provided by NHS Resolution for cases which possibility of an outflow of resources embodying economic benefits are below 50%.

Note 26 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	593	870
Intangible assets	-	-
Total	**593**	**870**

Note 27 Defined benefit pension schemes

South Yorkshire Pensions Fund – Retirement Benefit Obligations

The total defined benefit pension gain for 2019/20 in respect of the local government scheme administered by South Yorkshire Pensions Authority was £203,000 (31 March 2019 loss £565,000). A pension deficit of £4,769,000 is included in the Statement of Financial Position as at 31 March 2020 (31 March 2019 - £5,792,000).

The terms of the current partnership agreement with Sheffield City Council provide that any long term pension liability arising from the scheme will be funded by the Council, with the exception of any pension changes which relate to an increase in salary in excess of any local government grading agreements. The impact on the current and prior year statement of consolidated income and taxpayers' equity relating to the application of IAS 19 - 'Employee Benefits' within the accounts of the Trust is therefore negated in its majority by the inclusion of a corresponding non-current receivable with the Council. As at 31 March 2020, the deficit on the scheme was £4,769,000 (31 March 2019 - £5,792,000 deficit), the majority of which is offset by a non-current receivable of £4,197,000 (31 March 2019 - £5,057,923).

Estimation of the net liability to pay pensions depends on a number of complex judgements. A firm of consulting actuaries is engaged by South Yorkshire Pensions Authority to provide expert advice about the assumptions made, such as mortality rates and expected returns on pension fund assets. Pension increases or revaluations for public sector schemes are based on the Consumer Prices Index ("CPI") measure of price inflation. The main actuarial assumptions used at the date of the statement of financial position in measuring the present value of defined benefit scheme liabilities are:

	31 Mar 2020	31 Mar 2019
	%	%
Rate of inflation	**2.1**	2.2
Rate of increase in salaries	**3.4**	3.5
Rate of increase in pensions and deferred pensions	**2.2**	2.3
Discount rate	**2.4**	2.4

The current life expectancies at age 65 underlying the accrued liabilities for the scheme are:

Non retired member – Male (aged 65 in 20 years' time)	**23.9**	25.3
Non retired member – Female (aged 65 in 20 years' time)	**27.1**	28.3
Retired member – Male	**22.4**	23.1
Retired member – Female	**25.2**	25.9

The fair value of the scheme's assets and liabilities recognised in the balance sheet were as follows:

	Scheme assets %	**2020 £000**	**Scheme assets %**	**2019 £000**
Equities	51.78	**11,161**	50.85	11,561
Government Bonds	10.81	**2,330**	12.97	2,949
Other Bonds	9.94	**2,142**	10.15	2,308
Property	8.96	**1,931**	9.67	2,198
Cash/liquidity/other	18.52	**3,992**	16.36	3,720
Total fair value of assets	100.00	**21,556**	100.00	22,736
Present value of defined benefit obligation		**(26,325)**		(28,528)
Net retirement benefit deficit		**(4,769)**		(5,792)

IAS19 mean that rather than recognising the expected gain during the year from scheme assets in finance income and the interest cost during the year arising from the unwinding of the discount on the scheme liabilities recognised in finance costs; we now present the net interest cost during the year within finance costs. Actuarial gains and losses are not presented; rather the Re-measurements of the defined benefit plan are disclosed and recognised in the income and expenditure reserve.

Movements in the present value of the defined benefit obligations are:

	2020 £000	2019 £000
At 01 April	**(28,528)**	(26,460)
Current service cost	**(416)**	(410)
Interest on pension liabilities	**(682)**	(681)
Member contributions	**(76)**	(82)
Past Service costs (gain)	**(186)**	-
Actuarial (losses) / gain on liabilities	**3,000**	(1,519)
Benefits paid	**563**	653
Curtailments	**-**	(29)
At 31 March	**(26,325)**	(28,528)

Movements in the fair value of the scheme's assets were:

	2020	2019
	£000	£000
At 01 April	**22,736**	21,617
Interest on plan assets	**545**	560
Remeasurements (assets)	**(1,632)**	707
Administration expenses	**(6)**	(5)
Employer contributions	**400**	428
Member contributions	**76**	82
Benefits paid	**(563)**	(653)
At 31 March	**21,556**	**22,736**

The net pension expense recognised in operating expenses in respect of the scheme is:

	Year ended	
	2020	2019
	£000	£000
Current service cost	**(416)**	(410)
Pension expense to operating surplus	**(416)**	(410)
Net interest cost	**(137)**	(121)
Administration expenses	**(6)**	(5)
Curtailments	**-**	(29)
Past service costs (gain)	**(186)**	-
Pension expense	**(329)**	(155)
Net pension charge	**(745)**	(565)

The reconciliation of the opening and closing statement of financial position is as follows:

	2020	2019
	£000	£000
At 01 April	**(5,792)**	(4,843)
Expenses recognised	**(745)**	(565)
Actuarial losses recognised:		
Remeasurements (liabilities and assets)	**1,368**	(812)
Contributions paid	**400**	428
At 31 March	**(4,769)**	(5,792)

Remeasurement gains and losses are recognised directly in the Income and Expenditure reserve. However, the majority of the gains and losses are covered by the back to back agreement with Sheffield City Council (further information is provided at note 1.7. At 31 March 2020, a cumulative amount of £518,000 was recorded in the Income and Expenditure Reserve (31 March 2019 £721,000).

The history of the scheme for the current and prior year is:

	2020	2019
	£000	£000
Present value of defined benefit obligation	(26,325)	(28,528)
Fair value of scheme assets	21,556	22,736
Net retirement obligation	**(4,769)**	(5,792)

Experience gain on scheme liabilities in remeasurement for 2019/20 are £1,439,000 (year ended 31 March 2019 £nil). Gains on financial assumptions are £527,000 (loss at year ended 31 March 2019 £1,519,000) and gains of demographic assumptions are £1,034,000 (year ended 31 March 2019 £nil).

Note 27.1 Changes in the defined benefit obligation and fair value of plan assets during the year

	2019/20 £000	2018/19 £000
Present value of defined benefit obligation at 01 April	**(28,528)**	**(26,460)**
Current service cost	(416)	(410)
Interest cost	(682)	(681)
Contribution by plan participants	(76)	(82)
Remeasurement of the net defined benefit (liability) / asset:		
• Actuarial (gains) / losses	3,000	(1,519)
Benefits paid	563	653
Past service costs	(186)	-
Curtailments and settlements	-	(29)
Present value of the defined benefit obligation at 31 March	**(26,325)**	**(28,528)**
Plan assets at fair value at 01 April	**22,736**	**21,617**
Interest income	545	560
Remeasurement of the net defined benefit (liability) / asset:		
- Return on plan assets	-	-
- Actuarial (gains) / losses	(1,632)	707
- Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Contributions by the employer	394	423
Contributions by the plan participants	76	82
Benefits paid	(563)	(653)
Plan assets at fair value at 31 March	**21,556**	**22,736**
Plan surplus/(deficit) at 31 March	**(4,769)**	**(5,792)**

Note 27.2 Reconciliation of the present value of the defined benefit obligation and the present value of the plan assets to the assets and liabilities recognised in the balance sheet

	31 March 2020 £000	31 March 2019 £000
Present value of defined benefit obligation	(26,325)	(28,528)
Plan assets at fair value at	21,556	22,736
Net defined benefit (obligation) / asset recognised in the SoFP	**(4,769)**	**(5,792)**
Fair value of any reimbursement right	4,197	5,058
Net (liability) / asset after the impact of reimbursement rights	**(572)**	**(734)**

Note 27.3 Amounts recognised in the SoCI

	2019/20 £000	2018/19 £000
Current service cost	(416)	(410)
Interest expense / income	(137)	(121)
Past service cost	(186)	-
Gains/(losses) on curtailment and settlement	-	(29)
Total net (charge) / gain recognised in SoCI	**(739)**	**(560)**

Note 28 Financial instruments

Note 28.1 Financial risk management

IFRS 7, 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the international financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department within the parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors.

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.

Credit risk

As the majority of the Trust's income comes from contracts with public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at the end of the financial year is in receivables from customers, as disclosed in the receivables note.

Liquidity risk

The Trust's net operating costs are incurred under contract with Clinical Commissioning Groups, Local Authorities, and other government bodies which are financed from resources voted annually by Parliament. The Trust finances its capital expenditure from funds from cash reserves or loans. The Trust is therefore not exposed to significant liquidity risks.

Note 28.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	10,883	-	-	**10,883**
Cash and cash equivalents	51,018	-	-	**51,018**
Total at 31 March 2020	**61,901**	-	-	**61,901**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	16,936	-	-	**16,936**
Cash and cash equivalents	40,933	-	-	**40,933**
Total at 31 March 2019	**57,869**	-	-	**57,869**

Note 28.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Trade and other payables excluding non financial assets	8,423	-	**8,423**
Total at 31 March 2020	**8,423**	-	**8,423**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Trade and other payables excluding non financial assets	7,375	-	**7,375**
Total at 31 March 2019	**7,375**	-	**7,375**

Note 28.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	8,423	7,375
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	-	-
Total	**8,423**	**7,375**

Note 28.5 Fair values of financial assets and liabilities

The fair value of the Trust's financial assets and financial liabilities at 31 March 2020 equates to book value.

Note 29 Losses and special payments

Over the financial year 2019/20 the total value of losses and special payments amounts to £171,346 representing a decrease of £10,360 in comparison to year 2018/19. However, the number of cases recorded have increased in comparison to previous year by 41 at 123 cases. On a positive note, the average cost per case has decreased from £2,216 per case in 2018/19 to £1,393 per case in 2019/20.

The main reason for the increment in the number of cases is mainly due to the increase in damages to buildings reported via the Trust's Estates Department, having 40 more cases and costing £39,899 more than previous year. The bad debts write offs have increase by 12 more incidents and by £7,202, this is after exhausting all possible avenues including recurring to the Trust debt collector agency. However, there have been write-offs related to vulnerable service users (three), and a vast majority of cases that were uneconomical to pursue. Compensations paid under legal obligation via NHS Resolutions have reduced slightly by three cases and £8,893. Other movements reported are in line with previous years with regards to stock write-offs of £10,580. The most numbers of cases (54) have been reported in Q2 and the most value (£62k) in Q4 2019/20.

	2019/20		2018/19	
	Total number of cases number	**Total value of cases £000**	**Total number of cases number**	**Total value of cases £000**
Losses				
Cash losses	-	-	4	1
Bad debts and claims abandoned	20	8	13	15
Stores losses and damage to property	73	79	31	42
Total losses	**93**	**87**	**48**	**58**
Special payments				
Compensation under court order or legally binding arbitration award	12	82	15	91
Ex-gratia payments	18	2	19	33
Total special payments	**30**	**84**	**34**	**124**
Total losses and special payments	**123**	**171**	**82**	**182**

Note 30 Gifts

No gifts to report for financial years 2018/19 and 2019/20.

Note 31 Related parties

Sheffield Health and Social Care NHS Foundation Trust is a corporate body established by order of the Secretary of State for Health.

During the year the Trust has had transactions with a number of organisations with which key employees and directors of the Trust have some form of relationship. These are detailed below:

Related Party (Register of Interest 2019/20)	Receipts from Related Party **£000**	Payments to Related Party **£000**	Amounts due from Related Party **£000**	Amounts owed to Related Party **£000**
Sheffield City Council	**6,090**	**410**	**0**	**403**
South Yorkshire Housing Association	**2,302**	**278**	**1,040**	**21**
Sheffield Flourish	**0**	**63**	**0**	**0**
University of Sheffield	**131**	**567**	**43**	**168**
Derbyshire Healthcare NHS Foundation Trust	**726**	**33**	**99**	**0**

The relationships are:

- one of the Non-Executive Directors undertakes unpaid consultancy for South Yorkshire Housing Association
- one of the Non-Executive Directors is the Deputy Leader of Sheffield City Council
- one of the Non-Executive Directors is a board member at Sheffield Flourish
- one of the Non-Executive Directors' spouse is employed by the University of Sheffield
- one of the senior managers is a bank employee of Derbyshire Healthcare NHS Foundation Trust.

Amounts owed to related parties are unsecured, interest-free and have no fixed terms of repayment. The balances will be settled in cash. No guarantees have been given or received. Provisions for doubtful debts have been raised against amounts outstanding where deemed appropriate in respect of some Sheffield City Council services but no other expenses are recognised in year in respect of bad or doubtful debts due from related parties.

The Trust is required, under International Accounting Standard 24 'Related Party Disclosures', to disclose any related party transactions. The objective of IAS 24 is to draw attention to the possibility that the reported financial position and results may

have been affected by the existence of related parties and by material transactions with them. In the cases above, all payments shown have been made by the Trust to the organisations concerned and not to the individual officers.

The value of related party transactions with board members in 2019/20 is £nil (2018/19 £nil). Details of Directors' remuneration and pensions can be found in the Remuneration Report of the accounts. Disclosures relating to salaries of Board members are given in Note 8.1. Further details of Executive and Non-Executive Directors' salaries and pensions can be found in the Remuneration Report.

Other related parties

The value of the Trust's transactions with other related parties during the year is given below:

	2019/20		**2018/19**	
	Income £000	**Expenditure £000**	Income £000	Expenditure £000
Department of Health and Social Care	**782**	**0**	2,091	0
Other NHS bodies	**110,719**	**2,116**	113,610	3,651
Other WGA	**61**	**2,650**	11	16,310
Other bodies	**6,198**	**243**	5,799	379
Total	**117,760**	**5,009**	121,511	20,340

The value of receivables and payables balances held with related parties as at the date of the statement of financial position is given below:

	2019/20		**2018/19**	
	Receivables £000	**Payables £000**	Receivables £000	Payables £000
Department of Health and Social Care	**7**	**0**	100	0
Other NHS bodies	**4,519**	**755**	10,191	560
Other WGA	**1,305**	**3,258**	337	2,651
Other bodies	**84**	**504**	55	485
Total	**5,915**	**4,517**	10,683	3,696

The value of balances (other than salary) with related parties in relation to the provision for impairment of receivables as at 31 March 2020 have been raised where deemed appropriate.

The Department of Health and Social Care ("the Department") is regarded as a related party. During the year, the Trust has had a significant number of material

transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

- NHS Sheffield CCG
- Health Education England
- NHSE - Yorkshire and the Humber Local Office
- NHSE - Yorkshire and the Humber Commissioning Hub
- NHS Barnsley CCG
- NHS Derby and Derbyshire CCG
- NHS Rotherham CCG
- NHS Doncaster CCG
- Derbyshire Healthcare NHS Foundation Trust
- Nottinghamshire Healthcare NHS Foundation Trust
- Rotherham Doncaster and South Humber NHS Foundation Trust
- Sheffield Children's NHS Foundation Trust
- Sheffield Teaching Hospitals NHS Foundation Trust
- Leeds and York Partnership NHS Foundation Trust
- NHS Litigation Authority
- NHS Business Services Authority

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. Most of these transactions have been with HM Revenue and Customs (including National Insurance Funds), the NHS Pension Scheme as well as with Sheffield City Council in respect of joint enterprises and the South Yorkshire Pension Scheme.

Note 32 Prior period adjustments

No prior period adjustments to report at 31 March 2020

Note 33 Events after the reporting date

No events after the reporting date to declare.

Section 6.0 Glossary

Accounts Payable (Creditor)

A supplier who has delivered goods or services in the accounting period and has invoiced the Trust, but has not yet been paid.

Accounts Receivable (Debtor)

An organisation which has received a service from the Trust in the accounting period and has been invoiced by the Trust, but has not yet paid.

Amortisation

Depreciation of Intangible Assets.

Annual Governance Statement (AGS)

A statement about the controls the Foundation Trust has in place to manage risk.

Annual Accounts

Documents prepared by the Trust to show its financial position.

Annual Report

A document produced by the Trust which summarises the Trust's performance during the year, including the annual accounts.

Asset

Something which is owned by the Trust. For example, a building or a piece of equipment, some cash or an amount of money owed to the Trust.

Audit Opinion

The auditor's opinion of whether the Trust's accounts show a true and fair view of its financial affairs. If the auditors are satisfied with the accounts, they will issue an unqualified audit opinion.

Available Held for Sale (AHFS)

Assets are classed as available for sale if they are held neither for trading nor to maturity. An example of this would be an investment without a maturity date such as an ordinary share.

Budget

Represents the amount of money available for a service in a period of time and is compared to actual spend for the same period.

Capital Expenditure

Money spent on buildings and valuable pieces of equipment such as major computer purchases.

Cash and cash equivalents

Cash includes cash in hand and cash at the bank. Cash equivalents are any other deposits that can be converted to cash straight away.

Cash Equivalent Transfer Value (Pensions)

This is the total value of the pension scheme benefits accrued (i.e. saved up) which are the contributions paid by a member of staff and the Trust over the period of employment.

These funds are invested and valued at a point in time by an actuary. The cash equivalent transfer value is the amount which would be transferred, if a staff member moved to work for a different organisation.

Control Total

An agreed financial control total for all NHS Providers, calculated on a Trust-by-Trust basis and designed to ensure the NHS provider sector achieves financial balance in 2018/19.

Access to the Provider Sustainability Fund is dependent on agreement and delivery of the control total.

Corporation tax

A tax payable on a company's profits. Foundation Trusts may have to pay corporation tax in the future. The legislation introducing corporation tax to Foundation Trust has been deferred and 2011/2012 was the first year that Government introduced corporation tax to Foundation Trusts.

Care Quality Commission (CQC)

The independent regulator of all health and social care services in England.

CQUINs

Commissioning for Quality and Innovation payments framework were set up in 2009/10 to encourage care providers to continually improve how care is delivered.

Current Assets

These are assets, which are normally used or disposed of within the financial year.

Current Liabilities

Represents monies owed by the Trust that are due to be paid in less than one year.

Deferred Income

Funding received from another organisation in advance of when we will spend it.

Depreciation

An accounting charge which represents the use, or wearing out, of an asset. The cost of an asset is spread over its useful life.

EBITDA

Earnings Before Interest, Tax Depreciation and Amortisation – this is an indicator of financial performance and profitability and indicates the ability to pay the dividends due to the Government in respect of the 3.5% return on assets the Trust is expected to achieve.

External Auditor

The independent professional auditor who reviews the accounts and issues an opinion on whether the accounts present a true and fair view.

Finance lease

An arrangement whereby the party leasing the asset has most or all of the use of an asset, and the lease payments are akin to repayments on a loan.

Financial statements

Another term for the annual accounts.

Foundation Trust Annual Reporting Manual (FT ARM)

The guidance document, published annually by NHS Improvement, sets out the accounting requirements for Foundation Trust's Annual Report. Previously included technical guidance on the Accounts, which is now provided within the Department of Health and Social Care (DHSC) Government Accounting Manual.

Going concern

The accounts are prepared on a going concern basis which means that the Trust expects to continue to operate for at least the next 12 months.

DHSC Government Accounting Manual (GAM)

Provides the accounting guidance for all NHS bodies, now including Foundation Trusts. Guidance specific to Foundation Trusts in respect of the Annual Report is still included in the Foundation Trust Annual Reporting Manual (FT ARM).

IFRS (International Financial Reporting Standards)

The professional standards organisations must use when preparing the annual accounts.

Impairment

A decrease in the value of an asset.

Income and Expenditure Reserve

This is an accumulation of transfers to / from the Revaluation Reserve as well as the cumulative surpluses and deficits reported by the Trust, including amounts brought forward from previous years.

Intangible asset

An asset which is without substance, for example, computer software.

Inventories

Stocks such as clinical supplies, medical equipment, pharmacy stock.

Liability

Something which the Trust owes, for example, a bill which has not been paid.

Liquidity ratio

Liquidity is a measure of how easily an asset can be converted into cash. Bank deposits are very liquid, debtors less so. The liquidity ratio is a measure of an entity's ability to meet its obligations, in other words how well it can pay its bills from what it owns.

MEA (Modern Equivalent Asset)

This is an instant build approach, using alternative site valuation in some circumstances.

Net Book Value

The net book value is the lower of the cost to the business to replace a fixed asset or the recoverable amount if the asset was sold (net of expenses).

NHS Improvement (NHSI)

NHS Improvement is responsible for overseeing foundation trusts and NHS trusts, as well as independent providers that provide NHS-funded care. From 01 April 2019, NHS England and NHS Improvement came together to act as a single organisation. Their aim is to better support the NHS and help improve care for patients.

NICE

National Institute for Health and Care Excellence. NICE provide independent, evidencebased guidance on the most effective ways to prevent, diagnose and treat disease and ill health, reducing inequalities and variation.

NIHR

National Institute for Health Research. The NIHR is a large, multi-faceted and nationally distributed organisation, funded through the Department of Health and Social Care to improve the health and wealth of the nation through research.

Non-current assets held for sale

Buildings that are no longer used by the Trust and declared surplus by the Board, which are available for sale.

Non-current asset or liability

An asset or liability which the Trust expects to hold for longer than one year.

Non-Executive Director

These are members of the Trust's Board of Directors, however they do not have any

involvement in the day-to-day management of the Trust. Their role is to provide the Board with independent challenge and scrutiny.

Operating lease

An arrangement whereby the party leasing the asset is paying for the provision of a service (the use of the asset) rather than exclusive use of the asset.

Payment By Result/Payment by Outcomes

A national tariff of fixed prices that reflect national average prices for hospital procedures. Already in use in acute trusts and currently being developed for mental health and learning disabilities services.

POMH

The national Prescribing Observatory for Mental Health (POMH-UK) aims to help specialist mental health Trusts/healthcare organisations improve their prescribing practice.

Primary statements

The four main statements that make up the accounts: the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Taxpayers' Equity; and Statement of Cash Flows.

Provisions for Liabilities and Charges

These are amounts set aside for potential payments to third parties, which are uncertain in amount or timing, for example, claims arising from litigation.

Provider Sustainability Fund (PSF)

PSF replaces the 'Sustainability and Transformation Fund' (STF) from year 2018/19 and it is the additional funding administered by NHS Improvement, which is intended to incentivise Trusts to achieve their Control Totals. It breaks down into three areas – Finance, General Distribution and Bonus.

Public Dividend Capital (PDC)

This is a type of public sector equity finance based on the excess of assets over liabilities at the time of the establishment of the predecessor NHS Trust. It is similar to a company's share capital.

Public Dividend Capital Payable (PDC Payable)

This is an annual amount paid to the Government for funds made available to the Trust.

Reference Cost

The costs of the Trust's services are produced for the Department of Health for comparison with other similar Trusts.

Revaluation Reserve

This represents the increase or decrease in the value of property, plant and equipment over its historic cost.

Service Line Reporting (SLR)

A system which identifies income and expenditure and then produces gross profit across defined 'business units', with the aim of improving quality and productivity.

Single Oversight Framework

The Single Oversight Framework is designed to help NHS providers attain, and maintain, ratings of 'Good' or 'Outstanding'. The Framework doesn't give a performance assessment in its own right. It applies from 01 October 2016 and replaces the Monitor Risk Assessment Framework and the NHS Trust Development Authority Accountability Framework.

South Yorkshire and Bassetlaw Integrated Care System (ICS)

Integrated Care Systems are a way of working, collaboratively, between a range of health and social care organisations, to help improve people's health. South Yorkshire and Bassetlaw ICS is a group of local Organisations that embrace similar aims in the provision of the broad spectrum of healthcare.

Statement of Cash Flows (SOCF)

Shows the cash flows in and out of the Trust during the period.

Statement of Changes in Taxpayers' Equity (SOCITE)

This statement shows the changes in reserves and public dividend capital during the period.

Statement of Comprehensive Income (SOCI)

This statement was previously called 'Income and Expenditure Account'. It summarises the expenditure on pay and non-pay running costs less income received, which results in a surplus or deficit.

Statement of Financial Position (SOFP)

A year-end statement which provides a snapshot of the Trust's financial position at a point in time. The top half shows the Trust's total net assets (assets minus liabilities). The bottom half shows the Taxpayers Equity or investment in the Trust.

Third Sector Organisations

This is a term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and community organisations (both registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutuals and co-operatives.

True and fair

It is the aim of the accounts to show a true and fair view of the Trust's financial position, that is they should faithfully represent what has happened in practice.

UK GAPP (Generally Accepted Accounting Practice)

The standard basis of accounting in the UK before international standards were adopted.

Unrealised gains and losses

Gains and losses may be realised or unrealised. Unrealised gains and losses are gains or losses that the Trust has recognised in its accounts but which are potential as they have not been realised. An example of a gain that is recognised but unrealised is where the value of the assets has increased. This gain is realised when the assets are sold or otherwise used.

Use of Resources Metric

The new approach replacing the previous Financial Sustainability Risk Rating. The Use of Resources rating measures 5 metrics; Capital Service Cover, Liquidity, I&E Margin, I&E Variance from Plan and Agency spend, with equal weightings (1 being the highest overall score). The Financial Sustainability Risk Rating previously only measured the first four on equal weightings.

Section 7.0 Contacts

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Telephone

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Website

www.shsc.nhs.uk

Human Resources

If you are interested in a career with Sheffield Health and Social Care NHS Foundation Trust, visit www.shsc.nhs.uk and click the ‘working with us’ link.

Communications

If you have a media enquiry, require further information about our Trust or would like to request copies of this report please contact the Communications Team.

Email: communications@shsc.nhs.uk

Telephone: 0114 2264082

Membership

If you want to become a member of the Trust or want to find out more about the services we provide, please contact the Deputy Board Secretary on 0114 2718825.

Contacting members of the Council of Governors

The Governors can be contacted by emailing governors@shsc.nhs.uk or by phoning 0114 2718825.

Freedom of Information

To make a Freedom of Information Act request, please email FOI@shsc.nhs.uk

For more information or if you would like this document provided in a different language or large print please contact:

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