Independent Auditors' Report to the Directors of Surrey and Sussex Healthcare NHS Trust

Report on the audit of the financial statements

Opinion

In our opinion, Surrey and Sussex Healthcare NHS Trust's ("the Trust") financial statements (the "financial statements"):

- give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of the Trust's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

We have audited the financial statements, included within the Annual Report 2019-20 (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2020; the Statement of Comprehensive Income for the year then ended; the Statement of Cash Flows for the year then ended; the Statement of Changes in Equity for the year ended 31 March 2020; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Performance Report and the Accountability Report, we also considered whether the disclosures required by the Department of Health and Social Care Group Accounting Manual 2019/20 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) and the Code of Audit Practice require us also to report certain opinions and matters as described below.

Performance Report and Accountability Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Performance Report and Accountability Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

In light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we did not identify any material misstatements in the Performance Report or Accountability Report.

In addition, the parts of the Remuneration and Staff reports to be audited have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Accountability Report set out on page 53, the directors are responsible for the preparation of the financial statements in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20, and for being satisfied that they give a true and fair view. The directors 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.

In preparing the financial statements, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors' responsibilities for the audit of the financial statements

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

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

We are required under section 21 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our work in accordance with the Code of Audit Practice, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has 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. Based our on risk assessment, we undertook such work as we considered necessary.

Use of this report

This report, including the opinions, has been prepared for and only for the Directors of Surrey and Sussex Healthcare NHS Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We determined that there were no matters to report as a result of this requirement.

Other matters on which we report by exception

We are required to report to you if:

- we have referred a matter to the Secretary of State for Health under section 30 of the Local Audit and Accountability Act 2014 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- we have issued a report in the public interest under section 24 of the Local Audit and Accountability Act 2014.
- we have made written recommendations to the Trust under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit.
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility .

Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of section 21 of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Sasha Lewis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
24 June 2020

Surrey And Sussex Healthcare NHS Trust

Annual accounts for the year ended 31 March 2020

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

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

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

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

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

Signed.....

Michael Wilson CBE

Chief Executive

Date 24th June 2020

Statement of directors' responsibilities in respect of the accounts

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

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

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

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

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy

By order of the Board

Signed .....

Michael Wilson CBE

Chief Executive

Date 24th June 2020

Signed:.....

Paul Simpson

Chief Finance Officer

Date 24th June 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	342,225	304,512
Other operating income	4	30,254	31,657
Operating expenses	7, 9	(358,767)	(319,192)
Operating surplus from continuing operations		**13,712**	**16,977**
Finance income	12	160	100
Finance expenses	13	(447)	(609)
PDC dividends payable		(5,491)	(5,260)
Net finance costs		**(5,778)**	**(5,769)**
Other losses	14	(437)	-
Surplus for the year from continuing operations		**7,497**	**11,208**
Other comprehensive (expense) / income			
Will not be reclassified to income and expenditure:			
Impairments	8	-	(783)
Revaluations	19	2,757	2,963
Total comprehensive income for the period		**10,254**	**13,388**
Adjusted financial performance (control total basis):			
Surplus for the period		7,497	11,208
Remove I&E impact of capital grants and donations		16	(5)
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(391)	-
Adjusted financial performance surplus		**7,122**	**11,203**

Statement of Financial Position

~~for the year ended 31 March~~

	Note	2019/20 £000	2018/19 £000
Non-current assets			
Intangible assets	16	1,862	1,952
Property, plant and equipment	17	198,391	191,704
Receivables	25	5,166	4,216
Total non-current assets		**205,419**	**197,872**
Current assets			
Inventories	24	4,641	4,354
Receivables	25	18,690	23,742
Cash and cash equivalents	28	16,541	10,145
Total current assets		**39,872**	**38,241**
Current liabilities			
Trade and other payables	29	(30,510)	(26,573)
Borrowings	31	(1,949)	(2,139)
Provisions	34	(301)	(284)
Other liabilities	30	(2,818)	(2,167)
Total current liabilities		**(35,578)**	**(31,163)**
Total assets less current liabilities		**209,713**	**204,950**
Non-current liabilities			
Trade and other payables	29	(2,993)	(3,106)
Borrowings	31	(8,600)	(19,079)
Provisions	34	(2,536)	(1,753)
Total non-current liabilities		**(14,129)**	**(23,938)**
Total assets employed		**195,584**	**181,012**
Financed by			
Public dividend capital		161,888	157,570
Revaluation reserve		53,060	51,542
Income and expenditure reserve		(19,364)	(28,100)
Total taxpayers' equity		**195,584**	**181,012**

The notes on pages 4 to 54 form part of these accounts.

Signature: .....

Name **Michael Wilson CBE**
Position **Chief Executive Officer**
Date 24th June 2020

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**157,570**	**51,542**	**(28,100)**	**181,012**
Surplus for the year	-	-	7,497	7,497
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(1,239)	1,239	-
Other transfers between reserves*	-	-	-	-
Impairments	-	-	-	-
Revaluations	-	2,757	-	2,757
Public dividend capital received	4,318	-	-	4,318
Taxpayers' and others' equity at 31 March 2020	**161,888**	**53,060**	**(19,364)**	**195,584**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**152,894**	**50,548**	**(40,494)**	**162,948**
Surplus for the year	-	-	11,208	11,208
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(1,186)	1,186	-
Impairments	-	(783)	-	(783)
Revaluations	-	2,963	-	2,963
Public dividend capital received	4,676	-	-	4,676
Taxpayers' and others' equity at 31 March 2019	**157,570**	**51,542**	**(28,100)**	**181,012**

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		13,712	16,977
Non-cash income and expense:			
Depreciation and amortisation		10,309	9,571
Income recognised in respect of capital donations		(153)	(229)
Decrease in receivables and other assets		4,131	472
(Increase) / decrease in inventories		(287)	709
Increase / (decrease) in payables and other liabilities		5,557	(202)
Increase / (decrease) in provisions		798	(72)
Net cash flows from operating activities		**34,067**	**27,226**
Cash flows from investing activities			
Interest received		160	100
Purchase of intangible assets		(556)	(815)
Purchase of PPE		(14,854)	(14,903)
Sales of PPE		200	-
Receipt of cash donations to purchase assets		153	229
Net cash flows used in investing activities		**(14,897)**	**(15,389)**
Cash flows from financing activities			
Public dividend capital received		4,318	4,676
Movement on loans from DHSC		(10,362)	(5,262)
Capital element of finance lease rental payments		(765)	(395)
Interest on loans		(338)	(497)
Interest paid on finance lease liabilities		(107)	(107)
PDC dividend paid		(5,520)	(5,386)
Net cash flows used in financing activities		**(12,774)**	**(6,971)**
Increase in cash and cash equivalents		**6,396**	**4,866**
Cash and cash equivalents at 1 April - brought forward		**10,145**	**5,279**
Cash and cash equivalents at 31 March	28.1	**16,541**	**10,145**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

The Trust made a surplus of £7.12m in 2019/20. The additional positive cashflows associated with this £7.12m surplus will help improve the Trust's working capital balance and reduce the need to request additional working capital loans. It is anticipated the Revolving Working Capital Facility will still be available to the Trust during 2020/21 and beyond should the Trust require it. The Trust has fully repaid all monies borrowed through the Revolving Working Capital Facility (RWCF) and interim revenue support in 2019/20. The £7.1m surplus delivered in 2019/20, and the agreement of the amounts payable by the Trust's commissioners for 2019/20 will mean the Trust will have sufficient cash available to operate fully in 2020/21,

In addition to the impact at the very end of the financial year, the COVID-19 emergency has resulted in the suspension of all 2020/21 NHS planning and the financial transactions of contracting. The Trust will be funded according to a 'block' contract (a single monthly payment based on the cost of running the hospital) and top-up funding if there are additional costs, at least until October 2020 and likely all year. The whole shape of the Trust's services is being changed significantly to deal with COVID-19. The actions the Trust is taking, like other NHS providers of acute care , is about discharging all but the very sickest patients to other care environments, re-purposing pathways to stream patients according to where they sit with COVID-19 symptoms and test results and creating 3 or 4 times (or more) as much intensive care capacity as we had before. It is anticipated that this approach will remain in place for the rest of the year, with adaptation to 'regular' non-elective demand as we climb and descend te reserve
The balance of this reserve is the accumulated surpluses and deficits of the trust.
nised.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.em's plans prior to COVID-19 will likely need to be reviewed as we emerge from the emergency. The Trust will review its resourcing and budgets in the Summer of 2020, but the financial plan for 2020/21 assumes a breakeven position.

The key issue about 'Going Concern' is the public sector funding of services and there is absolutely no suggestion that the funding of NHS Services will change materially in the foreseeable future. In the current COVID 19 emergency the government have further committed to providing the necessary financial support to NHS organisations, to the extent that all NHS providers are expected to break-even against their funding in 2020/21. That position, is supported by a statement on future cashflows provided by NHS England/Improvement.

As the accounts and finance section of the annual report describe, this specific Trust has the strongest cash position it has ever had after several years of recurrent surpluses, and has now recovered to the extent that in 2019/20 it halved its borrowings, again to the lowest level it has ever had.

Strategically the Trust is a fixed pint in the health system, and during the initial COVID surge was one of the busiest for intensive care activity in the region outside London. The strategic position and financial strength provide further evidence of the Trust's going concern status.

There are no plans for the dissolution of the Trust or any transfer of its services to another entity and the Trust is continuing with work to identify and refine efficiency savings to help underpin financial balance over the long-term. Finally, management is not aware of any events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern and has a financial plan for 2020/21 which is being agreed with the NHS E & I. The financial statements have therefore been prepared on a going concern basis.

Note 1.3 Interests in other entities

The Trust has not entered into any formal financial association with any other organisation, nor has it entered into formal financial joint operation with any other organisation.

Note 1.4 Revenue from contracts with customers

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

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

Revenue from NHS contracts

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

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

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

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

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

Revenue from research contracts

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

NHS injury cost recovery scheme

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

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

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

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.7 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of 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 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

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.

Measurement

Valuation

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

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

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

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

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

The District Valuer has confirmed that where DRC is used, the modern equivalent asset (MEA) principle has been applied; it being the underlying use for which the asset is being used that determines the valuation treatment.

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

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

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

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' ceases 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.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	25	55
Plant & machinery	5	15
Information technology	5	8
Furniture & fittings	5	13

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. Remaining asset lives are reviewed annually.

Revaluation gains and losses

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

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

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

Impairments

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

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

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

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

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

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

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	25	55
Plant & machinery	5	15
Information technology	5	8
Furniture & fittings	5	13

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. Remaining asset lives are reviewed annually.

Note 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

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.

Measurement

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

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

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

Amortisation

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

Note 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).

Note 1.12 Investment properties
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 1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 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 1.14 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO2 emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Note 1.15 Financial assets and financial liabilities

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

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

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

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

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

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

The Trust has irrevocably elected to measure the following equity instruments at fair value through other comprehensive income:

Financial assets and financial liabilities at fair value through income and expenditure

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

Impairment of financial assets

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

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

From year on year review of debt payment, according to type of debt and age of debt the following percentages were derived. The percentage applied to injury cost recovery is that recommended by the DHSC.

Category of Debtor:	Current Debt	1 - 30 Days Overdue	31 - 60 Days Overdue	61 - 90 Days Overdue	91 - 120 Days Overdue	121 - 180 Days Overdue	181 - 360 Days Overdue	361+ Days Overdue
Non Reciprocal Agreement - Overseas Visitor Debt	100%	100%	100%	100%	100%	100%	100%	100%
Staff Debt	5%	10%	10%	15%	25%	33%	50%	75%
Injury Cost Recovery (constant % as considerable time for payment to be agreed)	21.8%	21.8%	21.8%	21.8%	21.8%	21.8%	21.8%	21.8%
All Other Non NHS Debt	5%	10%	10%	15%	25%	33%	50%	100%

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

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

Derecognition

Financial assets are 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 1.16 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.

The trust as a lessee

Finance leases

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

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

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

Operating leases

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

Leases of land and buildings

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

The trust as a 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 1.17 Provisions

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

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

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

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

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

Clinical negligence costs

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

Non-clinical risk pooling

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

Note 1.18 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 35 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 35, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.19 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated and grant funded assets,
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

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

Note 1.20 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 1.21 Corporation tax

The Trust has determined that it is has no corporation tax liability on the basis that it is solely a public sector body with no limited company subsidiary arm.

Note 1.22 Foreign exchange

The functional and presentational currency of the trust is sterling.

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

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.23 Third party assets

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

Note 1.24 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.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.25 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 1.26 Transfers of functions to / from other NHS bodies / local government bodies

No functions have been transferred to the Trust from other NHS bodies or local government bodies during 2019/20 or 2018/19. Nor have there been any transfers of functions from the Trust to other NHS bodies or local government bodies.

Note 1.27 Early adoption of standards, amendments and interpretations

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

Note 1.28 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

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

The trust is not an intermediate lessor in material sublease arrangements.

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

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

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

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

Other standards, amendments and interpretations

The Trust has not adopted any standards, amendments and interpretations that have been issued but are not yet effective or adopted for the public sector.

Note 1.29 Critical judgements in applying accounting policies

Apart from those judgements involving estimations that management has made in the process of applying the trust accounting policies there were no critical judgements made that had a significant effect on the amounts recognised in the financial statements:

Note 1.30 Sources of estimation uncertainty

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

In accordance with Note 1.9 the Trust's land and buildings have been subject to a desktop review by the Valuation Office Agency in March 2020. The effect of these valuations are recorded in note 17.
The valuation exercise was carried out as at March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 and RICS UK National Supplement commonly known together as the Red Book, the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. Consequently, less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. The 'material valuation uncertainty' is not meant to suggest that the valuation cannot be relied upon; rather, it is used in order to be clear and transparent with all parties, in a professional manner that in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.
There has been no diminution identified in the Trust's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of Covid-19.
Regarding the BCIS cost indices, BCIS have stated that they consider new construction output is likely to fall in 2020 as a result of the Covid-19 outbreak, as it affects labour availability on sites and delays or leads to cancellation of projects in the pipeline. However, at the present time, BCIS have advised and the Valuation Office Agency agree that it is too early for Covid-19 related issues to impact on BCIS indices published and adopted in the valuations. The indices are comprised of the market conditions relating to labour, materials and a location factor. The change in these from year to year are used to inform the revaluation exercise which can result in increases and decreases to the carrying value.
The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. Whilst the valuer has declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.
The valuation of the land is assessed as £12,760k and buildings as £153,489k. The impact of Covid-19 cannot be quantified but to give an example, a 10% variance to the valuation could mean an impact of £16,625k to the statement of financial position and a change in PDC Dividends cost of £300k.

Note 2 Operating Segments

The Trust has no operating segments.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2019/20	2018/19
	£000	£000
Elective income	51,879	50,267
Non elective income	139,169	123,134
First outpatient income	37,251	35,558
Follow up outpatient income	19,159	17,475
A & E income	21,290	17,060
High cost drugs income from commissioners (excluding pass-through costs)	16,421	14,448
Other NHS clinical income	37,534	39,524
Private patient income	275	319
Agenda for Change pay award central funding*	-	3,263
Additional pension contribution central funding**	8,863	-
Other clinical income	10,384	3,464
Total income from activities	**342,225**	**304,512**

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

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

Note 3.2 Income from patient care activities (by source)

	2019/20	2018/19
Income from patient care activities received from:	**£000**	**£000**
NHS England	39,683	26,346
Clinical commissioning groups	293,849	266,080
Department of Health and Social Care	-	3,263
Other NHS providers	982	906
NHS other	711	731
Non-NHS: private patients	275	319
Non-NHS: overseas patients (chargeable to patient)	608	572
Injury cost recovery scheme	537	687
Non NHS: other	5,580	5,608
Total income from activities	**342,225**	**304,512**
Of which:		
Related to continuing operations	342,225	304,512

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

	2019/20	2018/19
	£000	£000
Income recognised this year	608	572
Cash payments received in-year	281	250
Amounts added to provision for impairment of receivables	140	200
Amounts written off in-year	246	102

Overseas patient income included within this note of £608k for 2019/20 (£572k in 2018/19) only relates to overseas patients who do not come under the UK's reciprocal arrangement for the provision of healthcare. Overseas patients that are covered by the UK's reciprocal arrangement are invoiced to NHS Crawley, and is instead categorised as income from Clinical Commissioning Group income. Income covered by reciprocal arrangements amounted to £830k in 2019/20 (£534k in 2018/19). Total income received by the Trust in respect of overseas patients amounted to £1,438k in 2019/20 being the sum of £608k and £830k. (£1,106k in 2018/19 being the sum of £572k and £534k).

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	693	-	**693**	591	-	**591**
Education and training	7,046	261	**7,307**	7,198	-	**7,198**
Non-patient care services to other bodies	4,175	-	**4,175**	3,755	-	**3,755**
Provider sustainability fund (PSF)	4,655	-	**4,655**	9,922	-	**9,922**
Marginal rate emergency tariff funding (MRET)	5,181	-	**5,181**	0	-	**0**
Income in respect of employee benefits accounted on a gross basis	1,740	-	**1,740**	2,057	-	**2,057**
Receipt of capital grants and donations	-	153	**153**	-	229	**229**
Rental revenue from operating leases	-	48	**48**	-	47	**47**
Other income	6,302	-	**6,302**	7,858	-	**7,858**
Total other operating income	**29,792**	**462**	**30,254**	**31,381**	**276**	**31,657**
Of which:						
Related to continuing operations			**30,254**			**31,657**

Other contract income relates mainly to income generation activities and includes car parking income £1,893k (£1,869k in 2018/19), catering £819k (£779k in 2018/19), pharmacy sales £262k (£336k in 2018/19) and crèche services £596k (£601k in 2018/19), as well as other ad-hoc divisional income.

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

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,167	1,916

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March 2020	31 March 2019
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	£000	£000
within one year	2,818	2,167
Total revenue allocated to remaining performance obligations	**2,818**	**2,167**

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 6.1 Fees and charges

Not relevant for this Trust.

Note 7.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,064	2,690
Purchase of healthcare from non-NHS and non-DHSC bodies	7,800	6,458
Staff and executive directors costs	238,427	210,099
Remuneration of non-executive directors	93	77
Supplies and services - clinical (excluding drugs costs)	30,317	28,600
Supplies and services - general	5,319	5,472
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	24,836	23,083
Inventories written down	-	73
Consultancy costs	26	8
Establishment	6,393	4,457
Premises	15,750	13,851
Transport (including patient travel)	557	580
Depreciation on property, plant and equipment	9,663	8,924
Amortisation on intangible assets	646	647
Movement in credit loss allowance: contract receivables / contract assets	299	273
Change in provisions discount rate(s)	92	(24)
Audit fees payable to the external auditor		
audit services- statutory audit	84	78
other auditor remuneration (external auditor only)	-	39
Internal audit costs	117	115
Clinical negligence	10,355	9,418
Legal fees	528	245
Insurance	188	210
Research and development	676	588
Education and training	2,520	2,368
Rentals under operating leases	50	12
Car parking & security	239	174
Hospitality	31	14
Losses, ex gratia & special payments	378	167
Other services, e.g. external payroll	319	496
Total	**358,767**	**319,192**
Of which:		
Related to continuing operations	358,767	319,192

Note 7.2 Other auditor remuneration

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
8. Other non-audit services not falling within items 2 to 7 above	-	39
Total	**-**	**39**

Note 7.3 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2019/20 or 2018/19.

Note 8 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus resulting from:		
Impairments charged to the revaluation reserve	-	783
Total impairments	**-**	**783**

Note 9 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	179,717	160,455
Social security costs	18,680	16,059
Apprenticeship levy	882	778
Employer's contributions to NHS pensions	29,231	18,333
Temporary staff (including agency)	14,757	19,269
Total gross staff costs	**243,267**	**214,894**
Recoveries in respect of seconded staff	(2,740)	(2,831)
Total staff costs	**240,527**	**212,063**
Of which		
Costs capitalised as part of assets	240	350

Note 9.1 Retirements due to ill-health

During 2019/20 there were no early retirements from the Trust agreed on ill-health. In 2018/19 there were 2 early retirements on the grounds of ill health. The estimated additional pension liabilities of these ill-health retirements was Nil in 2019/20 and £195k in respect of 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.

The Trust also offers an additional defined contribution workplace pension scheme under the National Employment Savings Scheme (NEST). Under a defined contribution plan, the Trust pays fixed 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 effectively limited to the amount it agrees to contribute to the fund and effectively places 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.

Contributions to a defined contribution plan which are not expected to be wholly settled within 12 months after the end of the annual reporting period in which the employee renders the related service are discounted to their present value."

Note 11 Operating leases

Note 11.1 Surrey And Sussex Healthcare NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Surrey And Sussex Healthcare NHS Trust is the lessor.

The Trust granted a site lease to A2 Housing Solutions Ltd during 2008-09, for a term of 35 years from the date of completion. A2 replaced the old and poorly repaired staff accommodation (Canada House) with new build and refurbished modern key worker accommodation.

A2 Housing pays annual ground rent to the Trust over the duration of the lease term. This was at an initial amount of £35k per annum and is indexed annually. The 2019-20 charge was £48k. On termination of the lease, the land and buildings will revert back to the Trust.

	2019/20 £000	2018/19 £000
Operating lease revenue		
Minimum lease receipts	48	47
Total	**48**	**47**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease receipts due:		
- not later than one year;	48	47
- later than one year and not later than five years;	192	187
- later than five years.	719	703
Total	**959**	**937**

Note 11.2 Surrey And Sussex Healthcare NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Surrey And Sussex Healthcare NHS Trust is the lessee.

The operating lease payments and obligations shown below relate to motor vehicles leased by the Trust to transport staff and materials around the Trust various sites.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	50	12
Total	**50**	**12**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
- not later than one year;	51	74
- later than one year and not later than five years;	17	142
Total	**68**	**216**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	160	100
Total finance income	**160**	**100**

Note 13 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	338	500
Finance leases	107	107
Total interest expense	**445**	**607**
Unwinding of discount on provisions	2	2
Total finance costs	**447**	**609**

Note 13.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

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

Note 14 Other losses

	2019/20	2018/19
	£000	£000
Losses on disposal of assets	(437)	-
Total losses on disposal of assets	**(437)**	**-**
Total other losses	**(437)**	**-**

The £437k loss on disposal relates to 2 MRIs scanners that had a net book value of £637K. One of these scanners, with a net book value of £457k, was transferred to the MRI service provider for £200k. This company, with effect from 1st January 2020, has been awarded a 15 year contract to perform MRI services for the Trust. The second MRI scanner, whose net book value was approx. £180k, was considered to be beyond economic repair and has been disposed of by the Trust.

Note 15 Discontinued operations

Not relevant for this Trust as there were no discontinued operations in either 2019/20 or 2018/19.

Note 16.1 Intangible assets - 2019/20

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**8,505**	**-**	**8,505**
Additions	552	4	556
Valuation / gross cost at 31 March 2020	**9,057**	**4**	**9,061**
Amortisation at 1 April 2019 - brought forward	**6,553**	**-**	**6,553**
Provided during the year	646	-	646
Amortisation at 31 March 2020	**7,199**	**-**	**7,199**
Net book value at 31 March 2020	**1,858**	**4**	**1,862**
Net book value at 31 March 2019	**1,952**	**-**	**1,952**

Note 16.2 Intangible assets - 2018/19

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018	**9,917**	**-**	**9,917**
Additions	815	-	815
Disposals / derecognition	(2,227)	-	(2,227)
Valuation / gross cost at 31 March 2019	**8,505**	**-**	**8,505**
Amortisation at 1 April 2018	**8,133**	**-**	**8,133**
Provided during the year	647	-	647
Disposals / derecognition	(2,227)	-	(2,227)
Amortisation at 31 March 2019	**6,553**	**-**	**6,553**
Net book value at 31 March 2019	**1,952**	**-**	**1,952**
Net book value at 31 March 2018	**1,784**	**-**	**1,784**

Note 17.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	12,760	152,550	3,119	36,561	-	14,582	3,796	223,368
Additions	-	1,443	8,955	2,472	-	849	511	14,230
Revaluations	-	(1,772)	-	-	-	-	-	(1,772)
Reclassifications	-	2,735	(3,051)	316	-	-	-	-
Disposals / derecognition	-	-	-	(1,791)	-	-	-	(1,791)
Valuation/gross cost at 31 March 2020	12,760	154,956	9,023	37,558	-	15,431	4,307	234,035
Accumulated depreciation at 1 April 2019 - brought forward	-	201	-	19,157	-	9,704	2,602	31,664
Provided during the year	-	4,588	-	3,132	-	1,632	311	9,663
Revaluations	-	(4,529)	-	-	-	-	-	(4,529)
Disposals / derecognition	-	-	-	(1,154)	-	-	-	(1,154)
Accumulated depreciation at 31 March 2020	-	260	-	21,135	-	11,336	2,913	35,644
Net book value at 31 March 2020	12,760	154,696	9,023	16,423	-	4,095	1,394	198,391
Net book value at 31 March 2019	12,760	152,349	3,119	17,404	-	4,878	1,194	191,704

Note 17.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018	12,400	148,961	272	52,071	33	18,077	5,452	237,266
Additions	-	6,117	2,847	5,282	-	2,730	227	17,203
Impairments	-	(783)	-	-	-	-	-	(783)
Revaluations	285	(1,670)	-	-	-	-	-	(1,385)
Reclassifications	75	(75)	-	-	-	-	-	-
Disposals / derecognition	-	-	-	(20,792)	(33)	(6,225)	(1,883)	(28,933)
Valuation/gross cost at 31 March 2019	12,760	152,550	3,119	36,561	-	14,582	3,796	223,368
Accumulated depreciation at 1 April 2018	-	142	-	37,212	33	14,463	4,163	56,013
Accumulated depreciation at 1 April 2018 - restated	-	142	-	37,212	33	14,463	4,163	56,013
Provided during the year	-	4,407	-	2,729	-	1,466	322	8,924
Revaluations	-	(4,348)	-	-	-	-	-	(4,348)
Disposals / derecognition	-	-	-	(20,784)	(33)	(6,225)	(1,883)	(28,925)
Accumulated depreciation at 31 March 2019	-	201	-	19,157	-	9,704	2,602	31,664
Net book value at 31 March 2019	12,760	152,349	3,119	17,404	-	4,878	1,194	191,704
Net book value at 31 March 2018	12,400	148,819	272	14,859	-	3,614	1,289	181,253

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

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	12,760	152,215	9,023	13,943	-	4,071	1,390	**193,402**
Finance leased	-	1,207	-	1,862	-	-	-	**3,069**
Owned - donated	-	1,274	-	618	-	24	4	**1,920**
NBV total at 31 March 2020	**12,760**	**154,696**	**9,023**	**16,423**	**-**	**4,095**	**1,394**	**198,391**

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

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019								
Owned - purchased	12,760	149,745	3,119	14,899	-	4,840	1,186	**186,549**
Finance leased	-	1,266	-	1,924	-	-	-	**3,190**
Owned - donated	-	1,338	-	581	-	38	8	**1,965**
NBV total at 31 March 2019	**12,760**	**152,349**	**3,119**	**17,404**	**-**	**4,878**	**1,194**	**191,704**

Note 18 Donations of property, plant and equipment

Donations for plant and machinery and IT were received by the Trust primarily from The Friends of East Surrey Hospital. These donations amounted to £197k in 2019/20 (2018/19 was £252k)

Note 19 Revaluations of property, plant and equipment

A full revaluation of the Trust site was carried out as at 31 March 2018 by DVS Property Specialists for the Public Sector, RICS qualified. The 2018/19 and 2019/20 valuations were prepared by the District Valuer as a desktop valuation. The basis of valuation required from 1st April 2015 is current value in existing use, as defined in the GAM and reflecting the adaptation approved by FRAB to IAS 16. Current value has regard to the service potential that an asset provides in support of the Trust's service delivery. The measurement approaches used to arrive at the current value of in use assets are Existing Use Value (EUV) as defined at UKVS 1.3 for non-specialised assets and Depreciated Replacement Cost (DRC) in accordance with UKVS 1.15 and UKGN 2 for specialised assets.
(MEA) principle has been applied.

Upward revaluation arising from the revaluation of the buildings has been taken to the revaluation reserve.

The book value of other assets is deemed to be at fair value.

Note 20.1 Investment Property

Not relevant for this Trust

Note 20.2 Investment property income and expenses

Not relevant for this Trust.

Note 21 Investments in associates and joint ventures

Not relevant for this Trust.

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

Not relevant for this Trust.

Note 22.1 Other investments / financial assets (current)

Not relevant for this Trust.

Note 23 Disclosure of interests in other entities

The Trust has had no interests in other entities in either 2019/20 or 2018/19.

Note 24 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	941	898
Consumables	3,700	3,456
Total inventories	**4,641**	**4,354**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £34,067k (2018/19: £36,013k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £73k).

Note 25.1 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	17,765	22,326
Allowance for impaired contract receivables / assets	(2,345)	(2,296)
Prepayments (non-PFI)	2,012	2,001
PDC dividend receivable	126	97
VAT receivable	790	1,275
Other receivables	342	339
Total current receivables	**18,690**	**23,742**
Non-current		
Deposits and advances	11	11
Prepayments (non-PFI)	494	333
Finance lease receivables	3,872	3,872
Other receivables*	789	-
Total non-current receivables	**5,166**	**4,216**
Of which receivable from NHS and DHSC group bodies:		
Current	9,941	16,133
Non-current	789	-

Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables. This replaces the previous analysis into trade receivables and accrued income.

*The £789k Non-Current "other receivables" is matched against £789k shown in the Trust Provisions (Note 34.1). This accounting entry relates to tax charge associated with Clinicians pensionable benefits. Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme (by completing and returning a 'Scheme Pays' form before 31 July 2021). NHS providers organisations are required to create a provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment. This will be offset by the commitment from NHS England and the Government to fund the payments to clinicians as and when they arise. The provision and offsetting asset will initially increase year on year in line with the pension scheme growth, and be released as commitments are met, i.e. as eligible members retire under the rules of the NHS Pension Scheme.

Note 25.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**2,296**	-	-	**2,119**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			2,119	(2,119)
New allowances arising	704	-	536	-
Changes in existing allowances	77	-	-	-
Reversals of allowances	(482)	-	(263)	-
Utilisation of allowances (write offs)	(250)	-	(96)	-
Allowances as at 31 March	**2,345**	-	**2,296**	-

Category of Debtor:	2019/20 **£'000**	2018/19 **£'000**
Non Reciprocal Agreement - Overseas Visitor Debt	1,304	1,315
Staff Debt	232	100
Injury Cost Recovery (constant % as considerable time for payment to be agreed)	251	299
All Other Non NHS Debt	558	582
Total Credit Loss Provision	**2,345**	**2,296**

Note 25.3 Exposure to credit risk

Not relevant for this Trust.

Note 26 Other assets

Not relevant for this Trust.

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

Not relevant for this Trust.

Note 27.2 Liabilities in disposal groups

Not relevant for this Trust.

Note 28.1 Cash and cash equivalents

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

	2019/20	2018/19
	£000	£000
At 1 April	**10,145**	**5,279**
Net change in year	6,396	4,866
At 31 March	**16,541**	**10,145**
Broken down into:		
Cash at commercial banks and in hand	3	3
Cash with the Government Banking Service	16,538	10,142
Total cash and cash equivalents as in SoFP and SOCF	**16,541**	**10,145**

Note 28.2 Third party assets held by the trust

Surrey And Sussex Healthcare NHS 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.

Note 29.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	9,277	10,208
Capital payables	3,434	4,516
Accruals	12,389	10,510
Social security costs	2,737	-
Other taxes payable	2,317	1,062
Other payables	356	277
Total current trade and other payables	**30,510**	**26,573**
Non-current		
Other payables	2,993	3,106
Total non-current trade and other payables	**2,993**	**3,106**
Of which payables from NHS and DHSC group bodies:		
Current	4,837	5,893
Non-current	-	-

Note 29.2 Early retirements in NHS payables above

Not relevant for this Trust.

Note 30 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	2,818	2,167
Total other current liabilities	**2,818**	**2,167**

The increase in deferred income between year end related to £622k of Cancer Alliance Funding which is to fund new clinical posts during financial 2020/21.

Note 31.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from DHSC	1,349	1,592
Obligations under finance leases	600	547
Total current borrowings	**1,949**	**2,139**
Non-current		
Loans from DHSC	6,124	16,243
Obligations under finance leases	2,476	2,836
Total non-current borrowings	**8,600**	**19,079**

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

	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2019	**17,835**	**3,383**	**21,218**
Cash movements:			
Financing cash flows - payments and receipts of principal	(10,362)	(765)	**(11,127)**
Financing cash flows - payments of interest	(338)	(107)	**(445)**
Non-cash movements:			
Additions	-	458	**458**
Application of effective interest rate	338	107	**445**
Carrying value at 31 March 2020	**7,473**	**3,076**	**10,549**

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

	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2018	**23,067**	**3,669**	**26,736**
Cash movements:			
Financing cash flows - payments and receipts of principal	(5,262)	(395)	**(5,657)**
Financing cash flows - payments of interest	(497)	(107)	**(604)**
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	27	-	**27**
Additions	-	109	**109**
Application of effective interest rate	500	107	**607**
Carrying value at 31 March 2019	**17,835**	**3,383**	**21,218**

Note 32 Other financial liabilities

Not relevant for this Trust.

Note 33 Finance leases

Note 33.1 Surrey And Sussex Healthcare NHS Trust as a lessor

Future lease receipts due under finance lease agreements where the trust is the lessor:

The deferred receivable relates to the Canada House accommodation block at East Surrey Hospital; the building will revert back to ownership of the Trust at the end of the lease to A2 Housing Group. The lease commenced on 16 May 2008 for 35 years.

	31 March 2020 £000	31 March 2019 £000
Gross lease receivables	**3,872**	**3,872**
of which those receivable:		
- later than five years.	3,872	3,872
Net lease receivables	**3,872**	**3,872**
of which those receivable:		
- not later than one year;	3,872	3,872

Note 33.2 Surrey And Sussex Healthcare NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**3,076**	**3,383**
of which liabilities are due:		
- not later than one year;	600	547
- later than one year and not later than five years;	1,821	1,877
- later than five years.	655	959
Net lease liabilities	**3,076**	**3,383**
of which payable:		
- not later than one year;	600	547
- later than one year and not later than five years;	1,821	1,877
- later than five years.	655	959

Lease in Respect of:

	31 March 2020 £000	31 March 2019 £000
Earlswood Health Centre Lease (leased until 2030)	1,218	1,302
Bed Hire Contract (7 year contract from Nov 2017 to Oct 2024)	1,608	1,748
Trust's Public Internet (leased until March 2022)	53	78
E-Rostering System (leased until March 2020)	64	60
Franking machines (various machines leased until 2024)	45	78
Tissue Processors - various 4 years approx.	88	117
	3,076	**3,383**

There are no subleases in respect to the above leases	-	-
No contingent rent has been recognised as expense in the period	-	-

Note 34.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	1,486	445	106	-	2,037
Change in the discount rate	67	25	-	-	92
Arising during the year	82	11	14	789	896
Utilised during the year	(149)	(32)	-	-	(181)
Reversed unused	(9)	-	-	-	(9)
Unwinding of discount	2	-	-	-	2
At 31 March 2020	1,479	449	120	789	2,837
Expected timing of cash flows:					
- not later than one year;	149	32	120	-	301
- later than one year and not later than five years;	596	128	-	-	724
- later than five years.	734	289	-	789	1,812
Total	1,479	449	120	789	2,837

Early Departure costs includes early retirements and injury benefits payable to former staff. Pension provisions have been calculated using figures provided by the NHS Pensions Agency which assumes certain life expectancies. Whilst this provides a degree of uncertainty in respect of both timing and total amounts, these estimates are based upon best available actuarial information. These costs are borne by the Trust and the Trust won't be reimbursed for them.

Legal claims are claims brought against the Trust by third parties. An annual adjustment is made to this provision based on the value of the member provision at the year end provided by NHS Resolution. The provision shown is the element of the claim (the excess value) that the Trust won't be reimbursed for.

The "other" provision relates to additional Pension costs associated with reimbursing clinicians for additional tax arising from their NHS pensions. This provision amounted to £789k as at 31st March 2020, and will be fully reimbursed in due course by the DHSC.

Note 34.2 Clinical negligence liabilities

At 31 March 2020, £167,367k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Surrey And Sussex Healthcare NHS Trust (31 March 2019: £132,708k).

Note 35 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
Employment tribunal and other employee related litigation	(94)	-
Other	(30)	(31)
Gross value of contingent liabilities	**(124)**	**(31)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(124)**	**(31)**
Net value of contingent assets	**-**	**-**

Note 36 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	2,005	4,297
Intangible assets	-	53
Total	**2,005**	**4,350**

Note 36.1 Other financial commitments

Not relevant for this Trust.

Note 37 Defined benefit pension schemes

Past and present employees are covered by the provisions of the NHS Pension Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. The schemes 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, the schemes are accounted for as though they were defined contribution schemes: the cost to the NHS body of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

Not relevant for this Trust.

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

Not relevant for this Trust.

Note 40 Financial instruments

Note 40.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCG's) and the way those CCG's are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

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

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

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

Liquidity risk
The Trust's operating costs are incurred under contracts with primary care CCG's which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 40.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	16,413	-	-	**16,413**
Cash and cash equivalents	16,541	-	-	**16,541**
Total at 31 March 2020	**32,954**	**-**	**-**	**32,954**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	23,539	-	-	**23,539**
Cash and cash equivalents	10,145	-	-	**10,145**
Total at 31 March 2019	**33,684**	**-**	**-**	**33,684**

No Financial assets have been reclassified between measurement categories, other than on implementation of IFRS 9 (IFRS 7 paragraph 12A to 12D),

No Financial assets and liabilities have been offset (IFRS 7, paragraphs 13A to 13F)

No Financial assets have been pledged as collateral (IFRS 7, paragraphs 14 and 15)]

Note 40.3 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
Loans from the Department of Health and Social Care	7,473	-	**7,473**
Obligations under finance leases	3,076	-	**3,076**
Trade and other payables excluding non financial liabilities	25,944	-	**25,944**
Total at 31 March 2020	**36,493**	**-**	**36,493**

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
Loans from the Department of Health and Social Care	17,835	-	**17,835**
Obligations under finance leases	3,383	-	**3,383**
Trade and other payables excluding non financial liabilities	22,967	-	**22,967**
Total at 31 March 2019	**44,185**	**-**	**44,185**

There have been no defaults on loans payable or breaches of loan terms in the period (IFRS 7, paragraphs 18 and 19)

Note 40.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	27,887	25,103
In more than one year but not more than two years	1,665	2,046
In more than two years but not more than five years	5,303	6,078
In more than five years	1,638	10,958
Total	**36,493**	**44,185**

Note 40.5 Fair values of financial assets and liabilities

Book value is deemed to be a reasonable approximation of fair value and so have been used.

Note 41 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	29	12	35	43
Fruitless payments	14	9	5	-
Bad debts and claims abandoned	107	256	95	107
Stores losses and damage to property	19	64	16	161
Total losses	**169**	**341**	**151**	**311**
Special payments				
Compensation under court order or legally binding arbitration award	13	59	9	17
Ex-gratia payments	19	109	21	8
Total special payments	**32**	**168**	**30**	**25**
Total losses and special payments	**201**	**509**	**181**	**336**
Compensation payments received		-		-

There were no cases exceeding £300k in either 2019/20 or 2018/19.

Note 42 Gifts

Not relevant for this Trust.

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Gifts made	-	-	-	-

There were no individual gifts over £300k in either 2019/20 or 2018/19.

Note 43 Related parties

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Surrey and Sussex Healthcare NHS Trust.

The Department of Health and Social Care is the parent department for Surrey and Sussex Healthcare NHS Trust and is therefore a related party. During the year Surrey and Sussex Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is also regarded as the parent Department as detailed below:

	Income	Expenditure	Receivables	Payables
	£000	£000	£000	£000
Crawley CCG	78,935	0	358	453
East Surrey CCG	118,096	0	925	787
Horsham & Mid Sussex CCG	57,619	0	0	355
Surrey Downs CCG	21,397	0	1,313	84
Coastal West Sussex CCG	3,484	0	170	69
Croydon CCG	6,455	0	0	108
NHS England	40,909	20	3,822	52
Sussex Community NHS Foundation Trust	885	1,030	208	341
Royal Surrey County NHS Foundation Trust	1,349	962	623	898
NHS Resolution	7	10,501	7	0
NHS Business Service Authority	711	0	64	0
Health Education England	7,584	3	203	169
NHS Property Services	128	3,281	0	1,112

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies as detailed below:

	Income	Expenditure	Receivables	Payables
	£000	£000	£000	£000
NHS Pension Scheme	0	29,231	0	2,896
HM Revenue & Customs	0	19,562	0	5,054
Reigate and Banstead Council	0	1,286	0	0
Surrey County Council	108	0	50	0

The Trust has also received revenue and capital payments from a number of charitable funds including the SASH Charity, certain of the Trustees for which are also members of the Trust board. The Trust received £197k from the League of Friends in 2019-20, and £252k in 2018/19.

Note 44 Transfers by absorption

There have been no transfers by absorption in either 2019/20 or 2018/19 where the trust has been either the receiving or divesting party. This should include a reconciliation of any gain/loss recognised in the SoCI.

Note 45 Prior period adjustments

There have been no prior period adjustments in either 2019/20 or 2018/19.

Note 46 Events after the reporting date

There have not been any material events after the reporting period.

Note 47 Final period of operation as a trust providing NHS healthcare

Not relevant for this Trust.

Note 48 Better Payment Practice code

Non-NHS Payables	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Total non-NHS trade invoices paid in the year	77,162	119,730	86,072	116,932
Total non-NHS trade invoices paid within target	74,224	114,997	82,361	111,457
Percentage of non-NHS trade invoices paid within target	**96.2%**	**96.0%**	**95.7%**	**95.3%**
NHS Payables				
Total NHS trade invoices paid in the year	2,631	9,383	2,247	9,302
Total NHS trade invoices paid within target	2,425	8,990	1,800	8,683
Percentage of NHS trade invoices paid within target	**92.2%**	**95.8%**	**80.1%**	**93.3%**

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

Note 49 External financing limit

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

	2019/20 £000	2018/19 £000
Cash flow financing	(13,205)	(5,847)
Finance leases taken out in year	-	
Other capital receipts		-
External financing requirement	**(13,205)**	**(5,847)**
External financing limit (EFL)	(226)	1,336
Under spend against EFL	**12,979**	**7,183**

Note 50 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	14,786	18,018
Less: Disposals	(637)	(8)
Less: Donated and granted capital additions	(153)	(229)
Charge against Capital Resource Limit	**13,996**	**17,781**
Capital Resource Limit	14,885	18,758
Under spend against CRL	**889**	**977**

Note 51 Breakeven duty financial performance

	2019/20 £000	2018/19 £000
Adjusted financial performance surplus / (deficit) (control total basis)	7,122	11,203
Add back income for impact of 2018/19 post-accounts PSF reallocation	391	-
Breakeven duty financial performance surplus	**7,513**	**11,203**

Note 52 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Breakeven duty in-year financial performance		7,755	875	(6,056)	254	298
Breakeven duty cumulative position	(47,098)	(39,343)	(38,468)	(44,524)	(44,270)	(43,972)
Operating income		194,896	196,030	209,582	226,016	231,702
Cumulative breakeven position as a percentage of operating income		**(20.2%)**	**(19.6%)**	**(21.2%)**	**(19.6%)**	**(19.0%)**

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Breakeven duty in-year financial performance	(2,374)	(6,531)	3,672	13,641	11,203	7,513
Breakeven duty cumulative position	(46,346)	(52,877)	(49,205)	(35,564)	(24,361)	(16,848)
Operating income	244,007	264,879	286,335	315,421	336,169	372,479
Cumulative breakeven position as a percentage of operating income	**(19.0%)**	**(20.0%)**	**(17.2%)**	**(11.3%)**	**(7.2%)**	**(4.5%)**

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

The loan repayment plan had been acting as a proxy for meeting the statutory breakeven duty, which the Trust has been in breach of since 2007/08. The statutory breakeven duty is set out in Schedule 5 of the NHS Act 2006 and case law states that a surplus of an equal size to any past deficits needs to be accumulated in a period of (maximum) five years after the deficit was recorded. However as this does not take account of any loan arrangement and the repayment the Trust has achieved, the Trust is still technically in breach.

NHS
Surrey and Sussex Healthcare
NHS Trust

Annual Report 2019-20

Putting people first
Delivering excellent, accessible healthcare

Colleagues from the paediatric dental team. Left to right, Dr Meg Keddie, senior dental officer Dr Daniel Gillway, community dental officer; Sophie Marshall, consultant in paediatric dentistry; Mr Thayalan Kandiah, lead for dental and maxillofacial services and Amrisha Ondhia, specialty registrar in paediatric dentistry

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Performance report

At SASH we pride ourselves on our culture of continuous improvement

Michael Wilson, CBE,
chief executive

Richard Shaw
Chair

In this report you can find out more about our plans, our performance and our achievements from 2019/20. We are also happy to have this opportunity to reflect on the positive difference our people continue to make for our patients.

Foreword

In January 2019 Surrey and Sussex Healthcare NHS Trust (SASH) was rated outstanding overall by the CQC. This rating was applied to the quality of our care and also our Trust's use of resources. At SASH we pride ourselves on our culture of continuous improvement – embodied by our SASH+ methodology. Therefore in 2019/20 our focus has been on building on this outstanding rating.

Teams across SASH have been striving to go further for our patients this year. Many of our achievements have been made possible by our efforts to bolster our workforce. We invested significantly in a major recruitment drive to ensure more of our posts were filled with permanent staff. In recent years, our nursing and midwifery vacancies had been as high as 19%. Our efforts this year meant that all of our band 5 nursing posts were filled by permanent staff and our vacancy rate for nursing and midwifery staff reduced to just 0.5%. This was down to a combination of our recruitment drive, our focus on making SASH the best place to work – ensuring that once people join us they want to stay with us – and our efforts to ensure clear and innovative career pathways within our organisation.

Many teams have built on last year's achievements. For example, our outpatients

Mark Norman, BBC health correspondent filming Nicholas Courtenay-Evans - Consultant Anaesthetist during a virtual consultation

Inspected and rated

Outstanding ☆

CareQuality Commission

Pictured top: Dementia care awards - East Surrey Hospital was named best dementia-friendly hospital in England in 2019. Lucie Ward, occupational therapy assistant Chris O'connor, consultant Admiral nurse

Below: SASH rated Outstanding in 2018.

service has overhauled many of its processes and its environment in response to feedback from patients. We introduced a new system for texting reminders to patients which reduced the percentage of patients not attending appointments by 40% - one of the best in the country. We were one of the first trusts in England to be using a new system to offer video outpatient appointments which patients find easy and convenient. We have also revamped the environment in outpatients, making the check in process smoother. All of this makes our clinics much more efficient, helping us to provide a more reliable, patient-focussed service.

We have an ambition to be rated 'Outstanding' in the 'safe' and 'effective' CQC domains and so we have worked hard to improve patient safety outcomes. For example we have looked in granular detail at how we can reduce falls with a real-time, targeted approach to analysing data and shared learning. We have remained below the national average for falls per bed stay days at a time of sustained increased demand for our services and inpatient care. You can find much more detail about a range of our patient safety outcomes in our Quality Account for this year.

We were delighted that in November 2019 East Surrey Hospital was named best dementia-friendly hospital in England. Providing outstanding care for people living with dementia is incredibly important and the achievement was testament to the hard work of many people across the organisation. It has been a team effort to develop and implement our ambitious dementia strategy, which focuses on four areas: patient engagement, the patient experience, training and the environment.

We have worked incredibly hard to invest in and improve our estate over the last year. In July, our new state-of-the-art facilities for obstetrics, gynaecology and dental outpatient appointments at East Surrey Hospital opened for patients. They offer patients more

"We have an ambition to be rated 'Outstanding' in the 'safe' and 'effective' CQC domains and so we have worked hard to improve patient safety outcomes."

Above: Colleagues from South East Coast Ambulance and SASH neonatal team inclucing Naomi Page; Maha Gorti, consultant obstetrician and gynaecologist; Elizabeth Hamilton, antenatal services matron; who supported Andreia Duarte and Paul Stewart, parents and helped deliver triplets who were the first patients to us the new Neonatal unit

space, better equipment and more modern facilities. The development means maternity and women's health have doubled the number of clinic rooms previously available and patients can access diagnostic tests in the same place as their other appointments. Separate waiting areas for people needing different clinics have also been created to improve privacy and experience. Patients needing outpatient dentist appointments can also access brand new clinic space, with upgraded equipment. East Surrey Hospital is now able to offer cutting-edge scans and surgeries that previously would have required patients to travel to specialist centres in London.

We also made significant progress towards opening our brand new neonatal unit. The £8.6m investment will create more capacity to care for babies who need intensive support at the start of their life. Equipment will be upgraded, each cot will have more individual space within the unit and there will be better facilities for families. Phase one of this development opened in December 2019 and the skill and expertise of our staff was brought into sharp focus immediately. The first babies to require care in the new unit were triplets, delivered successfully after their mother had been brought to hospital as an emergency. Teams from across the Trust collaborated to

ensure mother and her three babies were safe and well – an outstanding example of our One Team approach. This example brought national media attention and praise for our staff.

The new unit will be enhanced through money raised by SASH Charity's Olive's Appeal, which also launched this year. You can read more about a hugely successful year for the Charity later in this report.

Investments in areas such as the new neonatal unit are made possible thanks to the way we have continued our journey to financial health in 2019/20. Our £7.1m adjusted surplus added to the surpluses achieved in past years. That gave us a healthy cash balance and allowed us to repay £11.1m of loan and lease principal. That is a very substantial sum, and at the end of March 2020 the Trust's outstanding loans and leases amount to £10.5m, less than half the previous debt. Only £2.6m of the £56.0m loan that was taken out in 2007 is now remaining. The financial position allowed us to invest £14.8m in the Trust's buildings (including a new neonatal unit), equipment and IT infrastructure in 2019/20. We paid 96% of our invoices within 30 days of receipt for the whole year (only our second year of doing that, and which we will endeavour to improve upon in the year ahead). This is our fourth year in succession of delivering a financial surplus, which is a credit to how all the divisions and departments have worked, and to the Finance and Contracting Teams who have shepherded that journey.

Below: New neonatal unit

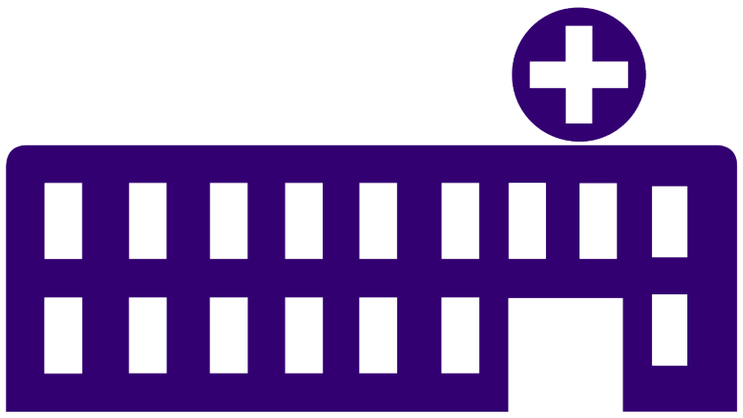
At SASH we are incredibly proud of our 4,800 staff, who work tirelessly to serve our community, providing outstanding and compassionate care. The end of 2019/20 saw an unprecedented challenge for all of our staff as healthcare organisations across the world were faced with the coronavirus (COVID-19) pandemic.

We would like to pay tribute to the efforts of the entire team at SASH for their professionalism and dedication during this period. Our thoughts are with everyone affected by the outbreak.

Richard Shaw, Chair

Michael Wilson, CBE, chief executive

East Surrey Hospital

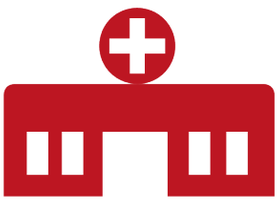


East Surrey Hospital

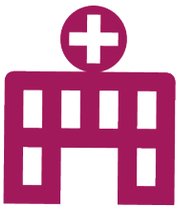
With services at:

Crawley Hospital

Horsham Hospital



Caterham Dene Hospital



Oxted Health centre

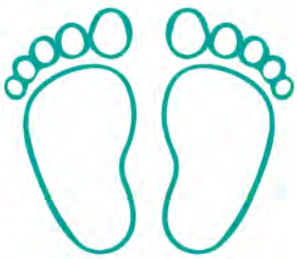
Serving a population of

535,000

Last year we had

53,307
planned admissions

407,499
outpatient appointments



4,460
births

39,646
emergency admissions

112,534
A&E attendances

Welcome sign at hospital entrances to showcase and celebrate diversity at SASH

About us

Surrey and Sussex Healthcare NHS Trust (SASH) provides acute and complex services at East Surrey Hospital in Redhill alongside a range of outpatient, diagnostic and planned care at Caterham Dene Hospital, The Earlswood Centre and Oxted Health Centre in Surrey and at Crawley and Horsham Hospitals in West Sussex. Serving a growing population of over 535,000 we care for people living, working and visiting east Surrey, northeast West Sussex, and South Croydon, including the towns of Crawley; Horsham; Reigate and Redhill.

East Surrey Hospital is the designated hospital for Gatwick Airport and sections of the M25 and M23 motorways. It has a trauma unit, which cares for seriously injured patients in partnership with the major trauma centres at St George's University Hospitals NHS Foundation Trust, Tooting, and Royal Sussex County Hospital, Brighton. East Surrey Hospital has 735 beds and ten operating theatres, along with four more theatres at Crawley Hospital in a day surgery unit.

We are a major local employer, with a diverse workforce of over 4,800 staff providing healthcare services to the communities we serve. The Trust is an Associated University Hospital of Brighton and Sussex Medical School and we are part of educating cohorts of final year medical students from the school each year under the supervision of one of our consultants. Our involvement supports the medical workforce of the future and the delivery of high-quality patient care.

Our vision

We will pursue perfection in the delivery of safe, high quality healthcare that puts the people in our community first.

Our values

Dignity and respect: we value each person as an individual and will challenge disrespectful and inappropriate behaviour.

One team: we work together and have a can-do approach to all that we do, recognising that we all add value with equal worth.

Compassion: we respond with humanity and kindness and search for things we can do, however small; we do not wait to be asked, because we care.

Safety and quality: we take responsibility for our actions decisions and behaviours in delivering safe, high quality care.

Our Clinical Commissioning Groups

The services we provide are commissioned by local clinical commissioning groups (CCGs) as well as NHS England. In 2019/20, we held contracts with 11 CCGs.

The Trust has a contract with NHS England, who commission specialised services and secondary care dental services. The Trust also has a contract with Sussex Musculoskeletal (MSK) which is a partnership hosted by a limited company in the north of West Sussex, and who commission a range of outpatient and inpatient services from the Trust.

The majority of our services are commissioned by:

NHS East Surrey CCG: Covering the districts of Tandridge, Redhill, Reigate and Horley with a population of 185,000 people.

NHS Surrey Downs CCG: Serving a population of over 305,000 people living in Mole Valley, Epsom and Ewell, Banstead and East Elmbridge.

NHS Crawley CCG: Covering the Crawley district with a population of over 120,000 people.

NHS Horsham and Mid Sussex CCG: Covering the northern part of Horsham district and Mid Sussex district with a population of nearly 240,000 people.

During the year, CCGs in the Surrey Heartlands integrated care system were seeking to gain authorisation from NHS England to merge from 1 April 2020 to become Surrey Heartlands CCG. You can read more about the development of integrated care systems in the section on our strategy later in this document.

Clinically led

We are a clinically led organisation, focused on putting people first. Our services are led and managed through four divisions:

Cancer and diagnostics:
Chief - Dr Tony Newman-Sanders
Associate director - Alison James
Divisional chief nurse - Paula Tooms

Medicine
Chief - Dr Ben Mearns
Associate director - Cynthia Quainoo
Divisional chief nurse - Nicola Shopland

Surgery
Chief - Mr Ian Maheswaran
Associate director - Natasha Hare
Divisional chief nurse - Jamie Moore

Women and children
Chief - Miss Karen Jermy
Associate director - Riyadh Seebooa (Bill Kilvington until December 2019)
Divisional chief nurse - Michelle Cudjoe (Head of midwifery)

Key strategic and cross divisional themes are also led by Clinical Chiefs:

Chief Informatics Officer - Dr Tony Newman Sanders, also chief of cancer and diagnostics

Chief of Education - Dr Sarah Rafferty

Chief of Innovation - Dr Des Holden

Our CQC rating

In January 2019 the CQC rated SASH outstanding overall and commended the organisation for the quality of care and its use of resources.

There were no updates to the below ratings in 2019/20.

Rating for acute services/acute trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
East Surrey Hospital	Good ↔ Oct 2018	Good ↔ Oct 2018	Outstanding ↑ Oct 2018	Outstanding ↑ Oct 2018	Outstanding ↑ Oct 2018	Outstanding ↑ Oct 2018
Crawley Hospital	Good ↔ May 2014	Good ↔ May 2014	Good May 2014	Good May 2014	Good ↔ May 2014	Good ↔ May 2014
Overall trust	Good ↔ Oct 2018	Good ↔ Oct 2018	Outstanding ↑ Oct 2018	Outstanding ↑ Oct 2018	Outstanding ↑ Oct 2018	Outstanding ↑ Oct 2018

SASH+ transforming care

In March 2015, the NHS Trust Development Authority, now part of NHS Improvement, invited expressions of interest from NHS Trusts to be part of a five-year development partnership, which aimed to fundamentally improve the quality, performance and financial sustainability of the organisations selected to take part as well as share learning with others. Over the last four and a half years SASH, along with four other Trusts have been working in partnership with the Virginia Mason Institute (VMI) in Seattle, USA who have developed a transformational management system - the Virginia Mason Production System, which is based on lean methodological improvement techniques adopted and adapted from the Toyota car manufacturing factory in Japan. Over the last 20 years the Virginia Mason Production System has enabled them to become one of the safest and highest rated hospital organisations in the USA.

Our aim at SASH is to pursue perfection, putting our patients at the forefront of everything we do, improving safety and quality by reducing variation and waste in every process. SASH+ is defined as a management system with an inbuilt quality improvement methodology enabling kaizen to happen every day.

Above: Report out with Emma Elliott, Kaizen specialist; Luis (Bruno) Augustin, nursing assistant, Newdigate; Amado Lumabang, registered nurse, Nutfield ward; Evalina Nubi -Host; Natasha Kazak, nursing assistant (SAU); Gabriella Quiney- team Leader; Dana Rosu, registered nurse, Nutfield ward; Mica Cooper, trainee nurse associate, Copthorne; Pauline Dolan, student nurse; Louisa Wallace- Kaizen specialist; Claire Butler, PD therapist/ SLT.

Our SASH+ work supports an accelerated transformation in quality by providing us with a structured approach to continue our improvement journey and has helped to take us from being a CQC rated "Good" to an "Outstanding" organisation.

Our Kaizen Promotion Office (KPO) team lead SASH+; providing the structure, methods and rigor behind the successful implementation of our management system, alongside training and developing staff from across the organisation to lead using their new skills and methods.

Education and training

To share and embed a sustainable culture of continuous improvement across the Trust, staff from Board to ward are undertaking a variety of SASH+ training and development programs.

Sharing our work

This year we have held six quarterly open days and hosted a number of additional visits which have provided a wide variety of stakeholders from across the country and internationally with the opportunity to see and experience, first-hand, the SASH+ transformation work that is taking place. They have been hugely impressed by the high levels of staff engagement and commitment to the work and the positive benefits the transformation programme is bringing to patients across the Trust.

Below: Baroness Dido Harding visit to SASH+

We are very proud of the significant and sustainable transformation changes we have successfully made and look forward to continuing to improve the high quality of care we provide to local people. This is reflected in the recent CQC report:

"The SASH+ quality improvement programme has empowered staff by equipping them with the lean tools, methods and a structured process which has very successfully built a culture of continuous improvement across the whole Trust. Investment in improvement and training has been a priority and this had resulted in a culture where staff at all grades and from all disciplines felt involved and enthused by the work streams and the idea that they could make a real difference to patient safety and the patient experience"

(CQC inspection report 2019)

We are also proud of the empowering impact involvement in making change has on individuals and teams and feel that this is reflected in how our staff rank the organisation in the national NHS Staff Survey.

Jane Ritchie, Governor and Sally Brady, Governor supporting staff at East Surrey Hospital

Our governors and members

Governors provide valuable insight and feedback from the members they represent. They work with, represent and are conduits to the members of their constituencies, helping the Trust to understand the needs and experience of patients and local people; in effect, by making sure 'patients are always in the room' when services are being discussed and decisions made.

Our governors also make a valuable contribution to how we deliver services and make a difference to the future health and wellbeing of local people. We consider our governors a trusted group of critical friends who make an important contribution to how we deliver care and services at SASH.

The governors are elected by members of the constituency of which they are a member and which they represent. The Council of Governors include elected public, patient and staff governors, along with nominated governors from our partner organisations.

This year we held elections for a number of governor roles, the results of which are due to be announced at the time of writing this report. For those governors who have come to the end of their terms with us, we would like to thank you for your contribution to SASH.

Our governors are volunteers and unpaid, and Council of Governors meetings are held four times a year. Governors are also members of sub-group meetings, on specific issues, for example patient experience and community engagement events as well as being part of our annual general meeting.

This year our governors have played an active and important role in a range of Trust activities and programmes, including:

- The development and review of patient information
- Gathering information and feedback on patient entertainment to inform Trust plans
- Patient experience reviews and ward visits
- Improving communication with the community and members through developing and expanding the Governor's newsletter.

The Trust has around 10,200 members, 6,000 from its patient and public constituencies and 4,200 from its staff. The membership constituencies are:

- Reigate and Banstead
- Tandridge
- Crawley
- Horsham
- Mole Valley
- Mid Sussex
- Croydon (electoral wards: Purley; Coulsdon East; Coulsdon West; Kenley; Sanderstead)
- Patients from outside the catchment area
- SASH staff

Although originally created as part of the process to become a foundation trust, the Trust Board made the decision to retain an elected council of governors and recruit patient and public members. The Council of Governors remains constituted and active however it does not have equivalent statutory responsibilities to those of a foundation trust. It acts as a trusted critical friend to the Trust and plays an important role in the development and embedding of patient and public engagement throughout the organisation.

SASHCHARITY

SASH Charity raises funds to help the Trust go above and beyond what would otherwise be possible, to deliver great experiences for SASH patients, and help support staff welfare.

2019/20 was an important year in the development of the charity. This included development and launch of a new three year strategy, creation and launch of a major new fundraising appeal (Olive's Appeal), and starting to build strong foundations for future development. The year culminated in a successful campaign against national competition to become the new charity partner for London Gatwick Airport.

The new strategy sets out how SASH Charity will increase visibility and understanding of the charity's role amongst staff at the Trust, as well as amongst the wider community which we serve, to enable the Charity to have a greater impact for its beneficiaries.

The Charity has refreshed its website, and social media presence, leading to a significant increase in reach across all channels.

The work to increase visibility will be underpinned by investment in systems for ensuring donors and supporters are thanked

Olive's appeal

For the East Surrey Hospital neonatal unit

Olive Murray

and engaged, as well as ensuring the charity is efficient in both how funds are raised, and how they are deployed to achieve maximum impact. Broadly, year one of the strategy is focussed on putting in place the essentials needed for an effective charity, year two (2020/21) is about making these increasingly effective through enhanced systems and ways of working, and year three is where the Charity expects to start to drive increased income.

A key part of the charity's

strategy is to have one, or at most two external fundraising appeals. These provide a helpful focus for fundraising, both from charitable trusts and foundations, and for our local community and corporates.

In September 2019 the Charity launched Olive's Appeal, the fundraising campaign to support the transformation of the East Surrey Hospital Neonatal Unit. This appeal is focussed on enhancing the level of equipment available in the new unit, as well as helping make the new facilities as comfortable as possible for families staying in it. The appeal is seeing significant support from our local community, and providing a focus for applications to major charitable trusts. At 31 March 2020, the appeal had already raised in excess of £100,000. We anticipate it will run until September 2021.

We saw significant support from staff and our community at the Run Reigate event in September 2019, with a team of 37 runners running for SASH, raising in excess of £12,000.

January 2020 saw the charity successfully compete to become the new charity partner for London Gatwick Airport. This is a huge opportunity, made possible thanks to a successful application, shortlisting, then a campaign to encourage airport staff to vote for SASH, in competition with other shortlisted charities. The partnership officially started in April 2020 to run for two years. SASH Charity is currently working closely with airport colleagues to plan for a revised partnership launch once COVID-19 restrictions have begun to ease.

January 2020 saw the charity successfully compete to become the new charity partner for London Gatwick Airport.

Impact

During the last 12 months, thanks to donations, SASH Charity has been able to support:

- A refurbishment of the Trust's multi-faith chapel, providing flowers to the hospital chapel for a whole year,

and funding a service of remembrance for families who have lost a loved one, and for hospital staff who care for people at the end of life

- Improvements to the garden at the Macmillan Cancer Centre, and a thank you lunch for the volunteers who help people affected by cancer at the centre
- Helping make SASH feel an inclusive environment for patients, staff and visitors of all sexualities and backgrounds through funding the adoption of the NHS Rainbow Badge programme
- Development of new skills in the ophthalmology department
- Heat pads to enhance the comfort of patients having chemotherapy here at East Surrey Hospital, and tablet computers to enhance the efficiency and flexibility of staff caring for them
- Artwork to help create great spaces in the new dental unit at East Surrey Hospital, and the newly opened Aldrich-Blake unit

SASH Charity fundraisers at Run Reigate including ; Avinash Aravamudhan, lead consultant paediatrician; Chris O'connor, consultant Admiral nurse; Andrew Bickerdike, fundraising manager; Kate Knight, nursing assistant; Keata Murray; Elena O'Connor, volunteer and bank OT assistant; Francesca Head, practice development midwife; Lauren Chandler, Better Births project lead midwife; Vesna Hogan, SurgiNet audit and support data analyst

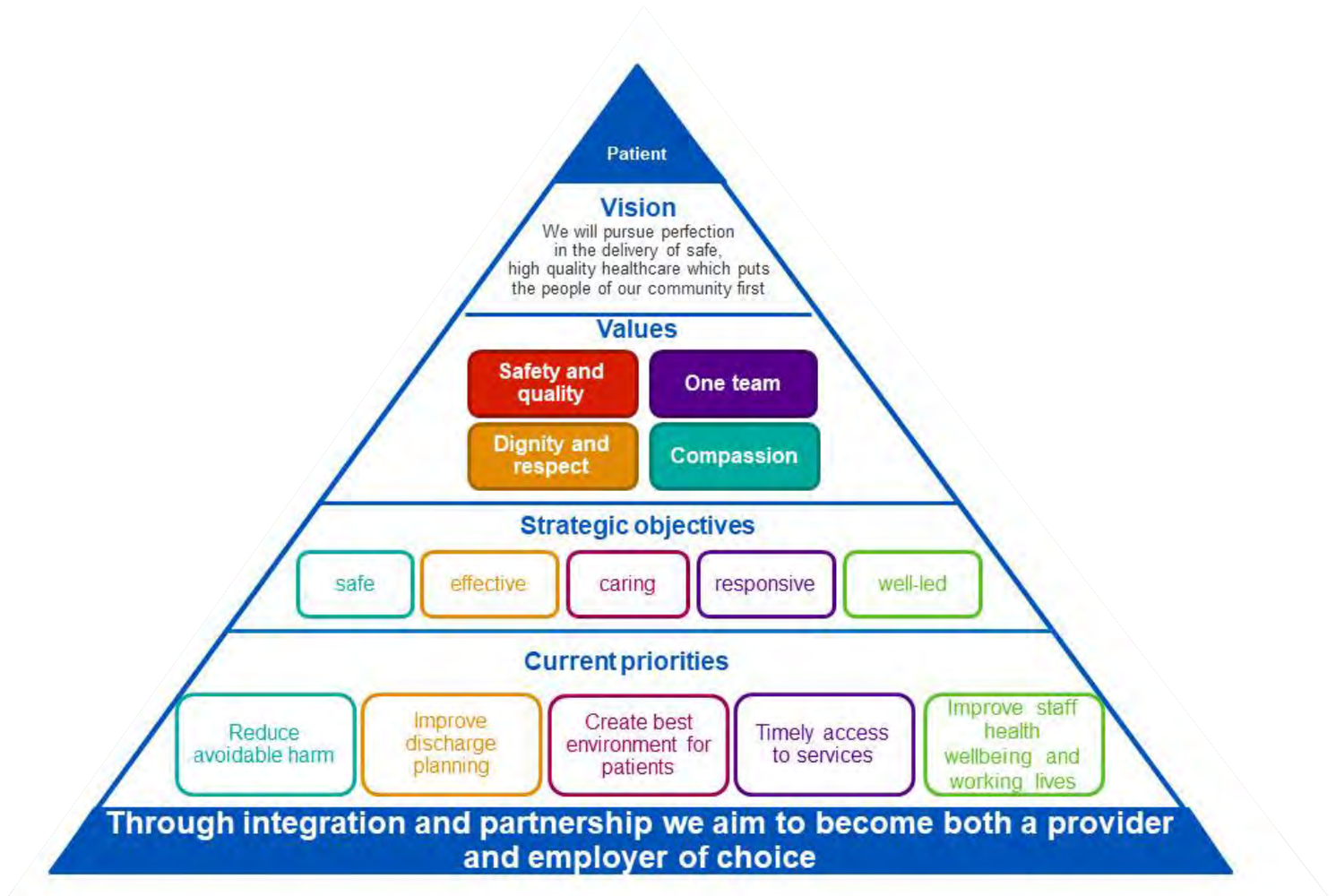
- A team away day for the Maple perinatal mental health team, who support new and future mums across Surrey and Sussex
- An exhibition of sketches related to Parkinson's Disease by an NHS consultant and illustrator to share insights into the disease
- New patient entertainment equipment on Chaldon Ward at East Surrey Hospital
- A summer fun day for children with epilepsy – through donations and the brilliant fundraising of clinical nurse specialist for paediatric epilepsy and neurodisability, Kirsten McHale
- Improvements on the stroke unit, a 3D replica liver to support education about alcohol consumption, arts and crafts for children in hospital and more.

More information is available online at www.sashcharity.org or the dedicated appeal website: www.olivesappeal.org.

Summer fun day with Jamie Clarke, children's entertainer Kirsten McHale, clinical nurse specialist for paediatric epilepsy and neurodisability

Above: Raising money for SASH Charity, Ashwini Gopu, during an expedition to the summit of the Caucasus mountains; the highest point of Europe at 18,510 ft, Mt Elbrus in Russia

Our plans



Our strategy

Our strategy has been strengthened in recent years through some of the work we have been doing to renew our supporting strategies. These include workforce and organisational development, clinical, quality, digital and estates. This has enabled us to refresh our priorities for the coming years reflecting the needs outlined within the NHS Long Term Plan, the NHS People Plan and the possibilities afforded to us through digital solutions. Our strategy on a page outlines our vision, values, strategic objectives and current priorities.

Pictured l-r, Richard Shaw, Chair; David Behan, Chair of Health Education England; Dr Sarah Rafferty, chief of education; Philippa Spicer, regional director for Health Education England; Michael Wilson CBE, chief executive

Our strategic objectives are:

Safe
Deliver standardised, safe, high quality care which pursues perfection and is in the top 25% of our peers

Effective
As a teaching hospital, deliver effective and sustainable clinical services which focus on outcomes, innovation and technology

Caring
Develop the care we provide in partnership with patients, staff, families, carers and community services; deliver it with compassion

Responsive
Be the hospital of choice for our community, delivering services in response to the needs of our population

Well-led
To be a high quality employer that focuses on staff health and wellbeing and delivers patient clinically led, efficient services

Delivery of our current priorities

Safe:

Reduce avoidable harm

The Trust has been a strong performer in the safety thermometer which measures how successfully the Trust is delivering harm free care. Our SASH+ value stream on sepsis has focused on our ability to increase incidence reporting to support delivery of speedier treatment. We have increased awareness of sepsis, developed patient information leaflets, improved referral pathways and handover processes within the hospital and developed a dashboard that monitors our continued improvements.

Effective:

Improve discharge planning

The discharge planning value stream has overseen the improvement of a wide range of discharge related activity during the year ranging from implementing dedicated time for writing up discharge letters and prescriptions, redesigning our discharge lounge and pathways and embedding our patient tracking system to ensure optimum bed management and flow.

Caring:

Create best environment for patients

Our most significant development this year has been a brand new neonatal unit to vastly improve the patient experience and environment for our neonates and their families. This development also enabled improvements to some of our outpatient facilities within dentistry and gynaecology.

Responsive:

Timely access to services

During the year responsiveness has been challenging due to unprecedented increases in emergency activity. We have worked with our system partners to understand this and to develop ways of working that will also support our journey towards integration. In spite of this the Trust continues to be one of the strongest performers for Emergency Department four hour waits, cancer waiting times and referral to treatment times.

Well led:

Improve staff health, wellbeing and working lives

The health and well-being of our staff has continued to be the key area of focus within our well led objective. During the year there have been various initiatives to support the health and wellbeing of our staff. These include our Jump Start programme which has provided staff with a personal training and dietary advice programme lasting eight weeks and staff access to an online app which offers weekly fitness videos, dietary and wellbeing advice. We have continued to host our onsite fitness classes, the popular health and well-being open day and embraced initiatives such as Dry January. Staff were also

provided with bonus leave for Christmas shopping as a thank you for all of their hard work.

During 2019/20 the Trust introduced a new talent management process to embrace and encourage the upcoming talent within the organisation. The successful international nurse recruitment programme has also had a huge impact on the level of rota fill and therefore the levels of stress experienced by staff working on wards where there have previously been challenges filling shifts or where temporary staffing has been in place.

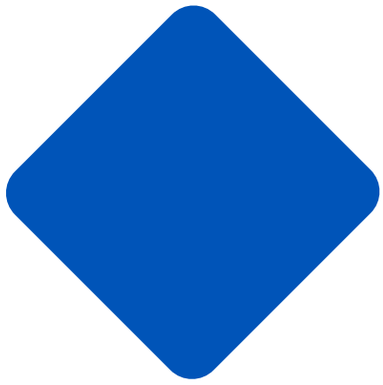
The areas described above give a flavour of the delivery of the Trust's strategy and current priorities but there is so much more that permeates through the organisation. All staff teams review the Trust's priorities and translate these at team level at the beginning of the year. Each team and ward area proudly present their team level objectives somewhere visible for all to see and local production boards oversee delivery of the objectives. These will be specific for the team for example, timely access to services for the pathology team might be around reporting turnaround times of a sample but it might be length of time for a request to recruit to new staff member being in post for Human Resources. During the year teams were provided with a wide range of data to support the development and ongoing review of the team priorities to ensure a focus on continuous improvement.

Developing integrated care with our system partners

During the year SASH formally joined the Surrey Heartlands Integrated Care System thus becoming part of a wave two devolution area which has been set up to begin to fully integrate health and social care.

Surrey Heartlands is made up of four Integrated Care Partnerships of which SASH sits within Crawley, East Surrey and Horsham (CrESH). The financial challenges with the CrESH system are significant and as such this first year has focused on understanding why the financial challenges exist and collectively agreeing the priorities for developing a sustainable health and care system for the future.

Partnership working will be critical to achieving our strategic objectives. We have made great strides to work together with partners for the benefit of patients. For example, we have been working hard to improve care and support for our patients' mental health. In partnership with commissioners and Surrey and Borders Partnership NHS Foundation Trust, a commitment was made to increase the capacity of the mental health liaison service to ensure the liaison service meets the standards of a 'Core 24' service. This has been achieved by increasing the establishment of the service from 8.6 whole time equivalents in March 2019 to 24 whole time equivalents, and providing training for hospital departments. This will improve the holistic support available for patients in hospital, make the liaison team itself more robust, and increase the support available for acute hospital staff. This forms one part of our mental health strategy, which has been developed with input from our partners, patients and community.



Jane Dickson, chief of nursing and midwifery and patient safety lead

Our ability to deliver our plans

The Department of Health and Social Care Group Accounting Manual requires the Trust to disclose whether the Directors of the Trust have any awareness of material uncertainties that might affect the Trust's 'Going Concern' status. We confirm that the directors do not and therefore as a public service body with no awareness of material uncertainties that might cast significant doubt otherwise, the Trust's financial accounts have been prepared on a 'going concern' basis. The key issue about 'Going Concern' is the public sector funding of services and there is absolutely no suggestion that the funding of NHS services will change materially in the foreseeable future. Indeed, in the current COVID-19 emergency the government have further committed to providing the necessary financial support to NHS organisations, to the extent that all NHS providers are expected to break-even against their funding in 2020/21. That position is supported by a statement on future cash flows provided by NHS England / Improvement.

There is, understandably, some uncertainty around how the COVID-19

Chris O'connor, consultant Admiral nurse with Sue Bass, carer of a patient with dementia

emergency will develop after the initial lockdown and NHS England/ Improvement is keeping its options open in terms of some of the detail of how providers will be funded, recognising that the costs of re-starting services that meet COVID-19 protected requirements will provide additional costs and options need to be open for dealing with any second surge of cases. However, this is all practicality to ensure NHS providers are adequately funded.

As the accounts and finance section of this annual report describe, this specific Trust has the strongest cash position it has ever had after several years of recurrent surplus, and has now recovered to the extent that in 2019/20 it halved its borrowings, again to the lowest level it has ever had. Strategically the Trust is a fixed point in its health system, and during the initial COVID-19 surge was one of the busiest for intensive care activity in the region outside London. This strategic position and financial strength provides further evidence of the Trust's going concern status.

The Board of Directors identify and record strategic risk on the Board Assurance Framework (BAF). Clinical risks and non-clinical risks are reviewed by the Executive Committee, the Executive Committee for Quality and Risk and the Board.

The BAF is a public document available on the Trust website and details the strategic risks to the Trust's objectives. Each BAF risk includes details of the controls in place, gaps in controls and mitigating actions identified by the Executive lead to reduce the severity or likelihood of the risk impacting on delivery of the Trust's strategic objectives. Please read our Annual Governance Statement, below, for more information.

Patient experience

What our patients say

The Trust is committed to ensuring that our patients are looked after in a caring environment; that they are treated with compassion, kindness, dignity and respect. Patient feedback is fundamental to improving our care. There are numerous ways we collect feedback and all of them help us to understand what we do well and where we can make improvements. Significant work is in progress to ensure that the range of feedback systems that are in use are responsive enough to drive real time quality improvements.

The Trust has successfully introduced the new national Friends and Family Test question, which invites feedback on the overall experience of services, rather than just whether they would be recommended to friends and family. From April 2020 the Trust will focus on demonstrating that we are responding to the feedback collected and will share the

results with staff, patients and visitors.

We want our staff and service users to see our organisation as one that's increasingly focused on delivering consistently excellent customer service by;

- Each patient experience committee meeting hears a patient story from a different division. The stories form a powerful and meaningful way to focus on what is important to our patients. Patient stories are used across the Trust at training and staff meetings and are also shared at our Trust Public Board meetings
- Ensuring that patients have access to the most up to date and accurate information to make informed decisions about their care
- Providing patient information that is clear and consistent
- Liaising with our local Carer's Support organisations to ensure that patients and their carers continue to be supported in their own homes
- Providing recreational activities for our inpatients to improve their physical health and well-being, appropriate to their individual needs and abilities. For example we are working with a local charity to provide a weekly opportunity for patients, visitors and staff to sing and make music together
- Ensuring that our site is easy to access and to navigate, through carefully considered colour coded signage and maps
- Supporting patients to have access to their medical records

Our Patient Advice and Liaison Service have just over 400 contacts per month, offering practical solutions and a listening ear in real time. Contacts are made via walk-ins, telephone, letters and emails. PALS intervene so that potential reasons to complain can be managed proactively. The PALS team record all the contacts on the DATIX system, which then allows monthly reports to be presented at the Patient Experience Committee, highlighting the trends and issues.

Dementia

We were delighted that East Surrey Hospital was crowned best dementia friendly hospital in England this year.

An ambitious dementia strategy was developed which focuses on four key areas; patient engagement, the patient experience, training and the environment. This has led to strengthened governance and better data which mean staff are now better able to ensure people with dementia have the right support when they need it and are cared for in the most appropriate environment.

Staff have improved nutrition through practical improvements such as making snack boxes with high-calorie finger food more readily available, reviewing meal times and trialling alternative crockery such as blue plates to help people see their food more easily.

The hospital uses the Butterfly Scheme which ensures that patients living with dementia receive the right support. Staff have also introduced dementia leads in various areas and

enlisted the support of dementia volunteers who support activities on the wards.

Parts of the hospital environment have also been transformed in line with dementia friendly design principles. As part of this, the hospital now has a dementia friendly garden, Camomile Courtyard, which provides a relaxing space away from the hospital's buildings.

Every last Wednesday of the month, we hold a Dementia Café; an opportunity to remove isolation and bring people together.

Making it better - responding to complaints

In 2019/20, 590 complaints were reported to the Trust Board, compared with 602 in 2018/19. A total of 88% of formal complaints were responded to within the timescale agreed with the complainant, this is an improving metric.

Of the complaints received in 2019/20, 40 resulted in a dissatisfied response from the complainant. This compares favourably with the 68 recorded for the previous financial year. Dissatisfaction with complaints responses is necessarily measured in arrears because we need to allow people time to respond; full year data will be published in our annual complaints report later in 2020.

In 2019/20, the Parliamentary and Health Service Ombudsman (PHSO) made contact with the Trust to discuss eight cases referred to them by SASH patients for investigation. Only one of these complaints was received and responded to in the financial year 2019/20. At the time of writing, none of these cases have been upheld. Four cases were not investigated, the other four are ongoing. Summary information about cases referred to the PHSO will be published by the Trust in its annual complaints reports.

Looking ahead to 2020/21, our plans include:

- A renewed focus on reducing our response time for complaints, including the introduction of a new Key Performance Indicator (KPI) in relation to the timely resolution of complaints
- The implementation of the feedback module of Datix Cloud IQ which will be an opportunity to review the coding hierarchy within the Trust to improve the management information from complaints.
- Introduce monthly reviews of all dissatisfied complaints to determine whether it may have been possible to achieve a better outcome for all parties involved

The Trust will be publishing a detailed annual complaints report, including themes and trends, later in 2020.

Performance
Activity - the numbers

This year we continued to see record numbers of patients rely on both our emergency and planned services.

The tables below show the number of people who used our services in 2019/20 and our performance against national standards.

Activity this year.

	2017-18	2018-19	2019-20	Change	%Change
Emergency attendances	99,071	105,325	112,534	7,209	6.84%
Outpatient appointments	374,006	396,709	407,499	10,790	2.72%
Non-elective admissions	36,276	38,376	39,646	1,270	3.31%
Births	4,516	4,492	4,460	-32	-0.71%
Elective admissions	48,583	52,332	53,307	975	1.86%

Performance against national standards

	Standard	2017-18	2018-19	2019-20
ED 95% in 4 hours LAEDB performance	95%	95%	96%	94%
ED 95% in 4 hours - Trust performance	95%	92%	93%	90%
Patients waiting in ED following DTA	0	0	0	0
Cancer TWR	93%	93%	94%	92%
Cancer 62 day referral to treatment standard	85%	87%	82%	76%
RTT incomplete pathways - % waiting less than 18 weeks	92%	89%	91%	81%
RTT patients over 52 weeks on incomplete pathways	0	19	9	15

	Q1			Q2			Q3			Q4		
	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-18	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
ED 95% in 4 hours - LAEDB performance	94.5%	97.4%	96.4%	95.9%	95.2%	95.7%	93.0%	91.7%	91.2%	90.5%	90.8%	95.4%
ED 95% in 4 hours - Trust performance	90.2%	95.4%	93.0%	92.3%	90.6%	92.2%	86.0%	85.8%	85.4%	83.0%	83.3%	91.9%
Patients waiting in ED for over 12 hours following DTA	0	0	0	0	0	0	0	0	0	0	0	0
Ambulance turnaround - number over 60 mins	12	1	2	3	13	16	20	52	69	106	90	11
Cancer - TWR	90.5%	93.1%	91.1%	93.0%	90.7%	91.8%	92.1%	93.3%	93.8%	89.9%	93.2%	94.5%
Cancer - 62 day referral to treatment standard	81.9%	69.8%	79.2%	73.8%	80.7%	82.9%	71.1%	71.4%	81.8%	74.9%	64.3%	79.6%
RTT incomplete pathways - % waiting less than 18 weeks	90.9%	90.7%	89.9%	89.3%	87.0%	87.3%	87.1%	87.0%	85.6%	84.3%	83.7%	80.5%
RTT patients over 52 weeks on incomplete pathways	9	5	5	9	8	3	3	0	5	5	4	16
Percentage of patients waiting 6 weeks or more for diagnostic	3.0%	2.3%	1.3%	3.2%	2.9%	1.0%	0.6%	0.5%	1.3%	1.6%	1.2%	2.2%
No of operations cancelled on the day not treated within 28 days	0	4	3	5	8	7	1	8	16	TBC	TBC	TBC

A&E: four-hour standard

The emergency department (ED) four-hour standard (patients attending an A&E department must be seen, treated, and admitted or discharged in under four hours) continued to be a significant challenge across the country this year.

In keeping with the rest of the NHS, the continued growth in activity placed a challenge on our ability to meet the national standard of 95%. Despite this challenge, throughout the year, SASH benchmarked as one of the top performers nationally on this standard.

For emergency care, nine out of every ten patients were seen and admitted or discharged within the national standard of four hours. This was achieved despite seeing over 7,000 more patients come through our doors for emergency care (around a seven per cent increase on the previous year). To put this into context, over 3,000 more people were admitted or discharged within four hours this year compared with last. This is despite emergency attendances outstripping population growth.

Performance against the emergency care standard remains a priority and it relies on work not only across SASH, but across the whole of the health and care system. We continue to play an active role in our local accident and emergency delivery board, working with health and care partners to reduce delays for patients wherever possible. For example, we ran two focussed weeks during the winter period to strengthen this partnership working and find ways to unblock issues that can cause delays for local people. Looking ahead to next year, we will need to continue this work while ensuring the system continues to support the measures needed to respond to COVID-19.

Cancer waiting times

We saw continued growth in cancer referrals this year with an 8% increase in demand when compared to 2018/19. Despite the growth, we saw an improvement in our performance against the national standard for ensuring that 93% of patients should be seen by a specialist within two weeks of their urgent GP referral as the year progressed, meeting this standard in four of the last five months of 2019/20.

Emergency department at East Surrey Hospital

Our performance against the standard which aims to ensure 85% of patients begin their first definitive treatment for cancer within 62 days following an urgent GP referral saw a number of challenges. Increased demand placed a challenge on diagnostic capacity. Coupled with this, changes to the way breaches are reported in 2019 contributed to a decline in our performance against this standard this year, with some breaches that were previously shared between providers now being recorded by the diagnosing trust only. One of our priorities is improving our time to diagnostics in order to improve this performance.

Referral to treatment standard

Nationally in the NHS leading clinicians have been reviewing the access targets currently in place, including those for routine care and operations. They made proposals to update these targets in line with advances in how care and treatment can be delivered, and what patients say matters most to them. Earlier this year we agreed to help test the proposed new standards for planned care, to help the national NHS decide whether they are better than the existing standard. The main target

for routine care is currently that 92% of people waiting for planned treatment should be waiting less than 18 weeks from the time of their referral. The national review proposed that, instead, the use of an average wait target for people on the waiting list might be easier to understand, and help to bring down waiting times. We have been helping test this over the last few months and will feed our results into the national review.

During this testing we have not changed any planned appointments so patients shouldn't have noticed anything different to normal. Our performance against the current national standard is published in the table above. Performance against the standard was challenging throughout the year, primarily due to increased demand. This performance was particularly challenged in the final weeks of 2019/20 when the COVID-19 outbreak began. This saw an increase in patients waiting longer than we would like and, like the whole of the NHS, we were instructed to postpone non-urgent appointments and procedures.

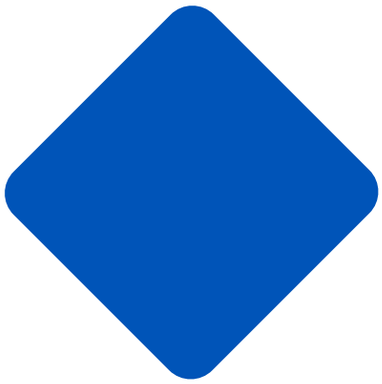
Over the course of the testing, our performance against the 92% standard deteriorated as we saw exceptional capacity issues alongside many other NHS trusts, and as a result of COVID-19 at the end of the year we had 16 patients waiting over 52 weeks for treatment compared to a pre-COVID trajectory of zero.

COVID-19

The end of 2019/20 was significantly impacted by the response to coronavirus. In order to ensure we had as many beds available as possible to care for patients with severe respiratory problems we reconfigured parts of our hospital, more than doubling our capacity for critical care. In line with every hospital in the country we were asked to suspend all but very urgent elective operations to help us to provide the right response. While very urgent operations continued and as many appointments as possible were conducted over the telephone or via video-link, we were required to postpone a significant number of operations, procedures and appointments.

This process has been managed by our incident command centre and overseen by an executive strategic group, which met daily in March 2020 and provided assurance to the Trust Board via the Trust Executive Committee. You can find more information about the governance of our response in the Annual Governance Statement, below.

Responding to COVID-19 will continue to be a priority throughout 2020/21, with the key issues including ensuring we follow all of the relevant guidelines to ensure staff continue to be as safe as possible, ensuring the right capacity is available to care for people with COVID-19, ensuring other services are able to resume when it is safe and appropriate to do so and continuing to assess the impact that the postponement of certain services has had. We worked well with the independent sector during the early stages of the outbreak to ensure the best use of capacity and resources and we will continue to work with them as our response continues.



Our people

We have a workforce of over 4,800 people in a broad range of clinically registered professions and support roles and value everyone for the part they play in delivering high quality care to our patients through our One Team approach.

Who we are

Our One Team is made up of the following professions:

	Headcount	% of Workforce		% female	%male
Add, prof, scientific and technic	134	276		80.60	19.40
Additional clinical services	823	16.98		77.28	22.72
Administrative and clerical	908	18.73		83.92	16.08
Allied health professionals	236	4.87		80.51	19.49
Estates and anciliary	385	7.94		46.75	53.25
Healthcare scientists	88	1.82		64.77	35.23
Medical and dental	682	14.07		49.27	50.73
Nursing, midwifery and registered	1,591	32.82		87.55	12.45
students	1	0.02		100.00	0
Grand total	4,848				

Our people - colleagues from the deepclean team; Alvarro DeFreitas; Maria Kiss and Jean Charles

Staff survey

National NHS Staff Survey
We received a fantastic response to the 2019 National NHS Staff Survey – over 65% of staff completed the survey and our results were equally impressive.

Of the eleven Key Themes we scored in the highest 20% for all but one, and we scored the highest score nationally among comparable acute trusts for two of these – Staff Engagement and Quality of Appraisals. We also scored highest nationally among comparable trusts for staff recommending SASH as a place to work and patient care being the organisation's top priority.

Whilst our staff ranked us highly in the Key Themes and many of the individual questions, we scored in the lowest 20% nationally for staff facing abuse from patients / service users, and other visitors to the Trust. This has been an issue we have faced in previous surveys and an area we need to focus on for our staff. We have undertaken some steps to reduce abuse staff face, (notable working with our emergency department and security teams, and the introduction of clinical holding training), however there is still more work for us to do.

"Once again our national staff survey scores show how well engaged staff are with the organisation and that their commitment, dedication and support drives our ongoing journey of continuous improvement"

Michael Wilson CBE, chief executive

The data is used by the Survey Coordination Centre (Picker Institute) in the NHS Benchmark Report, which presents the data under the four staff pledges and three additional themes of equality and diversity, errors and incidents and patient experience measures.

Staff Friends and Family Test

We continue to score well in the Staff Friends and Family Test for both staff recommending SASH as a place to work and as a place to receive treatment. Our quarterly scores for 2019/20 have been in the top 20% for each survey.

We have also received many positive comments from staff through their anecdotal feedback.

SASH STAR AWARDS

Recognising achievement - SASH Star Awards

The SASH Star Awards have become a key date in the SASH calendar and every year they become bigger and better. 2019 marked our largest award ceremony with over 200 staff attending.

The awards are a real celebration of our staff and the amazing contribution they make on a daily basis. The quality and diversity of the nominations is a real testament to our staff.

Awards were presented for:

- SASH Values Champion
- One Team - Frontline Team of the Year
- One Team - Behind the Scenes Team of the Year
- Frontline Employee of the Year
- Behind the Scenes Employee of the Year
- Apprentice of the Year
- Volunteer of the Year
- Innovation and Service Improvement
- Improving Patient Experience
- Supporting Diversity in the Workplace
- Supporting SASH Charity

Developing our staff

We have been progressing work streams to support the implementation of the education and development strategy and operational plan. Five education objectives provide the framework for the underpinning operational delivery plan aligned with SASH's strategic objectives. Key work streams include:

- activities to support those preparing for careers in healthcare
- upskilling staff and supporting our internal education faculty
- optimising apprenticeship development programmes to support career development
- embracing new roles, for example, nursing associate and advanced clinical practitioner
- leadership development and talent management

Our key areas of work / successes aligned to our strategic objectives include:

- SASH careers fair for local school children and their parents
- Increased mandatory training compliance
- Exceeded the Trust achievement review (appraisal) target of 90% and quality of appraisal is ranked as the highest for acute Trusts in the 2019 national staff survey
- Over 95 apprentice learners enrolled

Chief executive presenting apprenticeship achievement awards

providing development opportunities to existing staff
- Introduced new managers toolkit and networking lunch and coaching workshops
- Piloting formal succession planning process with senior leaders
- SASH supporting learners in practice conference – November 2019

Two hundred local children and parents visited the hospital for the SASH careers fair to explore a diverse range of healthcare careers. The event included talks, experiential opportunities and simulation to get a taste of specific careers, as well as lots of useful information. It was highly successful with excellent feedback from children and their parents, highlighting the value and importance of engaging young people in the wide choice of healthcare roles and how to get into them.

The range and uptake of apprenticeship programmes has continued to increase this year. Enrolments include the expansion of current programmes for example trainee nursing associates and team leading as well new offers such as health and social care. Programmes are available from level 2 through to masters level 7, for advanced clinical practitioners and senior managers. We have been able to increase utilisation of the apprentice levy to support professional and career development and create a pipeline of talent for key roles.

The first cohort of trainee nursing associates have completed their foundation degree with the University of Brighton and will be taking up their new registered roles in April. This role bridges the gap between nursing assistant and registered nurse roles and will play a key role in providing direct care. The second cohort will qualify in September 2020.

Above: Priyanka Padhiar, therapies; Gracielle Alvarez, registered nurse; Glenda Anora, sister; Anisha Jacobs, registered nurse; Anamaria Sztancs, therapies

Following investment from Health Education England (HEE) the Trust appointed a part time project lead for Advanced Clinical Practice. The post holder has played a significant role in supporting the Trust with implementing the new HEE framework applicable across all professions. Project work has included scoping work to get an organisational picture of advanced practice roles and future pipeline, advising managers, supporting individuals on education pathways and the development of key documentation to ensure a consistent approach, such as job descriptions and detailed guidance and governance principles.

The Trust continues to strengthen support for new managers and leaders. This year saw the introduction of a managers toolkit, a 'one stop shop' of information resources on SASHnet to help new managers / leaders orientate into their new role and a managers networking session. This session brings together new managers / leaders and provides an opportunity to meet a member of the senior leadership team as well as introductions to key colleagues who can support them in their new role. This has been really well received and valued by those attending.

Progressing work in the previous year, the senior leadership team piloted a new career conversations tool and talent review process to support the development of a more formal approach to succession planning and talent management.

Through this work the Trust has been able to:

1 Understand the capability and readiness for key leadership roles (within the pilot groups)
2 Develop high level plans to manage future gaps
3 Provide and support development for individuals to increase readiness

Outline plans are in place to continue this work in the coming year including a 'hybrid approach' to support talent management at divisional level.

A safe holding course was piloted and rolled out to staff in clinical roles. This was introduced in response to staff highlighting difficulties in dealing with challenging behaviours relating to specific patient conditions.

A training needs analysis identifies key areas where staff require this training, training will continue in the coming year to ensure there is sufficient capacity to meet demand. Training sessions have been evaluated well.

We host a range of students on placements as part of their formal undergraduate training with the majority in nursing and midwifery. Students who have good placement experiences and live locally often take up roles at the hospital.

Good progress has been made with implementing the Nursing and Midwifery Council (NMC) education standards which includes transitioning current 'nursing mentors' to the new roles of practice supervisor and assessor. The practice learning manager has played an integral role in supporting midwifery and nursing staff in this transition providing update training and coordinating and recording the transition to new roles. This is an essential aspect of our education audit quality assurance process as an education provider.

Through the workforce development funding from HEE we continue to fund staff to complete external short courses and academic

programmes to support continuing professional development to support service delivery and specialist development pathways. This remains a key strategy for upskilling staff particularly in specialist areas such as ED, critical care and cardiac.

Our practice development team have significantly increased their objective structured clinical examination (OSCE) workstream to support the preparation and introduction of overseas nurses as part of the Trust's recruitment strategy. This has been hugely successful; the focus has included training to preparing overseas nursing for their OSCE exams and pastoral care to support orientation at SASH.

The practice development team continues to provide and develop courses covering clinical skills, preceptorship, revalidation, career development and the national Care Certificate programme.

Off-payroll engagements

Sometimes, it is necessary for the Trust to make use of the skills of external contractors rather than employed staff. At these times, we ensure that the arrangements comply with our standing financial instructions and offer good value for money. We also ensure that our contracts require contractors to comply with the relevant tax and national insurance requirements.

In 2019/20, no members of staff were on off-payroll engagements for more than £245 per day and more than six months, (0 in 2018/19).

Staff engagement

Staff engagement is key to SASH being able to deliver high quality and safe care to our patients. It is known that engaged and motivated staff improve patient outcomes.

Our staff engagement score in the 2019 national staff survey was the highest score nationally among comparable acute trusts. We have a well-established network of different forums and mediums to engage with staff including:

- TeamTalk briefings hosted by the chief executive
- Chief executive's weekly message
- Annual NHS Staff Survey: The response rate for the Trust was 65% in 2019, which was the 4th highest recorded nationally
- Quarterly Staff Friends and Family Test
- Regular meetings with trade union colleagues
- SASH+ improvement work
- Divisionally-led briefings and team meetings
- Freedom To Speak Up Guardian and ambassadors
- Guardian for safer working

Our established staff engagement strategy supports ongoing work to ensure that all our staff maintain a strong connection with the vision and values of the organisation.

Partnership working with our union / professional organisations

The Trust maintains a positive relationship with recognised trade unions and professional organisations and works collaboratively with them on matters regarding our people. Our long established Joint Partnership Agreement incorporates the statutory recognition and trade union facilities agreements and outlines the mutual commitments the Trust and our union colleagues make to working together.

Our Joint Negotiating and Consultative Committee and Local Negotiating Committee meet regularly and provide a proactive

forum for unions and professional organisations representing all of our staff groups to come together to provide a healthy and collaborative two-way communication and resolve any concerns staff may have.

Gender pay gap

Gender pay gap reporting is a legal requirement. All organisations with over 250 or more employees publish data about their gender pay gap on an annual basis. As well as reporting via the Government's online reporting portal, we also publish this data on our website.

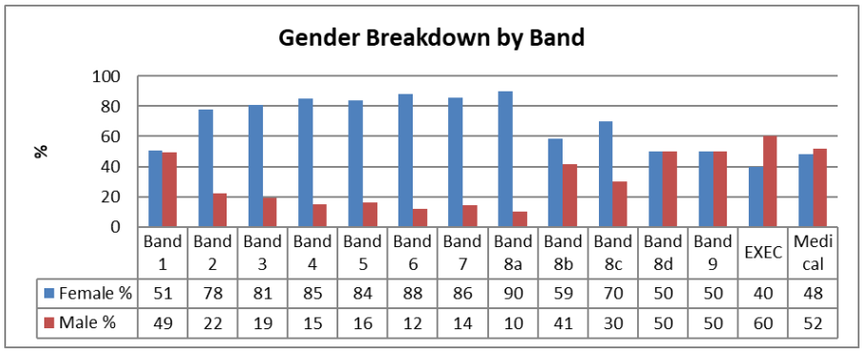
The gender pay gap shows the difference in the average pay between all men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are.

The gender pay gap shows the difference between the average (mean and median) earnings of men and women. This is expressed as a percentage of men's earnings. The data above shows the information recorded for SASH since reporting was introduced.

Year	Mean hourly rate	Male	Female	Diff%
2019	Agenda for change	£15.02	£15.92	-6%
2018	Agenda for change	£13.82	£14.94	-8%
2017	Agenda for change	£13.66	£14.60	-7%
2019	Medical	£36.11	£30.33	16%
2018	Medical	£34.52	£27.76	20%
2017	Medical	£32.33	£26.15	19%
Year	Median hourly rate	Male	Female	Diff%
2019	Agenda for change	£12.74	£14.88	-14%
2018	Agenda for change	£11.83	£13.63	-15%
2017	Agenda for change	£11.76	£13.27	-13%
2019	Medical	£34.17	£26.82	22%
2018	Medical	£34.68	£26.47	24%
2017	Medical	£33.64	£25.77	23%

*Please note Agenda for Change is the national pay system for all NHS staff, with the exception of doctors, dentists and most senior managers.

Our gender split by pay-band shows that the significant majority of band 2 to 8a are female while the split is more even at higher bands:



	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8a	Band 8b	Band 8c	Band 8d	Band 9	EXEC	Medical
Female %	51	78	81	85	84	88	86	90	59	70	50	50	40	48
Male %	49	22	19	15	16	12	14	10	41	30	50	50	60	52

We are developing actions to reduce the pay gap (eg supporting female medical and dental staff applications for excellence awards, etc). We will also be looking more widely at the pay gap for other protected characteristics.

Equality diversity and human rights

We continue to develop and deliver our SASH One Team Inclusion Strategy, which is overseen by the Inclusion Steering Group (ISG). The strategy sets out our vision to ensure that inclusion is central to everything that we do.

The ISG meets monthly and its purpose is to oversee the on-going development of a fully inclusive environment and culture at SASH. This will provide a framework for inclusion for our staff, our patients and service users, and the wider community.

Our BAME Staff Network has become well embedded in the Trust over the past twelve months with an active membership supporting colleagues across SASH. We continue to use data from our Workforce Race Equality Standard and Workforce Disability Equality Standard submissions to drive change and make SASH the best place to work.

We have introduced the NHS Rainbow Badge scheme as just one way to show that we are an open, non-judgemental and inclusive place for people who identify as LGBT+, and over 500 staff have signed up to this so far.

We have a duty to ensure we provide equal access and opportunity to all of our people, whether they are our staff, patients or the public and regardless of whether they have a protected characteristic. We will continue to develop our inclusion strategy based on feedback from staff, service users, and other groups as appropriate to support the delivery of this. We continue to meet our Public Sector Equalities Duties.

We are a Disability Confident Employer which recognises our approach to how we recruit, retain and develop disabled people. We are proud of this achievement and have been invited to speak at regional forums in regard to the work we have done in relation to this. We continue to work with Surrey Choices providing work experience opportunities for people with learning disabilities. We ensure that where staff develop disabilities during their employment with us, reasonable adjustments are put in place to support them. We are introducing the SASHAbility passport which will provide a formal log of where adjustments have been made and are required in the workplace and we have agreement to roll out the Sunflower scheme which will help patients and staff with a hidden disability to subtly identify and get the

assistance they need. Whilst we recognise there is further work to do, in the 2019 national staff survey, 87% of our staff who reported as having a disability felt SASH provided equal opportunity for career progression or promotion – this benchmarks positively with the national average of 79%.

Freedom to Speak Up

We have a well-established Freedom to Speak up Guardian. In a previous staff friends and family test 82% of our staff confirmed they were aware of the Guardian role and knew how to access this. The role of the Guardian is to encourage and support staff to raise concerns and ensure that the voice of our people is heard clearly at a senior level within the organisation. The Guardian has a clear remit from the chief executive and the Trust Board to act freely, with complete autonomy from the management team, as an alternative route for issues of concern to be raised at the highest level.

The Guardian reports directly to the chief executive and provides quarterly reports to the Trust Board. The Guardian has a network of ambassadors from diverse roles and backgrounds who work with our clinical divisions and corporate teams.

Guardian for Safer Working

In accordance with the Junior Doctors Contract 2016, the Trust appointed a Guardian for Safe Working Hours. The Guardian's role is to oversee the welfare of doctors in training in relation to their working hours, work intensity, ability to have adequate rest breaks during their working hours, and to ensure that they are able to attend their educational activities unimpeded. While the Guardian is accessible at any time when needed, the formal channel of communicating the difficulties that arise is through the usage of 'exception reporting' which is done electronically. Once submitted, there is a clear pathway by which the issues raised are attended to by the supervisors of the trainees involved and well laid out escalation options. The Guardian reports directly to the Trust Board but also has access to the Chiefs and executives when needed.

The Guardian is required to provide a formal report to the Trust on a quarterly basis and they attend the public Board meeting to do this.

Surrey Choices and the Orpheus Centre

We continue to work in partnership with Surrey Choices and more recently this year with the Orpheus Centre, to offer work experience to students with disabilities.

Students join us to undertake work experience for up to three days each week for a maximum period of six months. Students present with a wide range of needs, including autism, learning disabilities and physical disabilities which may typically pose a barrier to gaining work experience and subsequently long term paid employment.

Work experience allows students to develop work related skills and practice their communication and social engagement skills in a business setting. This essential exposure to a work environment encourages students to broaden their horizons, enhance their self-confidence and build aspirations for the future.

Teams across the Trust support this initiative to provide access to a wide range of skills and job roles to allow students the opportunity to develop in an area aligned to their interests and abilities. This year, teams participating have included the Library, Restaurant, Workforce Information and ICT teams.

Agnes Pietras, restaurant supervisor and Tatiana Zvirbliene at Three Arches restaurant, East Surrey Hospital

Black, Asian, minority ethnic (BAME) staff network

The role of the Black, Asian, minority ethnic (BAME) staff network is to be an independent voice for staff from black, Asian and minority ethnic backgrounds. It is also to ensure the NHS delivers on the NHS England workforce race equality standard and to support SASH to meet its statutory duty to promote racial equality, eliminate discrimination and promote inclusion.

The BAME network is an inclusive staff network, open to all including non BAME members who are interested in promoting race equality and inclusion. The SASH BAME staff network was launched in 2017-2018 and now has over 60+ active members.

The objectives of the BAME network are to:

- Improve the representation of BAME staff within the Trust especially at senior level
- Ensure that all minority groups have a voice and feel supported and valued
- Assist and influence policy and decision making reflective of equality, diversity and inclusion
- To provide opportunities for diverse individuals to come together, support each other and share ideas
- To continue to improve outcomes and the experience for BAME patients treated within our organisation
- As well as creating better opportunities for BAME staff within the Trust, the network gives members of the network access to a forum for support, support policy development and build relationships with different groups within the organisation.

"The BAME vision is to be an independent and effective voice for BAME staff, patients, service users and carers to ensure SASH delivers on its statutory duties regarding race equality."

Gillian Francis-Musanu, Director of corporate affairs and company secretary / Chair of the BAME staff network steering group

(pictured above)

Achievements of the network in 2019/20:

- The network was instrumental in holding the Trust's first

welcome evening for nurses and midwives who have joined us from overseas

- A network event brought colleagues from all areas of the organisation together to understand how the network could help make SASH the best place to work for everyone
- As a result of this session, the network set up and ran a dedicated programme of communications classes for people whose first language is not English. The classes have grown in popularity and the network is now exploring expanding and formalising the classes with the support of local colleges.

Health and wellbeing

We run many wellbeing activities through our SASH Active banner.
The wellbeing day that was held in September 2019 was our most successful to date. We had over 50 exhibitors and more than 850 staff attended. It was a great success.

As part of our commitment to staff wellbeing we have continued to develop our SASH Active programme, which provides opportunities for staff to engage in a wide range of activities which support both mental and physical wellbeing.

We offer staff many opportunities including:

- Critical Stress Incident Management (CISM) support
- Jump Start – 10 week health and well-being programme
- We Are Living – online health and well-being support
- Weekly circuit training
- Pilates classes
- SASH NHS Community Choir
- Massage and other complementary therapies
- Walking routes
- Book club
- Flu vaccination programme

Occupational health

Our objective is that staff at SASH take a proactive approach towards their health, wellbeing and safety.

This year the department has supported the recruitment of staff; provided clinics and consultations, (which are delivered by a specialist team of nurses and a visiting doctor); contributed towards staff safety by more than doubling the number of immunisations and blood tests undertaken in year, (eg. for measles, MRSA and TB); followed up all work-related staff absences and incidents to create a safe and supportive environment for our staff; developed and expanded our training programmes which has improved reporting and compliance of health and safety incidents. We have continued to meet relevant national and regional targets around health, safety and well-being.

Our volunteers

The Trust continues to have a thriving volunteer programme that provides valuable support to patients and staff at East Surrey Hospital. There are 230 active volunteers supporting the organisation across outpatient, inpatient and support services, often taking on routine essential tasks that give staff more time to focus on patient care. For example, directing patients when they arrive for outpatient appointments, running activities for patients living with dementia, filing notes and providing data input support.

SASH has a high number of loyal and long serving volunteers, many of these collecting long service awards. In addition, the hospital provides volunteering opportunities for healthcare and medical students prior to their university studies.

Radio Redhill has 70 volunteers who visit hospital wards talking to patients, collecting their music requests and playing them on the daily request programme. Radio Redhill can be heard on ward headsets and on personal radios on 1431AM and online and remains as popular as ever with patients.

The Macmillan Cancer Support Centre is open to anyone affected by cancer and offers holistic care in a relaxed, quiet space. The centre is supported purely by volunteers other than the manager and their deputy. Thanks to the generous support of the local community, the centre continues to provide therapeutic interventions, advice, guidance and counselling for those challenged by cancer.

Work experience students

The Trust recognises the importance of offering work experience opportunities to young people to encourage a career in healthcare. We aim to provide insight into a chosen career which may assist young students in the decision to pursue a specific career. Placements are highly sought after and we offered 176 placements during 2019/2020. It is a great way to encourage future generations and put students on a career path to becoming NHS staff of the future.

The Trust's many professional groups represented their chosen discipline at local career events as well as running the SASH career event for local schools in October 2019.

The Friends of East Surrey Hospital

Friends of East Surrey Hospital

The aim of The Friends of East Surrey Hospital charity is to supplement the service provided by the hospital for the comfort and welfare of patients, staff and visitors, by the provision of equipment and amenities and by supporting the voluntary work of the hospital.

The Friends of East Surrey Hospital run a coffee shop in the east entrance of East Surrey Hospital. This is the main source of income for the charity and is run entirely by volunteers.

The Friends of East Surrey Hospital have donated nearly £4.0m to the Hospital since 1990.

In 2019, the Friends of East Surrey Hospital donated approximately £319,000.

This included:

- £9,000 for recliner chairs for maternity
- £30,000 for new ultrasound equipment
- £26,000 for heart monitors
- £7,000 for a bladder scanner
- £5,000 for a birthing simulator
- £7,000 for a hoverjack
  £8,000 for icare tonometers
- £26,000 for refurbishment of the discharge unit
- £12,500 for paving for the cardiac courtyard garden.

Our environment

Sustainability at SASH (Care Without Carbon)

Our vision to pursue perfection in the delivery of safe, high quality healthcare that puts the people in our community first is intrinsically linked to developing a truly sustainable approach to healthcare. With this as a guiding principle, we are working with three key aims in mind:

- long term financial sustainability
- minimising our impact and even having a positive impact on the environment
- supporting staff wellbeing to enable a healthy, happy, productive workforce

As SASH we use our Sustainable Development Management (SDMP) to deliver these aims, it's called Care Without Carbon. The plan sets out the coordinated actions across seven key areas or, elements. These elements integrate sustainable thinking and planning, into core Trust operations so that sustainability becomes part of business as usual, and key to the way the Trust functions.

Delivering more sustainable healthcare through our seven elements

Our SDMP adopts the Care Without Carbon (CWC) framework for sustainable healthcare, with work streams covering seven different elements highlighted in Figure 1, below:

Figure 1: SASH's seven elements of sustainable healthcare

Pareeta Nayee, digital communications manager featured in the Drink every drop campaign, encouraging staff to drink water and reduce the use of single use plastic by using waterbottles

The Trust's Director of Information and Facilities is our executive lead for sustainability, and each of the seven elements has a senior lead within the Trust. Responsibility for delivery of each element sits with this senior lead, and they are tasked with ensuring that this sustainability programme aligns with strategic goals and priorities within their area at the Trust.

Environmental impact

Our carbon footprint

In delivering our services we consume a significant amount of energy and water and produce a large volume of waste. We also transport Trust staff, patients and goods, and purchase a large range of equipment and services. All of these activities generate carbon dioxide (CO_2) emissions, which are linked to climate change, and can be collectively summarised as our carbon footprint.

Since our baseline year of 2014-15 we have reduced our absolute carbon footprint by 2,537 tonnes CO_2e (27%). We are making a steady reduction in our emissions, but we still have a way to go in 2020-21 however, we are planning some large scale energy reduction projects (detailed below) which should significantly reduce our emissions. Next year is our final year in which to reach our 34% reduction target, in line with national NHS requirements. Our progress towards our targets is detailed in the graph (right).

Key highlights from 2019-20

Highlights from our sustainability programme this year include:

- Continuing to make good progress on the procurement of our Energy Performance Contract (EPC) as part of a wider initiative with several other Trusts in the Surrey and Sussex region. This project will deliver new energy saving infrastructure to our main hospital site including a proposal to install a large solar photovoltaic array to produce renewable energy on-site. The project will help to reduce our reliance on grid electricity, saving money and reducing emissions over the 15 year contract term.
- Taking part in a regional approach to reducing air pollution through CWC's Breathe Easy September campaign, which linked health and air pollution and encouraged staff to engage in active travel as well as aiming to reduce vehicles idling on Trust sites.
- Continuing into our second year of our staff engagement programme Dare to Care, strengthening the communications set out in year one and growing our reach by attending Trust wide events as well as refreshing our communications materials.
- Signing up to the NHS Plastics Pledge, this aims to cut the amount of single use plastic within catering across the NHS over the next three years.

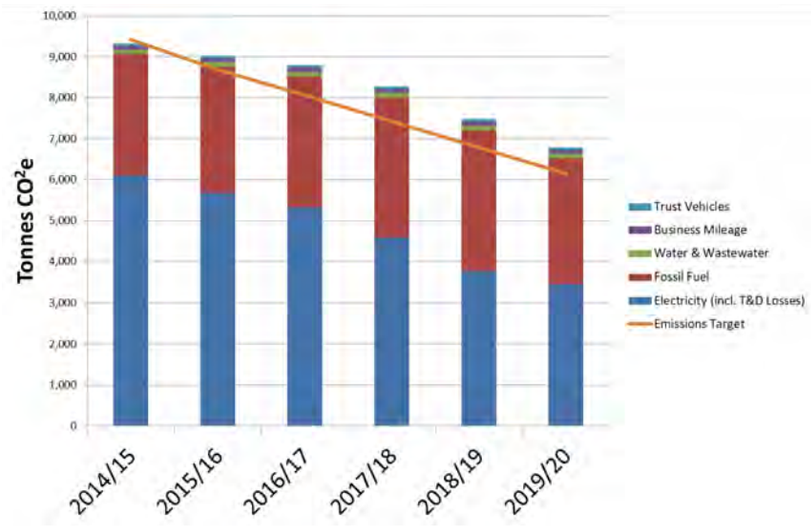


Figure 2: SASH carbon emissions to 2020-21
Note: Figures relate to our primary site, East Surrey Hospital only. Due to the date of publication of the annual report, we have estimated some of the data reported here. Scope 3 emissions for waste disposal and procurement (supply chain) are not currently included in our carbon footprint due to lack of reliable conversion factors.

Progress against our seven elements

Leadership: leading the way for sustainable healthcare policy and practice.

2020 target: publish an annual sustainability report tracking progress against the SDMP Care Without Carbon at SASH. In particular showing how the key SDMP targets are being met.

Our progress: This year we have taken steps to plan for the refresh of our SDMP in 2020-21, this will remain in the current format but, the targets will be extended to incorporate those set out in the NHS Long Term Plan – 51% reduction in CO2 by 2025. This is alongside targets relating to air pollution and travel, including 90% of the fleet to transition to low emissions vehicles by 2028.

Buildings: providing the workspace for low carbon care delivery with wellbeing in mind.

2020 target: 34% reduction on CO2e from our buildings.

Our progress: The energy we use to power, heat and cool our buildings is the most significant contributor to our Trust's carbon footprint. We have reduced absolute CO2e from building related energy consumption by 28% between 2014-15 and 2019-20 (2,534) tonnes CO2e in total). Key highlights and projects for the year ahead include:

- as well as progressing our EPC project, we have also been making use of our new utilities management database to streamline our operational energy management processes and emissions reporting. We also expect a roll-out of new LED lighting across the Trust since securing £500,000 in grant funding from NHS Improvement, helping us to reduce costs and emissions as well as improving light quality around the hospital.
- a key project for 2020-21 will be to update our carbon targets within our refreshed SDMP to 2025 in line with the NHS Long Term Plan commitment of a 51% reduction.

The Trust moved onto a renewable electricity contract on the 1st April 2018 and

1. CO2e is the standard unit for measuring carbon footprints. It reflects the impact of all six greenhouse gases that cause global warming including carbon dioxide and methane. This is important as some of the gases have a greater warming effect than carbon dioxide.

we have continued this since. We are currently investigating a better way to reflect this in our reporting of emissions associated with electricity. As a result of this procurement decision emissions from our green electricity consumption when using contract-specific emissions factors were 0 tonnes CO2e, whilst when applying the grid factor they were 3,190 tonnes of CO2e.

Journeys: maximising the health benefits of our travel and transport activity whilst minimising environmental impacts.

2020 target: 34% reduction in all measurable travel CO2e.

Our progress: The NHS accounts for one in five vehicles on the road, this equates to 13 percent of the NHS carbon footprint and around 350,000 miles each year which is a significant environmental impact. This year there was significant pressure on our car parks at East Surrey Hospital, reinforcing the importance of doing all we can to promote alternatives means of travel.

During 2019/20 our specific areas of activity were:

- introduction of a new parking management system in 2019 to improve patient and visitor experience whilst reducing the environmental impact of the Trust's operation as it stops vehicles from driving round to find a parking space and instead introduces phased access to the car park.
- controls have been applied to staff permit eligibility, with staff living within one mile and/or less than a twenty minute walk from their site no longer eligible to commute to site by car, unless their roles require them to drive during the day i.e. staff who provide community care.
- promoting active travel through our 'one less car journey per week' Dare. Through this, staff are asked to either car share or, reduce their solo car journey

The Dare to Care challenge was set up to encourage and 'dare' staff to make small changes towards a more sustainable lifestyle, for example, car sharing; walking short distances; taking public transport and using less plastic.

by cycling or walking instead. The Trust also joined forces with Living Streets the UK charity for everyday walking to take part in their 'walking works' programme designed to embed the culture of walking into workplaces.

- in 2020/21 we will review and publish our updated Trust Travel Plan which will set targets relating to travel and fleet.

Circular economy: creating and supporting an ethical and resource efficient supply chain.

2020 target: engage suppliers in reducing impact on the environment

Our progress: We continued to make progress this year towards our targets of zero waste to landfill and 75% recycling – as well as moving towards taking a broader approach to procurement and circular economy. In particular:

- signing up to the NHS plastics pledge – this will aid the removal of single use plastics from catering outlets across the NHS over the course of the next three years
- increasing our offensive waste collection across the Trust, by further segregating our waste both saving money and reducing our environmental impact.
- continuing to send our domestic waste to the energy from waste facility as opposed to landfill. This generates electricity to power homes and any residual bottom ash generated is sent to be used as aggregate on the roads.

Culture: informing, empowering and motivating people to take ownership of sustainable healthcare

2020 target: 100% of Trust staff to receive training on sustainability on healthcare, including carbon reduction and climate change adaptation, as appropriate to their role.

Our progress: We launched Dare to Care in 2018-19, over the past year we have been building on this by launching our Envoy programme, this is a programme whereby staff volunteer to become a sustainability champion for their area and are sent monthly information packs on topics related to sustainability for dissemination during team meetings.

Dare to Care launched in November 2018 with a selection of 11 dares (a dare is a small pledge to do something differently) focused on reducing our impact on the environment, and improving wellbeing. A key aspect of our engagement methodology is to link healthy behaviours with sustainable behaviours, an approach tried and tested by Sussex Community NHS Foundation Trust over the past four years. To date 847 dares have been taken by 139 staff. The top three Dares taken by staff are; 'Take a walk', 'Switch it off' and 'Drink every drop'.

Wellbeing: creating a better working life for our people.

2020 target: reduce sickness rate to 3.5%, reduce the percentage of staff reporting that they have suffered work related stress and increase the percentage of staff participating in physical activity during the working day, including active travel to work.

Our progress: Through the Dare to Care engagement programme we have continued to promote our dares including 'take a walk' and 'drink every drop' which have a strong wellbeing focus. These dares have the benefit of improving wellbeing, but also of reducing our impact on the environment.

We took the Dare to Care roadshow to the Trust's

wellbeing events this year to maximise the engagement with the programme. In 2020-21 we will be introducing a Dare to Care stand at all Trust induction events.

In January/February 2020 we relaunched our 'Step Up Challenge', inviting staff to walk a virtual route over 12 weeks which supports 10,000 steps per day. The challenge ran across three trusts in Surrey and Sussex enabling us to benchmark against other NHS organisations. Results are being processed at the time of going to print.

Future: supporting a strong local health economy to serve our economy now and in the future.

2020 target: annual climate change adaptation assessment undertaken as routine component of resilience and business continuity procedures.

Our progress: We are working in partnership with other trusts in our region to develop joint sustainability projects. This is helping to support our own Trust sustainability goals and to broaden our impact across the region by working together. Projects include:

- Regional joint EPC procurement, working with the Carbon and Energy Fund to support carbon and cost savings across the local health system through energy improvements.
- Joint communications relating to sustainability such as Breathe Easy September and the 'Step Up Challenge'.

For 2020-21 our priority will be to further develop our work around climate change adaptation, in particular through Trust specific climate change risk assessment to understand the impact climate change will have on our buildings and delivery of our services. This is alongside refreshing our Sustainable Development Management Plan or, Green Plan and updating our targets to take us to 2025/26.

Signed:

Michael Wilson CBE, chief executive

Jonathan Parr, clinical governance compliance manager took up the Dare to Care, one less car journey challenge, by cycling to work

Accountability report

Corporate governance report
Directors' report
Our Board of directors, board and sub committees

We remain committed to ensuring that our governance systems and arrangements are cohesive and ensure that our approach is co-ordinated and combined. Our directors' report follows:

Our Board of directors

Our Board of directors consists of five voting executive directors and six non- executive directors (including the chair) and meets every month in public. The minutes and papers are made freely available and this includes publishing them on our website: www.surreyandsussex.nhs.uk/boardpapers

There is an additional non-executive director and three additional executive directors who are non-voting. Voting rights apply should the Board be unable to reach a consensus on a specific issue.

Members of the Board and additional Directors also meet for Board development seminars on a regular basis.

Membership of the Board of directors

- A non-executive chair with a second and casting vote if necessary
- Five non-executive directors
- Associate non-executive director (non-voting)
- The chief executive and accountable officer
- Chief finance officer and deputy chief executive
- Chief operating officer
- Medical director
- Chief nurse
- Director of information and facilities (non-voting)
- Director of corporate affairs and company secretary (non-voting)
- Director of people and organisational development (non-voting)

Other senior employees attend the Board as the Board of Directors consider appropriate. The Board of Directors provides assurance and leadership of the Trust towards the achievement of corporate objectives and oversight of the framework of sound internal controls, risk management and governance in place to support their achievement.

The Board of Directors is responsible for:

- setting the Trust's strategic aims
- setting the Trust's

Yasmin Khan, non-executive director

values and standards
- the safety and quality of services
- holding the organisation to account for the delivery of the strategy and through seeking assurance that systems of internal control are robust and reliable
- ensuring that the necessary financial, human and physical resources are in place to enable the Trust to meet its priorities and objectives and periodically reviewing management performance
- ensuring that the Trust complies with these rules of procedure; standing orders; standing financial Instructions; scheme of delegation and statutory obligations at all times

Board members: statement of director responsibilities and declarations of interest

Non-executive directors (NEDs): Non-executive directors have a wide variety of experience in the voluntary, public and private sectors. They are all part-time. Their declarations of interest for 2019/20 are:

Richard Shaw, chair
- None to declare

Paul Biddle, chair of audit and assurance committee
- Non-executive director W&J Linney Ltd
- Trustee of King Edward VII Hospital in London

Pauline Lambert, deputy chair and senior independent non-executive director
- Part-time Clinical Safeguarding and Mental Capacity Act Lead - Queen Victoria Hospital NHS Foundation Trust

Caroline Warner, chair of safety and quality committee
- Chair, Consumer Challenge Group at Affinity Water
- Lay Member and Interim Lay Convenor for Frimley Commissioning Collaborative

David Sadler, chair of finance and workforce committee
- Owner/director – David Sadler Advisory Ltd
- Director Coach Associates Ltd

Paula Swann (from 22.04.2019) chair of charitable funds committee
- None to declare

Yasmin Khan, (from 01.07.2019), deputy senior independent non-executive director
- Consultant Paediatrician in Neurodisability, Ingfield Manor School, Billingshurst, West Sussex
- Medical Lead and Consultant Paediatrician in Neurodisability, Young Epilepsy, St Piers Lane, Lingfield
- Trustee Martlets Hospice, Hove
- Consultant Paediatrician in Neurodisability – Sussex Community Foundation NHS Trust – on the staff bank

Executive directors

The executive directors are all full-time employees of the Trust. Details of their remuneration can be found in the remuneration report section of this report.

Michael Wilson CBE, chief executive
- Special Advisor for the Care Quality Commission (CQC)
- Honorary President of the East Surrey Branch of the NHS Retirement Fellowship
- CEO representative on the Programme Board for Health Education England
- Chair South East Coast Regional Talent Board
- Member of the Health Education England Tele-enhanced Learning Programme
- Member of the

- National Trust Guiding Board – Virginia Mason Institute Programme
- Member of West Sussex County Council Health and Wellbeing Board

Paul Simpson, chief finance officer and deputy chief executive
- Trustee of Gamble Aware and Chair of Audit Committee

Dr Ed Cetti, medical director
- 1 weekly private patient outpatient clinic at Spire Gatwick Park Hospital

Jane Dickson, chief nurse
- Director of Mull Moments Ltd

Angela Stevenson, chief operating officer
- Shareholder in Kate Grimes Ltd, Executive Life Coaching

Gillian Francis-Musanu, director of corporate affairs (non-voting member)
- Home Office Authorised Person (Marriage Registrar): London Borough of Hounslow and City of Westminster
- Member of Hillingdon Hospital NHS Foundation Trust
- Judge on the panel of the Health Service Journal Partnership Awards 2020
- Assessor Panel Member for Aspire Together – South East Regional Talent Board

Mark Preston, director of people and organisational development (non-voting member)
- No declarations

Ian Mackenzie, director of information and facilities (non-voting member)
- Member of Frimley Health NHS Foundation Trust
- Member of Royal Surrey County NHS Foundation Trust
- Member of Surrey and Borders NHS Foundation Trust

Our clinical chiefs of service are members of the executive committee to ensure the right clinical balance of decision making.

Key committees

The Board of directors has authorised a number of committees to scrutinise aspects of the work of the Trust. Each committee is chaired by a non-executive director with a membership that (apart from charitable funds and the audit and assurance committee which is a non-executive membership) always includes the chief executive.

The terms of reference of each committee sets out the remit of responsibility delegated by the Board of directors and sets out the information requirements of the committee, how it should interact with the information it receives and use this to reach a conclusion about assurance. Where assurance cannot be robustly established, the chair of the committee reports this to the Board of directors.

The Board of directors receives a report from each chair at every public board meeting. On receiving a report that identifies a lack of assurance in relation to an aspect of the business, the Board of directors can either hold the chief executive to account (managerial aspects) or seek independent assurance by referring the matter to its audit and assurance committee.

Core Board sub-committee structure

The key functions of the Board sub-committees are:

Audit and assurance committee: Meets a minimum of four times a year to conclude upon the adequacy and effective operation of the Trust's overall internal control system which includes financial and clinical assurance. It is the role of the executive to implement a sound system of internal control agreed by the Board of directors. The audit and assurance committee provides independent

monitoring and scrutiny of the processes implemented in relation to governance, risk and internal control and reviews and considers the work of internal and external audit.

The committee shall also review and challenge the Trust's information assurance framework to ensure that there are appropriate controls in relation to data quality.

Nomination and remuneration committee: To appoint and, if necessary, dismiss executive directors, establish and monitor the level and structure of the total reward for executive directors, ensuring transparency, fairness, consistency and succession planning.

The committee shall receive reports from the chair of the Board of directors on the annual appraisal of the chief executive; and from the chief executive on the annual appraisals of executive directors, as part of determining their remuneration. The committee meets at the request of the chair of the Board and at least twice per year.

Safety and quality committee: Meets monthly and has delegated authority to ensure the on-going development and delivery of the Trust's safety and quality strategy and that this drives the Trust's overall strategy. The duties of the committee shall ensure the implementation, delivery and monitoring of the Trust's quality and clinical strategies. The committee shall also be responsible for managing the safety of patients through ensuring compliance and the implementation of effective internal controls.

Finance and workforce committee: Meets monthly to assist the Board of Directors in exercising its governance in delivering one of the Trusts five strategic objectives, namely Well Led. The following areas are the constituent parts of the Well Led objective within the remit of the committee: finance and use of resources; workforce; estates; IT; productivity and procurement. The committee will review the five processes of Well Led, namely: assurance; performance; planning; strategy preparation and implementation and investment decisions.

Charitable funds committee: Meets three times a year to oversee the generation, management, investment and disbursement of charitable funds (SASH Charity) within the regulations required by the Charities Commission.

The executive committee and executive committee for quality and risk: The executive committee meets weekly and the executive committee for quality and risk meets twice a month. These are supported by series of subcommittees to consider, on a rolling basis, managerial delivery of the Board of directors' strategy, quality of services provided and the effectiveness of risk management, the delivery and management of all performance and the management of each clinical division.

Five executive sub-committees have been formed to both guide management decisions and provide assurance for safety; responsiveness; clinical effectiveness; patient experience and workforce.

Board assurance framework

The Board Assurance Framework is a key element of the Trust's system of internal control. It provides a clear methodology for the focused management of risks in the delivery of the Trust's strategic objectives.

The executive team oversees and reviews the assurance framework, which is then discussed and challenged at the Trust Board prior to its acceptance. The assurance framework and the Significant Risk Register are presented quarterly to the public Board.

Significant risk register

The significant risk register details all risks on the Trust risk register system that are recorded as significant and link to the Board assurance

framework (BAF). The executive committee oversees (through the head of corporate governance) the maintenance and review of the BAF. It is then discussed and challenged at the Trust Board prior to its acceptance. The BAF and significant risk register are presented at public Board meetings.

Statement of Directors' Responsibilities in respect of the accounts

Each director confirms that they have taken all the steps that ought to be taken as a director in order to make them aware of any relevant information that should be shared with the Board and its auditors.

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

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

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

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

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy.

By order of the Board

Michael Wilson, CBE, Chief executive

Paul Simpson, Chief finance officer

Directors' membership of Board sub-committees

Audit and assurance committee	Nomination and remuneration committee	Safety and quality committee	Finance and workforce committee	Charitable funds committee
Chair Paul Biddle	Chair Richard Shaw	Chair Caroline Warner	Chair David Sadler	Chair Paula Swann (from 01.09.19) Caroline Warner (until 31.08.19)
Members* David Sadler Caroline Warner In attendance Chief finance officer Director of corporate affairs Other members of the executive and non-executive team are invited to attend as and when required	Members* All NEDs In attendance Chief executive director of people and organisational development	Members* Richard Shaw (until 01.01.19) Pauline Lambert Yasmin Khan (from 01.09.19) Chief nurse Medical director Chief operating officer Chief finance officer Clinical chiefs	Members* Paul Biddle David Sadler Paula Swann Chief finance officer Director of people and organisational development Director of information and facilities Director of corporate affairs Chief nurse Chief operating officer	Members* Caroline Warner Yasmin Khan Chief finance officer Deputy Chief nurse Director of corporate affairs Director of information and facilities

*As Accountable Officer, the Chief Executive has an open invitation to attend each Board sub- committee

Remuneration and staff report including payroll statement

This report includes details regarding senior managers' remuneration in accordance with Section 234b and Schedule 7a of the Companies Act. This includes all regular attendees of Trust Board meetings.

We have an established Nomination and Remuneration Committee to advise and assist the Board in meeting our responsibilities to ensure appropriate remuneration, allowances and terms of service for the chief executive and directors.

Membership of the Committee comprises of the Trust chair and non-executive directors. The chief executive or the other executive directors can be invited to attend in an advisory capacity (except in relation to their own terms and conditions). The director of people and organisational development attends the committee as adviser and is responsible for taking minutes of the meetings.

The chief executive and directors' remuneration is determined on the basis of reports to the remuneration committee taking account of any independent evaluation of the post, national guidance on pay rates and market rates.

Pay rates for other senior managers are determined in accordance with Agenda for Change job evaluations and central NHS review body pay awards. Pay rates for the chair and non-executive directors of the Trust are determined by the Secretary of State and outlined in NHS England / Improvement guidelines. We do not operate any system of performance related pay. The performance of non-executive directors is appraised by the chair.

The performance of the chief executive is appraised by the chair.

The performance of Trust executive directors is appraised by the chief executive.

The chief executive and all directors are on permanent contracts as at 31 March 2020 and subject to six months' notice period. Termination arrangements are applied in accordance with statutory regulations as modified by national NHS conditions of service agreements and the NHS pension scheme. Tables attached show details of salaries, allowances and any other remuneration and pension entitlements of senior managers. No significant awards have been made in the past year to senior managers.

The following sections are subject to audit.

Salaries and allowances 2019-20							
Name	**Title**	**(a) Salary and fees (bands of £5,000)**	**(b) Expense payments (taxable) total to nearest £100**	**(c) Performance pay and bonuses (bands of £5,000**	**(d) Long term performance pay and bonuses (bands of £5,000)**	**(e) All pension-related benefits (bands of £2,500)**	**(f) TOTAL (a to e) (bands of £5,000)**
Executive Directors							
Cetti Edward	Medical Director	150-155	0		0-5	245.0-247.5	400-405
Dickson Jane	Chief Nurse	140-145	0			167.5-170	305-310
Francis-Musanu, Gillian Josephine	Director of Corporate Affairs	100-105	0			52.5-55	155-160
Holden, Desmond Philip	Medical Director	0	0		0	0	0
Mackenzie, Ian Duncan	Director of Information and Facilities	105-110	0			10.0-12.5	115-120
Preston, Mark	Director of Organisation Development and People	115-120	0			40.0-42.5	160-165
Simpson, Paul Fraser	Chief Financial Officer	155-160	0			55.0-57.5	210-215
Stevenson, Angela	Chief Operating Officer	140-145	0			82.5-82.0	220-225
Wilson, Michael Anthony	Chief Executive	210-215	0			0	210-215
Non-Executive Directors							
Biddle, Paul	Non-Executive Director	5-10	700				5-10
Durban, Richard Don	Non-Executive Director	0	0				0
Khan, Yasmin	Non-Executive Director	5-10	400				5-10
Lambert, Pauline	Non-Executive Director	5-10	700				5-10
McCarthy, Alan Roy	Chairman	0	0				0
Sadler, David	Non-Executive Director	5-10	700				5-10
Shaw, Richard Oliver	Chairman	35-40	1,200				35-40
Swann, Paula	Non-Executive Director	5-10	500				5-10
Warner, Caroline	Non-Executive Director	5-10	500				5-10

	Band of Highest Paid Director's Total Remuneration (£'000)	**£210-215**
	Mid Point of the Banded Total Remuneration of Highest Paid Director (£'000)	**£213**
	Median Total Remuneration	**£24,907**
	Ratio	**8.53**

Salaries and allowances 2018-19							
Name	**Title**	**(a) Salary and fees (bands of £5,000)**	**(b) Expense payments (taxable) total to nearest £100**	**(c) Performance pay and bonuses (bands of £5,000**	**(d) Long term performance pay and bonuses (bands of £5,000)**	**(e) All pension-related benefits (bands of £2,500)**	**(f) TOTAL (a to e) (bands of £5,000)**
Executive Directors							
Cetti Edward	Medical Director	20-25			0-5	25.0-27.5	50-55
Dickson Jane	Chief Nurse	115-120	100			247.5-250	365-370
Francis-Musanu, Gillian Josephine	Director of Corporate Affairs	95-100				52.5-55	150-155
Holden, Desmond Philip	Medical Director	100-105			10-15	0	115-120
Mackenzie, Ian Duncan	Director of Information and Facilities	105-110				0	105-110
Preston, Mark	Director of Organisation Development and People	110-115				30-32.5	145-150
Simpson, Paul Fraser	Chief Financial Officer	140-145		5-10		35-37.5	190-195
Stevenson, Angela	Chief Operating Officer	130-135	100			67.5-70	195-200
Wilson, Michael Anthony	Chief Executive	195-200	100			0	195-200
Non-Executive Directors							
Biddle, Paul	Non-Executive Director	5-10	300				5-10
Durban,Richard Don	Non-Executive Director	5-10	300				5-10
Khan, Yasmin	Non-Executive Director	0					0
Lambert, Pauline	Non-Executive Director	5-10	300				5-10
McCarthy, Alan Roy	Chairman	15-20	300				15-20
Sadler, David	Non-Executive Director	5-10	100				5-10
Shaw, Richard Oliver	Chairman	15-20	200				15-20
Swann, Paula	Non-Executive Director	0					0
Warner, Caroline	Non-Executive Director	5-10	200				5-10

Pension benefits 2019-20										
Name	**Title**	**(a) Real Increase in pension at pension age (bands of £2,500) £000**	**(b) Real increase in pension lump sum at pension age (bands of £2,500) £000**	**(c) Total Accrued Pension at pension age at 31 March 2019 (bands of £5,000) £000**	**(d) Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5000) £000**	**(e) Cash Equivalent Transfer Value at 1 April 2017 £000**	**(f) Real increase in Cash Equivalent Transfer Value £000**	**(g) Cash Equivalent Transfer Value at 31 March 2019 £000**	**(h) Employer's contribution to stakeholder pension £000**	**(i) Total pension entitlem ent at 31 March 2019 (bands of £5,000) £000**
Cetti, Edward	Medical Director	10.0-12.5	27.5-30.0	40-45	95-100	477	188	695	0	40-45
Jane Dickson	Chief Nurse	7.5-10.0	22.5-25.0	50-55	155-160	934	182	1,159	0	50-55
Francis-Musanu Gillian Josephine	Director of Corporate Affairs	2.5-5.0	2.5-5.0	40-45	120-125	879	64	978	0	40-45
Mackenzie, Ian Duncan	Director of Information and Facilities	0.0-2.5	2.5-5.0	45-50	135-140	1,042	42	1123	0	45-50
Preston, Mark	Director of Organisational Development and People	2.5-5.0	0.0-2.5	35-40	80-85	644	39	715	0	35-40
Simpson, Paul Fraser	Chief Financial Officer	2.5-5.0	10.0-12.5	30-35	100-105	735	80	855	0	30-35
Stevenson, Mrs Angela	Chief Operating Officer	2.5-5.0	5.0-7.5	55-60	135-140	924	77	1,044	0	55-60

NHSLA publication - disclosure of senior managers renumeration (Greenbury) 2019	2.4%

Pension benefits 2018-19										
Name	Title	(a) Real Increase in pension at pension age (bands of £2,500) £000	(b) Real increase in pension lump sum at pension age (bands of £2,500) £000	(c) Total Accrued Pension at pension age at 31 March 2019 (bands of £5,000) £000	(d) Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5000) £000	(e) Cash Equivalent Transfer Value at 1 April 2017 £000	(f) Real increase in Cash Equivalent Transfer Value £000	(g) Cash Equivalent Transfer Value at 31 March 2019 £000	(h) Employer's contribution to stakeholder pension £000	(i) Total pension entitlem ent at 31 March 2019 (bands of £5,000) £000
Cetti, Edward	Medical Director	0.0-2.5	0	30-35	65-70	403	15	477	0	30-35
Jane Dickson	Chief Nurse	10.0-12.5	32.5-35.0	40-45	130-135	618	299	934	0	40-45
Francis-Musanu Gillian Josephine	Director of Corporate Affairs	2.5-5.0	2.5-5.0	35-40	115-120	746	120	879	0	35-40
Mackenzie, Ian Duncan	Director of Information and Facilities	0	0	40-45	130-135	952	76	1,042	0	40-45
Preston, Mark	Director of Organisational Development and People	0.0-2.5	2.5-5.0	30-35	75-80	540	87	644	0	30-35
Simpson, Mr. Paul Fraser	Chief Financial Officer	0.0-2.5	5.0-7.5	30-35	90-95	618	95	735	0	30-35
Stevenson, Mrs Angela	Chief Operating Officer	2.5-5.0	2.5-5.0	50-55	125-130	758	147	924	0	50-55

NHSLA publication - disclosure of senior managers renumeration (Greenbury) 2019	3.0%

Remuneration Notes * Fair pay disclosure

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

The banded remuneration of the highest paid director within the Trust in the financial year 2019/20 is £210,000-£215,000. This approximates to 8.53 (2018/19 7.53 times) times the median remuneration of the workforce, which is £24,907 (2018/19 £26,220).

The increase in this ratio derives mainly from a £1,313 reduction in the median salary in 2019/20 compared to 2018/19 and partly from the increase in the highest paid director's salary. The median salary reduction is because of the significant increase in permanent nursing staff recruited in 2019/20: new staff start at the lower end of their Agenda for Change pay spine banding, and the large number of them recruited has reduced the median value in comparison with last year's data.

The range of staff remuneration (including higher cost area supplement) in 2019/20 was £18,669 to £214,575. In 2018/19 it was £18,460 to £213,991.

The increase in the remuneration of the highest paid Director (the CEO), which is decided by the Trust's remuneration committee, reflects benchmarking of pay rates for other similar positions and the delivery of performance in the year (which included the achievement of the 'Outstanding CQC' rating in January 2019).

The Number of Employees based on the average number of WTE (whole time equivalent including temporary staff) at the trust rose from 4,376 in 2018/19 to 4,848 in 2019/20.

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

Please note that the sections below are not subject to audit.

Please refer to the section on Our People earlier in this report for:

- Detail on our staff composition including the gender pay gap
- Diversity and equal treatment
- Health and safety
- Partnership working including with trade unions
- Our pay policy
- Our policies for ensuring fair treatment of people with a disability.

Data on sickness absence rates is published by NHS Digital. Please see https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Consultancy expenditure during 2019/20 totalled just £26.0k and is itemised, See Consultancy spend in 2019/20 (overleaf).

Facility time publication requirements

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017.

In line with the Regulations, Surrey and Sussex Healthcare Trust is required to publish the following information relating to trade union officials and facility time, which is agreed time off from an individual's job to carry out a trade union role.

Consultancy spend in 2019/20

Consultancy fees	£000's	Provider	Description
Service improvement	8	Civica UK LTD	Reference cost support
Health informatics	18	Amicus ITS LTD Beacon Dodsworth LTD	Health Informatic service and associated costs
Total	26		

Table 1: Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
27	4102

Table 2: Percentage of time spend on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0-50%, b) 51-99%, c)100% of their time on facility time?

Percentage of time	Number of employees
0%	0
1-50%	27
51-99%	0
100%	0

Table 3: Percentage of pay bill spend on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Provide the total cost of the facility time. (year)	£5,854.42
Provide the total pay bill (year)	£200,156,000
Provide the percentage of the total pay bill spent on facility time, calculated as : (Total cost of facility time ÷ total pay bill)x100	0.003%

Table 4: Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as : (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	28.77%

The following sections are subject to audit.

	Permanent £000	Other £000	2019/20 total £000	2018/19 total £000
Salaries and wages	154,356	25,361	179,717	160,455
Social security costs	16,570	2,110	18,680	16,059
Apprenticeship levy	882	0	882	778
Employer's contributions to NHS pension scheme	26,308	2,923	29,231	18,333
Termination benefits	0	0	0	0
Temporary staff	0	14,757	14,757	19,269
Total gross staff costs	198,116	45,151	243,267	214,894
Recoveries in respect of seconded staff	(2,740)	0	(2,740)	(2,831)
Total staff costs	195,376	45,151	240,527	212,063
Of which				
Operating Expenditure analysed as: Employee expenses - staff and executive directors	193,353	45,074	238,427	210,129
Costs capitalised as part of assets	163	77	240	350
Research and development	676	0	676	558
Education and training	1,184	0	1,184	1,026
Total employee benefits	195,376	45,151	240,527	212,063

Pathology team, Crawley Hospital

Average number of employees (WTE basis)

	Permanent number	Other number	2019/20 total number	2018/19 total number
Medical and dental	606	79	685	651
Administration and estates	833	107	940	879
Healthcare assistants and other support staff	819	135	954	920
Nursing, midwifery and health visiting staff	1,252	248	1,500	1,418
Nursing, midwifery and health visiting learners	4	0	4	0
Scientific, therapeutic and technical staff	413	40	453	424
Healthcare science staff	84	0	84	84
Total average numbers	4,011	609	4,620	4,376
Of which				
Number of employees (WTE) engaged on capital projects	3	1	4	5

Reporting of other compensation schemes - exit packages 2019-20

	*Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
£10,000 - £25,000	0	0	0
Total number of exit packages by type	0	0	0
Total cost (£)	£0	£0	£0
Reporting of compensation schemes - exit packages 2018/19			
<£10,000	0	1	1
Total number of exit packages by type	0	1	1
Total cost (£)	£0	£10,000	£10,000

Exit packages: other (non-compulsory) departure payments	2019/20		2018/19	
	Payments agreed	Total value of agreements £000	Payments agreed	Total value of agreements £000
Exit payments following Employment Tribunals or court orders	0	0	1	10
Total	0	0	1	10
Of which: Non-contractual payments requiring HMT ap-proval made to individuals where the payment value was more than 12 months' of their annu-al salary	0	0	0	0

Signed:

Michael Wilson, CBE,
Chief executive

Annual governance statement; including key risks and issues

1. Scope of responsibility

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

I report to the Chair of the Trust and ensure appropriate systems exist to support the work of the Trust and the Board. I manage and lead the Executive Team who have clear accountabilities and annual objectives which are drawn from the Trust's strategy.

In preparing this statement I have ensured that it meets the requirements of the model annual governance statement.

2. The purpose of the system of internal control

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

3.1 Capacity to handle risk

Risk, or change in risk is identified, evaluated and controlled as described in the Trust's Risk Management Policy.

The risk evaluation and treatment model is based on a grading matrix of likelihood and consequence. This produces a risk score to enable the risk to be prioritised against other risks. The score, in turn, is linked to a matrix of the cost and responsibility of risk treatment so that either the risk is addressed locally by the division within its resources or it feeds into the organisation wide risk register. The risks are also mapped to the strategic themes and objectives identified within the Trust's planning process along with the various other initiatives to confirm the score given to a risk.

Risk management is embedded in the activity of the organisation through:

- The "Rules of Procedure" approved by the Board in January 2011 (updated November 2019) clarifying roles of Board members and defining the role and structure of Board sub-committees;
- A clear accountability framework for managing risk from the Accountable Officer downwards as set out in the Risk Management Policy;
- The structure of

permanent committees, including Board sub committees (see Section 2);

- The Board Assurance Framework and the Significant Risk Register (significant risks recorded on the Trust risk register)
- The Trust's risk management process takes into consideration the need to manage all types of risk as relevant to key stakeholders and provides one to one competent support and regular training events. The significant risk register is taken from the Trust's risk registers and is reviewed by the Executive Committee and presented at the Board meeting held in public.
- The Trust's Performance Management Framework;
- Compliance with Care Quality Commission standards and registration, Information Governance rules, health and safety requirements, and those of other regulatory bodies;
- The Trust's internal controls map, which provides management assurance of control and good assurance to the Audit and Assurance Committee (AAC);
- The work of Divisional and specialty governance meetings, led by divisional triumvirate (Medical Chief, Chief Nurse and Associate Director);
- The system of local risk coordinators and Divisional Governance managers;

The Board of Directors receives details of significant risks through regular Board reports. The finance report records all key financial risks, the performance and quality report records all key operational risks and performance against key clinical quality indicators and access standards.

The Board of Directors has developed and agreed its risk appetite which details the principles of risk that the Trust is prepared to accept, seek and tolerate whilst in the pursuit of its objectives.

The Board actively encourages well-managed and defined risk management, acknowledging that service development, innovation and improvements in quality requires risk taking. This position is based on the expectation that there is a demonstrated capability to anticipate and manage the associated risks. This stance is defined by the Board's risk appetite which is reviewed annually and included in reports presented to each Board meeting held in public.

3.2 Specific strategic and operational risks

The Board of Directors identify and record strategic risk on the Board Assurance Framework (BAF). Clinical risks and non-clinical risks are reviewed by the Executive Committee, the Executive Committee for Quality and Risk and the Board.

The BAF recorded identified one red rated significant risk to the Trust meeting its strategic objectives at the end of the financial year.

Risk description	Current rating	Target risk score
4.1 There is a risk that continued growth in urgent and emergency demand will have an adverse impact on delivery of elective care, quality outcomes, staff satisfaction, income and expenditure	S4xL4=16	S3xL2=6

The BAF is a public document available on the Trust website and details thirteen strategic risks to the Trust's objectives. Each BAF risk includes details of the controls in place, gaps in controls and mitigating actions identified by the Executive lead to reduce the severity or likelihood of the risk impacting on delivery of the Trust's strategic objectives. BAF risks are discussed in detail at the Public Board, the Audit and Assurance Committee and the Executive Committee.

The Trust records non-strategic risk on its risk register. These risks are operational and can be particularly short-term in nature. These are discussed and monitored in detail by the Executive Committee and its sub-committees and reported to Public Board and the Audit and Assurance Committee.

4. Quality governance

The Trust uses an internally developed system to monitor all aspects of performance and quality. This takes the form of a regular report based on the Department of Health's and NHS England/Improvement performance indicators, and the monthly finance report as part of the Integrated Performance Report.

The Trust has developed a series of performance management systems that monitor individual elements of performance and trigger actions. For example there is a set of reports available to the Board on a regular basis which monitor performance in all key business areas of the organisation. Performance reports demonstrate that action is taken, both at the Executive Committee (and its five sub committees) and at operational meetings to address variances from objectives, standards and targets. Where variance is identified, action plans are established to address them and reviews of action plans undertaken to ensure that the desired results are achieved. These are monitored by division specific performance meetings.

There is a visible process, and hierarchy, within the organisation of performance management at each level of the Trust that is coherent and amalgamated into Board level performance reports.

Each division has a governance group which reports to and can be

Deborah Mayne, Freedom to Speak up Guardian

instructed by the five Executive sub-committees for quality and risk. Output of the Executive Committee for Quality and Risk is a standing item on the Safety and Quality Committee (SQC) agenda as is a report from the CCGs Clinical Quality Review Group (CQRG). This allows the Board through the SQC Chair monthly report to ask for further work or seek further clarification on issues raised or supporting agenda items such as patient stories or the

Integrated Performance and Quality Report (IPQR), Delivering our Vision.

Divisional teams also have a simple process for escalating issues from Divisional governance through the relevant sub-committees of the Executive Committee for Quality and Risk and up to the SQC and public Trust Board. This is supported by the Trust's incident reporting system and when necessary the whistleblowing policy and the role of the Trust's Freedom to Speak Up Guardian (FSUG).

I encourage all staff to raise concerns through the processes described above and welcome any member of staff to discuss significant issues with me, one of my Executive Colleagues or the FSUG.

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

4.1 Organisational learning

Organisational learning is communicated internally through a structure of committees (covering clinical and non-clinical risk) that penetrate throughout the organisation down to local management teams.

Learning is supported by the consistent application of root cause analysis of problems and incidents and the avoidance of blaming individuals for system failures as described in various Trust policies, including the Organisation-wide Policy for the Management, Reporting and Investigation of Incidents (including Serious Incidents - SIs). The Trust has implemented systems to ensure compliance with the Duty of Candour requirements.

The Trust has a range of problem resolution policies and procedures, including whistle blowing, respect, capability, disciplinary and grievance, which are designed to identify and remedy problems at an early stage. This is supported by a number of individual support mechanisms to encourage individuals to raise concerns about their own performance in ways which will not threaten their security or livelihood, e.g. appraisal, alcohol use/abuse policies, professional counselling and occupational health services. As previously noted the Trust has also appointed a FSUG who reports to the Trust Board on a quarterly basis and who can discuss any matters with me and is supported by a number of Freedom to Speak Up Ambassadors.

The Trust has in place a counter fraud contractor whose services are embedded within the Trust. More details are provided below.

4.2 Annual Quality Account

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. These detail the Trust's performance against a series of quality indicators and the Trust's plans to continually improve the quality of its services.

The Quality Account is developed internally and shared with our local health partners before publication and submission to NHS England/Improvement. The Executive Team provides me with assurance and regular updates on the drafting of the account. I took good assurance from External Audits review of the 2019-20 accounts. In line with national guidance, the 2019-20 Quality Accounts audit will not be carried out, due to the restrictions of movement associated with the COVID-19 pandemic.

4.3 Data quality, elective waiting time and Cancer 62 day access standards

The Trust has a number of appropriate systems to ensure data quality, led by its data quality team. The Trust's Divisional and Corporate Governance meetings review data regularly and challenge any areas which may be linked to Data Quality. All Board level data is reviewed and signed off by an Executive Director or their Deputy. The Trust has carried out significant programs of work to ensure accuracy of data, particularly in RTT and cancer elective standards and developing a live bed state, which has significant benefits for a range of data streams. The last review of the Internal Control Systems relating to data quality scored low system risk.

Assurance of elective waiting time data is provided though the Trust's overarching Data Quality framework which, in relation to elective waiting times, includes

- Training of front end system users in both system usage and elective waiting time rules
- Well established data quality team in relation to RTT
- Elective waiting times included in the Internal Audit programme

National indicators provide good assurance of data quality and digital maturity*

*NHS Digital NHS England

	National average	Trust
Data quality maturity	95.8%	96.6%
Digital maturity capability score	55.6%	60.0%

*NHS Digital/NHS England

5. Well Led

The Trust is currently rated as 'Outstanding' overall by the CCQ, this includes 'Outstanding' ratings for 'Well Led' and the 'Use of Resources' domain. The inspection was carried out on 16th to 17th October 2018 and the report was published in January 2019. The Trust was also subject to an inspection of both the 'Well Led' domain on 13th to 14th November 2018 as well as 'Use of Resources' an assessment carried out by NHS Improvement. Both of these inspections culminated in the Trust being rated as 'Outstanding'. (See the CQC section of the annual report).

PwC conducted a Well-Led Framework Governance Review at SASH in July and August of 2018. The report confirms that SASH is a Well-Led organisation. The assessment and RAG rating by PwC for each of the Key Lines of Enquiry (KLOE) mirrors that of the Trust's self-assessment of the Well-Led Framework; (seven green and one

amber/green).

Both the CQC inspection report and the PwC Well led Framework report focus on opportunities to further develop our current governance processes. The Trust has developed action plans to implement these improvements and continues to review opportunities to improve the governance of the Trust.

5.1 NHS provider licence

Surrey and Sussex Healthcare NHS Trust is able to confirm full compliance with all relevant aspects of the NHS provider licence as they relate to non-Foundation NHS Trusts. The Board has reviewed the conditions of the licence including condition 4 and is able to confirm compliance with the following:

- there are effective and robust governance structures in place;
- there are clear responsibilities of directors and subcommittees;
- there are clear and robust reporting lines and accountabilities between the board, its subcommittees and the executive team;
- the Trust submits timely and accurate information to assess risks to ensure compliance with the conditions of the licence; and the Board has consistent and systematic oversight of the Trust's performance through its accountability framework.

The Board is responsible for providing effective and proactive leadership of the Trust within a framework of processes, procedures and controls which enable risk to be assessed and managed.

The Board governs the Trust business, including the delivery of the strategies it sets by seeking assurance that the managerial systems that are in place to deliver the desired outcomes and enable effective and timely reporting of significant issues that threaten its objectives.

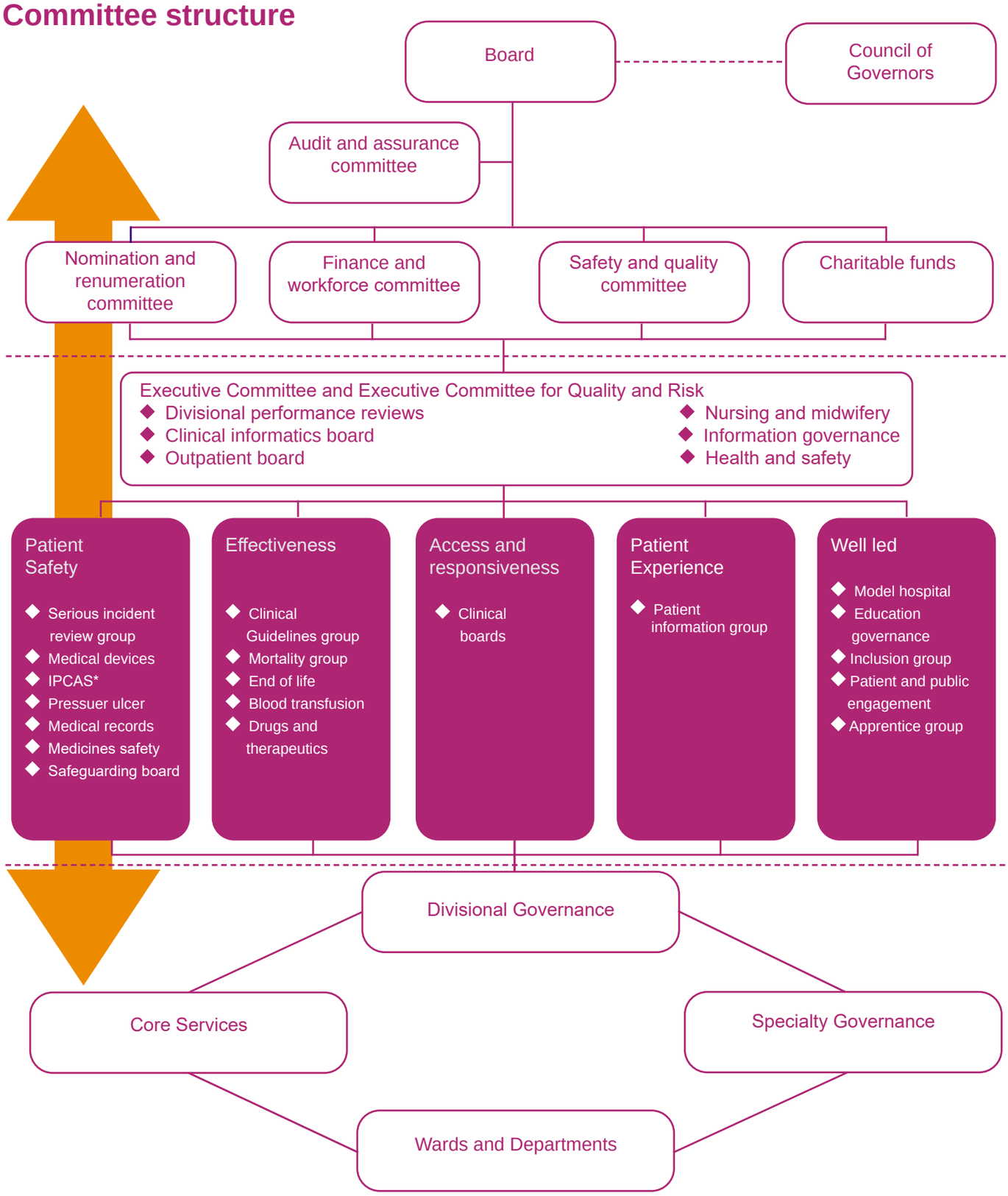
I have aligned and delegated accountability (see Section 1 above) and decision making authorities to the line management structures in place that deliver the day to day business. This alignment provides all staff and the Board of Directors with a simple and well understood way of:

1. ward/operational reporting to the Board any relevant issues
2. the Board disseminating its strategy and objectives to the wards and operational services

Through this structure those with the authority can exercise it and there are clear escalation processes if they are unable to do so. The escalation processes lead to individual directors and the Trust's Executive Committee which I chair as the Accountable Officer. It further allows staff to see where they fit in the overall strategy and how their personal objectives support the Trust to deliver its objectives.

The governance framework and the escalation framework for the Trust are described in the diagram on the following page.

Committee structure



*IPCAS Infection Prevention Control and Antibiotic Stewardship

The Audit and Assurance Committee have scrutinised the Board Assurance Framework and added value to the description of strategic risks, provided strong challenge to the management and recording of financial risk and influenced how the Board looks at sustainability and transformation plans and action relating to the ongoing impact of the challenged financial environment that the NHS faces.

The Audit and Assurance Committee receive regular audit reports conducted by Internal Audit. The majority of which provide good or substantial assurance. During the year an audit of the Trust's Payroll and Contract Management highlighted an increase in overpayments since 2017-18 with the most common reason identified as due to late leaver forms. This issue lay with leaver forms not being managed in a timely manner, which meant that the Workforce Information Team was unable to process these forms prior to the appropriate pay run, leading to overpayments. This has been reviewed and actions developed which Internal Audit have confirmed have been implemented.

5.2 The management of the COVID-19 pandemic and the Trust's response

The Trust has responded effectively and appropriately to the onset of the COVID-19 pandemic.

The Trust enacted its business continuity plans, followed national guidance and focussed on providing urgent safe health care. Re-shaping the services it provided and managed the emergency demand, whilst tackling significant workforce reductions and initial issues of national PPE availability.

The Trust reviewed its governance forums to ensure only business critical meetings were held, meetings where shortened and held virtually where appropriate. The Trust Board met virtually in March as planned and the Safety and Quality Committee focussed specifically on the management of COVID-19. The Executive Team meetings focussed on business critical matters and the Executive Committee for Quality and Risk focussed on safety matters, mortality and the management of risk.

The Trust Board also enacted Emergency Powers reserved to the Board as contained in the Standing Financial Instructions (SFIs and Standing Orders (SOs).

This response included:

- The Board resolved that meetings would be held virtually with the agenda restricted to critical business only; monthly sub-committees would also restrict the agenda to critical business only and be limited to a maximum of one hour duration.
- The emergency powers in the SFIs and SOs used were amended to provide for emergency decisions to be taken by Chair and Chief Executive only where it was not practical to consult with the full Board. Any use of these powers were reported to the next Trust Board meeting for ratification.
- Commencement of Gold command meetings that I chaired attended by Chief Operating Officer / Accountable Officer for Emergency Preparedness, Resilience and Response, Chief Nurse and Medical Director that were responsible for setting the strategy in response to COVID-19 at SASH.

- Strategic team meetings with divisional Chiefs five times a week planning the strategy set out by gold command (including weekends).
- Tactical team: Single point of contacts for key areas such as Procurement/PPE, Infection Control, Workforce, Estates and Facilities, Pharmacy, Communications and Welfare, all meeting every day to review operational actions and updates.
- Establishment of a Clinical Hub to manage the redeployment of staff to support the response.
- Procurement sourcing all PPE and necessary additional resources.
- Remote working from home for some staff in line with appropriate national guidance

Meetings were held with each division during March to discuss planned approaches to Elective Care. Noting that face to face outpatient's clinics would no longer be viable, the default position was to convert to telephone clinics and as equipment arrived, to move to video and virtual clinics and re-define the model for outpatient care.

I am not aware of any issues caused by a failing in the Trust's internal control systems that represent a significant control issue, relating to the management of COVID-19 pandemic.

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

The Trust has delivered a £7.1 million surplus in 2019-20, and has reported a £4.2m underlying surplus. This is the fourth concurrent year that the Trust has delivered a surplus. The Trust has a reference cost index of 82 and Model Hospital data describes it as the 2nd lowest acute trust cost per weighted activity unit (£2,791 per WAU) nationally. The Trust's liquidity continues to improve and working capital now provides a positive liquidity ratio for the Trust.

The Trust has an embedded budgeting and cost improvement process, an embedded financial reporting process and performance management structure. The latter consists of monthly meetings with Divisions, monthly reporting to Executive Committee, Finance and Workforce Committee and Board. Standing Financial Instructions and financial procedures are in place and are updated annually.

The Audit and Assurance Committee reviews the management opinion on internal controls systems for resource management (and did so during 2019-20, stating assurance) and audits from internal audit and external audit. All internal audit reports have provided full assurance in relation to finance areas during the year. The 2019-20 external audit report will be received after this AGS is written, but in the 2018-19 audit, auditors gave the Trust an unqualified value for money conclusion on 29 May 2019. That stated that auditors were satisfied that the Trust had put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources.

In January 2019 the Trust was rated "Outstanding" for its Use of Resources as part of the NHSi/CQC inspection report and assessment.

5.4 Efficiency and effectiveness

The Trust has embedded a number of key processes and change programmes to deliver continuous improvement, greater efficiency and effectiveness. These include the examples below:

- SASH+: SASH, along with four other Trusts have been working in partnership with the Virginia Mason Institute (VMI) in Seattle, USA who has developed a transformational management system - the Virginia Mason Production System which is based on lean methodological improvement techniques adopted and adapted from the Toyota car manufacturing factory in Japan. Over the last 17 years the production system has enabled them to become one of the safest and highest rated hospital organisations in the USA.

- By focussing on the elimination of waste our SASH+ improvement methodology has helped us to become more efficient and reduce costs but more importantly it has engendered a culture of continuous improvement where staff are taking responsibility to improve their service on a daily basis. Another output of this is likely to be the strong performance in the staff survey and SASH+ is an enabler to delivering our waste reduction programme and has successfully identified opportunities for additional income, reduction in costs and improved efficiency.

- Model Hospital Group: initiated during 2017-18 and chaired by the CEO.
The forum works through Model Hospital data with relevant specialities and departments to understand and address, where appropriate, areas of unwarranted variation.
The outputs of this provide clinical and operational direction as well as action around finance (such as cost improvement programmes).
The Trust is engaging actively in the GIRFT programmes (Getting It Right First Time – national improvement programmes based around consistency

SASH+ team, Front: Zöe Pizzie, Kaizen specialist; Sue Jenkins, director of kaizen; Helen Stevens, deputy director of Kaizen; Allana Hansell, Kaizen specialist. Back: LaShelle Marlow, Kaizen facilitator; Barbara Raine, Kaizen specialist; Sandip Comben, Kaizen specialist; Bridget Pettitt, Kaizen specialist, Jacqueline Young, KPO administrator, Louisa Wallace, Kaizen specialist, Emma Elliott, KPO training coordinator, Philycia Clarke, Kaizen specialist.

in clinical specialties) and has successfully delivered against a series of action plans put in place as a result of these reviews. The GIRFT programme for 2018-19 expand into medical specialties. The Model Hospital Group reports directly to the Executive Team and an overview of activities and successes are reported to the Finance and Workforce Committee.

- Elective productivity programme: the Chief Operating Officer manages a formal elective productivity programme based around Theatres, outpatients, and endoscopy that is reported to the Finance and Workforce Committee.

- Quality and productivity benchmark report: Each quarter the Trust provides a benchmark report to the Board that combines productivity, effectiveness and quality data and compares the Trust to its peer group.

- Committee structure: the internal structure of monthly committees that supports the Executive Committee for Quality and Risk (Effectiveness, Patient Safety, Patient Experience, Access and Responsiveness and Workforce) provides the governance around each of these areas and incorporates efficiency and effectiveness within their coverage.

5.5 Workforce

The Trust has a Board approved workforce strategy, (approved in July 2018), which details our plans to ensure that the right staff, with the rights skills are in the right place at the right time. The strategy is based on six key themes which ensures short, medium and long-term planning is undertaken to deliver safe, sustainable and effective staffing levels and provide the highest quality of care to our patients. Progress against the plan

Mark Preston, director of organisational development and people

is reported to the Board monthly through the Board Assurance Framework and through regular reports from the executive team to the Finance and Workforce Committee (which is a Board sub-committee).

Our workforce plans are evidenced based, benchmarked against the Model Hospital, directly linked to other Trust strategies and are supported by relevant education and training activities as required, including the development of new roles. We have implemented an effective recruitment and retention plan and have initiated plans to reduce agency spend, whilst growing our own bank. We use our SASH+ methodology to support lean working and transformation and we have business continuity plans in place to support unplanned workforce challenges.

The Trust is involved in national and local initiatives to support and develop our workforce and we take assurance from regular feedback from staff and other internal and external stakeholders. We aspire to be the local employer of choice and the best place to work. We have undertaken significant consultation with our staff during the past financial year and we are developing action plans to address key issues that have been raised. As part of our CQC inspection, as well as the overall Trust being rated as Outstanding, we also received an Outstanding rating for our Use of Resources.

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

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. (See the equality, diversity, human rights section of the annual report)

5.6 Conflicts of Interest

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

5.7 Sustainability

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. The Trust is working in partnership with Sussex Community NHS Foundation Trust to deliver Care Without Carbon, our vision for sustainable healthcare which sets out actions to drive improvements and mitigate the risks associated with climate change and is in line with our Estates Strategy.

5.8 Information governance

The Data Security and Protection (DSP) Toolkit is an online tool that enables the Trust to measure their performance against the data security and information governance requirements mandated by the Department of Health and Social Care, notably the 10 data security standards set by the National Data Guardian.

To provide assurance that the Trust is practising good data security and that personal information is handled correctly the Trust is required to carry out self-assessments of their compliance against the assertions and evidence contained within the DSP Toolkit.

While some elements are mandatory, the DSP Toolkit also provides a mechanism for organisations to continually monitor their own performance and so be able to evidence improvement over time against recommended elements.

The overall rating for the new Data Security Protection toolkit has changed and the organisations' status will either be published as standards MET or Standards not MET.

Surrey and Sussex Healthcare NHST Trust submitted the toolkit on 31 March 2020 and all mandatory standards have been MET.

Our aim is to improve our compliance year on year and a key element in achieving this is ensuring that all staff receive annual training and regular updates relating to Information Governance and data security.

All data security risks are added to the Trust risk register and reported in line with the Trust Risk Management Policy. The Trust has not identified any data security Serious Incidents during the financial year.

There are processes in place for incident reporting and investigation of serious incidents. During 2019-20 all reported data security incidents were of minor significance.

6. Review of effectiveness

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

My review is informed in a number of ways.

- As described above I take significant external assurance from both the result of CQC inspection of Trust and external Well Led review during 2018-19, as the last formal external reviews of the Trust and its governance.
- Executive Directors 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.
- The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Internal Audit reports have been targeted at a broad range of areas to identify issues and the Head of Internal Audit Opinion states: 'The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.'
- External auditors provide me with assurances through their opinion on the financial statements and their value for money conclusion.
- Other external organisations, including the NHS Improvement, the Care Quality Commission, MHRA, other agencies of the Department of Health, our commissioners and private consultancy companies commissioned by the Trust, have provided me with reports about controls, compliance with standards, financial management and performance in delivering targets.
- The Trust's Audit and Assurance Committee (AAC) is constituted to provide the Board of Directors with an independent and objective review of its systems of internal control, financial information and compliance with laws, guidance and regulations governing the NHS. As such throughout the financial year the AAC has gained assurance and driven improvements in controls from reviews of the Trust's internal control systems.
- The AAC has gained strong assurance from External Audit relating to the completion of the final audited accounts and value for money and have received independent assurance from internal audit on

a series of controls both corporate and clinical. The Committee continues to receive and consider internal and independent assurances and has adopted the 'three lines of defence' model to provide context and depth of assurance.

6.1 Significant control issues

The second half of the year has been particularly challenging in terms of delivery of access standards and there are elements of performance against national constitutional standards that were not achieved in year. The main drivers of this challenge have been the levels of activity associated with winter and the COVID-19 pandemic which affected the hospital at the end of the financial year. The most notable being the emergency department four hour standard, 62 Day Cancer standard and referral to treatment (RTT) standards. Our performance is detailed in the Performance section of the annual report.

The Trust is actively working internally and with its partners to ensure safety of services and regularly reviews all RTT and Cancer standard breaches to identify any incidence of harm. There has been significant focus on the delivery of ED performance with developments of infrastructure and pathways which have seen the Trust's ED performance rank amongst the highest in the country.

Noting that the COVID-19 Pandemic has had a significant impact on how the Trust runs its services and also has had significant impact on the Trust's delivery of access standards. The Trust has prioritised the delivery of safe emergency care and urgent elective procedures such as treatment of cancer.

I record these as significant control issues, but it should be noted that the Trust's performance against these standards are interlinked with surrounding community services and the cross boundary pathways and resources in place. The Trust continues to work internally and with its partners to develop internal controls and system wide pathways to improve delivery of high quality care to our community.

7. Conclusion

My review confirms that Surrey and Sussex Healthcare NHS Trust has a sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control. Noting the significant control areas that I have outlined above relating to the delivery of constitutional standards.

Signed

Michael Wilson CBE
Chief Executive

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

Michael Wilson, CBE,
chief executive

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

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

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

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

Signed

Michael Wilson CBE
Chief Executive

Conclusion

Keep in touch

Surrey and Sussex Healthcare NHS Trust
Trust Headquarters
Canada Avenue
Redhill
Surrey
RH1 5RH
01737 768511
www.surreyandsussex.nhs.uk
Twitter: @SASHnhs
Surrey and Sussex Healthcare NHS Trust provides emergency and non-emergency services at:

East Surrey Hospital
Redhill
Surrey
RH1 5RH
01737 768511

Surrey and Sussex Healthcare NHS Trust provides non-emergency services at Crawley Hospital which is managed by NHS Property Services.

Crawley Hospital
Crawley
West Sussex
RH11 7DH
01293 600300
We also provide a number of services at four community sites:

Caterham Dene Hospital
Church Road
Caterham
Surrey
CR3 5RA
01883 837500

Horsham Hospital
Hurst Road
Horsham
West Sussex
RH12 2DR
01403 227000

Oxted Health Centre
10 Gresham Road
Oxted
RH8 0BQ
01883 734000

The Earlswood Centre
Royal Earlswood Park
1 Anderson Court
Redhill
Surrey
RH1 6TP
01737 768511

Need help or advice?
The Patient Advice and Liaison Service (PALS) focuses on improving services for NHS patients. It aims to: advise and support patients, their families and carers, provide information on NHS services, listen to concerns, suggestions or queries from our patients and the people we care for and help sort out problems quickly on their behalf.

Contact PALS: 01737 768511 x1958 (for all sites) sash.pals@nhs.net PALS, East Surrey Hospital, Redhill, Surrey, RH1 5RH

You can ask a member of staff to contact PALS on your behalf This information is available in other languages and formats including audio tape, large print and braille. For further information please contact PALS (Patient Advisory Liaison Service) on 01737 231958 or email: sash.pals@nhs.net

Our finances

The year in context

The Trust ended 2019/20 with a surplus of £7.1m (after technical adjustments).

In summary, the Trust:

✓ Achieved £6.1m of waste reduction savings (meeting its planned waste reduction target);

✓ Received £4.3m of 2019/20 non-recurrent Provider Sustainability Funding (PSF) from NHS England/ Improvement. Excluding this non-recurrent funding the Trust had a £4.2m underlying surplus position;

✓ After excluding all non-recurrent income and expenditure funding the Trust achieved a £4.2m underlying surplus position;

✓ Improved its working capital position;

✓ Stayed within its External Financing Limit (EFL);

✓ Stayed within its Capital Resource Limit (CRL), with a capital spend of £14.7m;

✓ Delivered its Better Payment Practice Code (BPPC) target of 95% of bills paid within 30 days (the second year that the Trust has achieved that) – exceeding that overall by achieving 96% (by price and volume);

✓ In January 2019 (in the previous financial year) the Trust was rated "Outstanding" for Use of Resources by NHS Improvement and the CQC, in addition to being rated "Outstanding" in respect of Quality.

The Trust was not able to fully achieve the £14.0m surplus financial control total assigned to it by NHS England/Improvement, and consequently agreed a revised forecast outturn during the 2019/20 financial year of £7.0m surplus.

The very end of the financial year (March 2020) was impacted by the COVID-19 emergency. The actions necessary to manage the outbreak saw reduced numbers of patients coming to hospital for non-COVID-19 treatment and the hospital discharging all non-urgent patients to other care environments. This was to maximise capacity but also to allow the Trust to completely reconfigure its wards.

The reduction in patients prior to the increase in COVID-19 demand (which happened after 31 March) could have reduced Trust income significantly: prior to the emergency, the Trust

received over £1.0m each day for its 2019/20 'normal' activity. Therefore CCGs made payments in March based on internal forecasts and NHS England/ Improvement contributed additional funding to ensure that the Trust was funded to its forecast position and had sufficient resource.

The Department of Health and Social Care Group Accounting Manual requires the Trust to disclose whether the Directors of the Trust have any awareness of material uncertainties that might affect the Trust's 'Going Concern' status. We confirm that the directors do not and therefore as a public service body with no awareness of material uncertainties that might cast significant doubt otherwise, the Trust's financial accounts have been prepared on a 'going concern' basis. The key issue about 'Going Concern' is the public sector funding of services and there is absolutely no suggestion that the funding of NHS services will change materially in the foreseeable future. Indeed, in the current COVID-19 emergency the government have further committed to providing the necessary financial support to NHS organisations, to the extent that all NHS providers are expected to break-even against their funding in 2020/21. That position is supported by a statement on future cash flows provided by NHS England / Improvement.

There is, understandably, some uncertainty around how the COVID 19 emergency will develop after the initial lockdown and NHS England/ Improvement is keeping its options open in terms of some of the detail of how providers will be funded, recognising that the costs of re-starting services that meet COVID protected requirements will provide additional costs and options need to be open for dealing with any 2nd surge of cases. However, this is all practicality to ensure NHS providers are adequately funded.

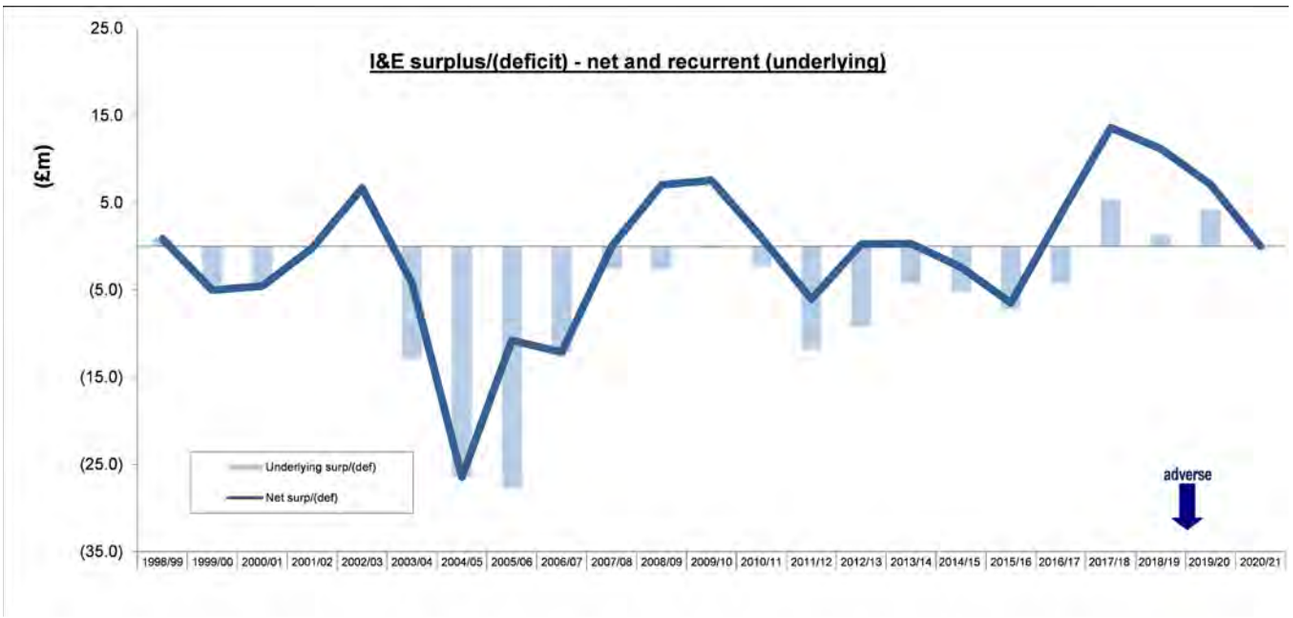
As the accounts and finance section of this annual report describe, this specific Trust has the strongest cash position it has ever had after several years of recurrent surplus, and has now recovered to the extent that in 2019/20 it halved its borrowings, again to the lowest level it has ever had. Strategically the Trust is a fixed point in its health system, and during the initial COVID surge was one of the busiest for intensive care activity in the region outside London. This strategic position and financial strength provides further evidence of the Trust's going concern status.

Low cost trust

The Trust continues to be one of the lowest cost acute trusts in England. The Trust's 2018/19 (most recent numbers) cost per weighted activity unit (WAU) is the 2nd lowest for any acute trust nationally (£2,791 per WAU). Our 2018/19 national cost collection index (where 100 is the index level) was 82 – the lowest in England for an acute trust.

Income and expenditure performance is described in the chart below, which provides a view back to the creation of the Trust in 1998-99. With the suspension of the 2020/21 planning process, and the introduction of a 'block' payment mechanism to fund hospitals simply in the COVID-19 emergency, the current planned position for the year is breakeven.

Trust financial performance from its creation in 1998/99



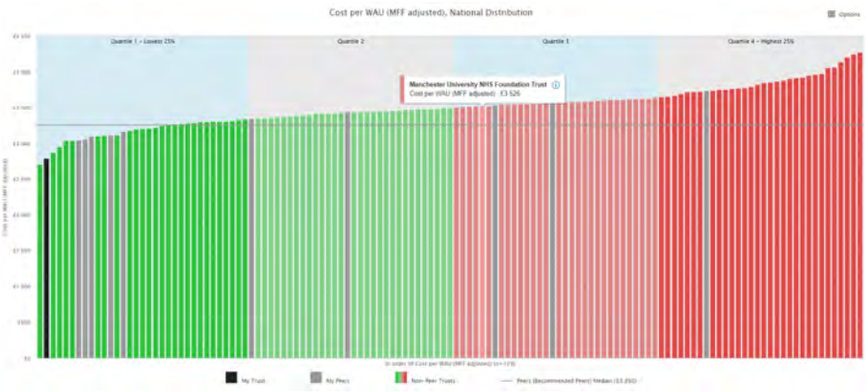
National cost collection index and cost per weighted activity unit

The 2018/19 NHS national cost collection index (previously called reference costs) are translated into an index to allow comparison between trusts, where the national average is an index of 100.

The Trust's index score has changed as described in the table below, with the 2018/19 figure at 82. This describes cost management over a long period as well as the granular reporting of work done, and suggests that we have managed the investment in services without increasing our unit costs.

The Model Hospital work on trust operational productivity and efficiency has used the national cost collection index to create a cost per weighted activity unit (WAU) measure. This is a value describing the cost to deliver the treatments carried out for patients, as adjusted and weighted for complexity of treatment. This is then compared with costs per WAU across the country. The Trust has a cost per weighted activity unit of £2,791, the 2nd lowest unit cost in England for an acute trust (Homerton University Hospital NHS Foundation Trust is the lowest).

Cost per weighted activity unit



Charts show ranking position for all trusts with data reported in the Model Hospital - colour bandings reflect quatile - darker green (left) is the best quartile and red (right) is the worst quartile.

	Reference cost/national cost collection index	Cost per weighted activity unit
2006/07	116	
2007/08	95	
2008/09	86	
2009/10	94	
2010/11	97	
2011/12	89	
2012/13	92	
2013/14	92	
2014/15	88	
2015/16	86	£3,010
2016/17	83	£2,930
2017/18	83	£2,903
2018/19	82	£2,791

Trust productivity

In addition to the data above about the Trust's cost per weighted activity unit, NHS England/Improvement has established a broad range of workstreams with benchmarking and other data set out on a web-based portal called the Model Hospital.

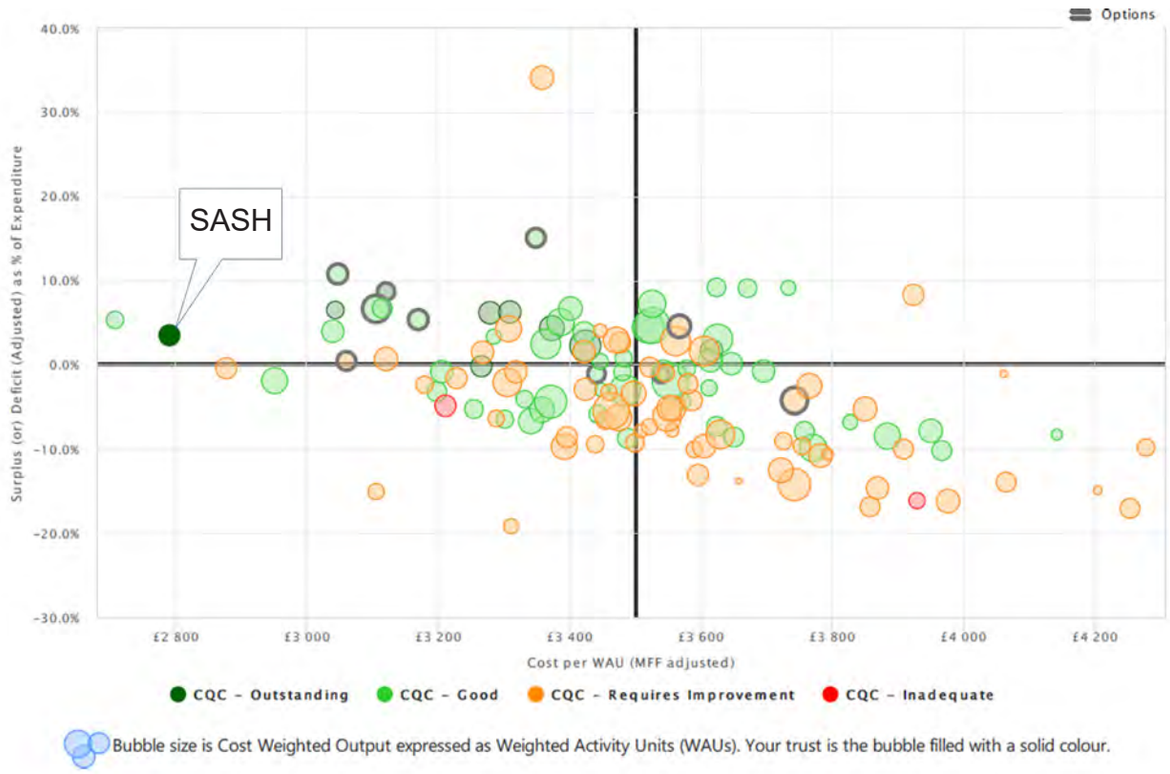
Within the Trust the CEO chairs a "Model Hospital Group" which methodically reviews data from the portal with clinical specialties and administrative departments in the Trust. The outputs help to shape the waste reduction plan, as well as other productivity plans and clinical improvement plans.

Quality, Efficiency, Deficit (QED) chart
This chart combines multiple metrics to try to give an overall picture of each trust's performance against others.

The position of each trust is plotted by:

- surplus or deficit as a % of operating expenditure (y axis)
- cost per WAU, which represents overall relative productive efficiency (x axis)
- The colour of each bubble reflects the CQC segment for that trust

Chart: Model Hospital



As can be seen in the chart, the Trust ranks very well against others, and the chart also provides a flavour of how other trusts are performing.

In terms of the detail within the Model Hospital, the Trust benchmarks well in the majority of categories (the portal is very extensive and this list is not exhaustive, but includes data on staff, non-pay, nursing, pathology services, medicines management, back office, estates and facilities, procurement and detail Getting It Right First Time programme information for most clinical specialties).

The Model Hospital data shows that the Trust has one of the lowest overall productivity gains to achieve when benchmarked against other English trusts.

This reduces the opportunity for further cost improvements, however the Trust continues to look at what it can do to reduce its costs while maintaining and improving its services. In 2019/20 the core waste reduction plan (WRP) delivered was £6.0m.

Waste reduction and cost improvements are modelled to come from all areas of the Trust but major on agency reduction, procurement, usage of consumables, drugs, and additional duty costs. Efficiencies contributing to the productivity gain flow from outpatient demand and capacity work, reducing length of stay for non-elective patients and theatre efficiency.

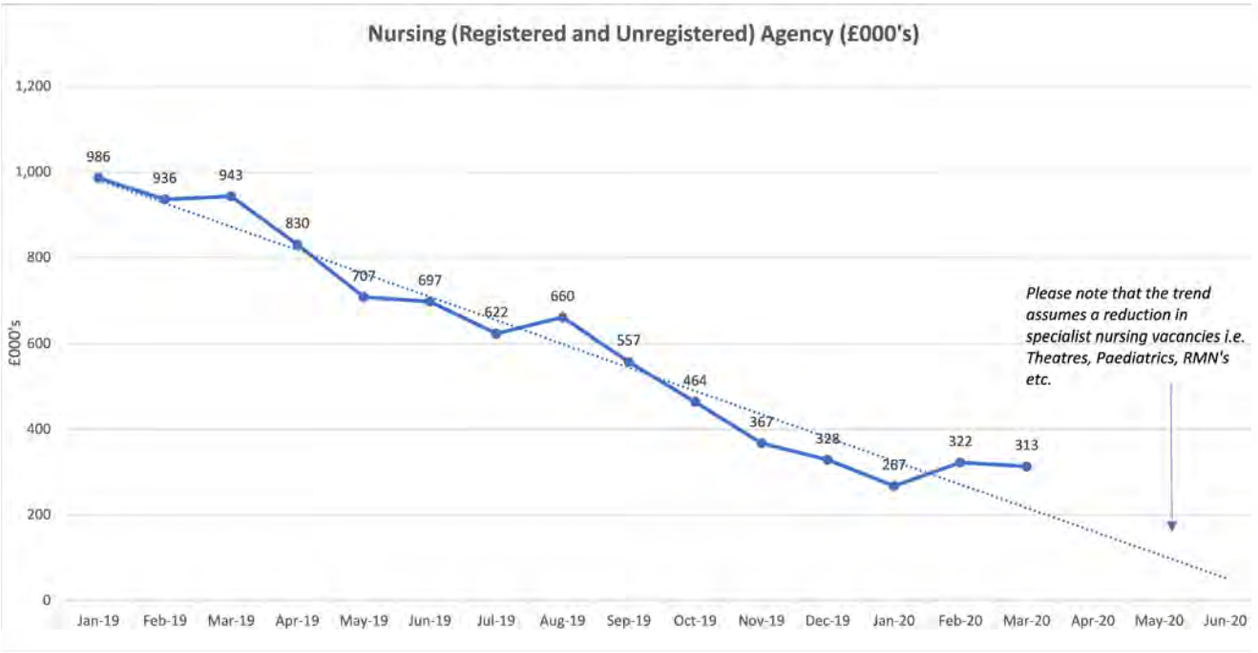
Agency costs reduced

Nursing agency delivered a significant saving in 2019/20, and will again in 2020/21.

Up until 2019/20 the continued expansion of East Surrey Hospital (at least one new ward each year) and the shortfall of nurses within the wider workforce to meet the people establishment required meant that the Trust relied extensively on agency nurses. The cost of agency nurses is significantly greater than the cost of Trust staff, and clearly it is better to have a permanent establishment of your own staff.

During 2019/20 the Trust invested significantly in overseas recruitment of permanent staff. The cost of their recruitment, on-boarding and double running while being trained totalled £6.5m. Ongoing recruitment costs are expected to be significantly lower than that incurred in 2019/20. The Trust increased the rates paid to workers on the Trust's nurse bank (people willing to work additional hours or temporarily on Trust rates of pay) and recast its commercial arrangements for agency suppliers. The combination of these measures has resulted in a very low nurse vacancy rate and a significant reduction in nurse agency costs, which can be seen in the chart below, describing a reduction from £1.0m a month in January 2019 to £0.3m a month in March 2020.

Chart: Nursing agency costs from 2019, by month to March 2020



Further information on the Trust's approach to improving its productivity and efficiency is set out elsewhere in this Annual Report, including the section describing our SASH+ programme.

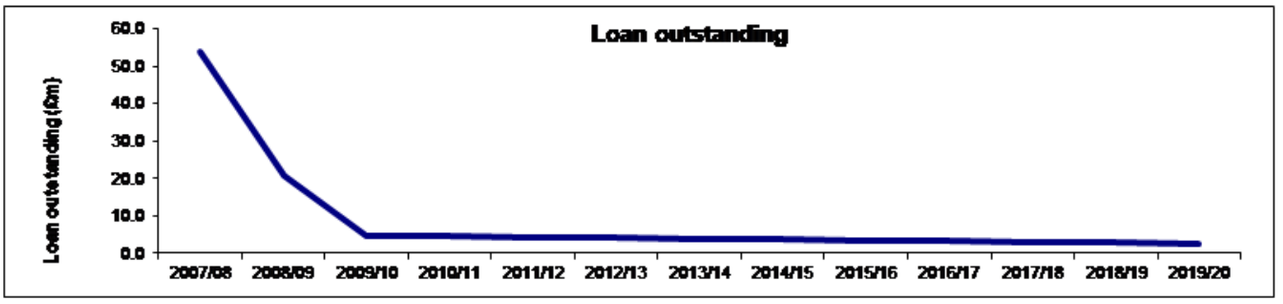
The original loan and the statutory breakeven duty

Surrey and Sussex Healthcare NHS Trust secured its £56.0m working capital loan at the end of 2006/07 to cover debts from its poor financial performance up to that time.

The current position on the loan is described below, with [£2.6m] left outstanding. The Trust is now making the scheduled payments required by its 25 year loan agreement against that balance.

Loan repayment schedule

Loan repayment plan	2007/08 (£m)	2008/09 (£m)	2009/10 (£m)	2010/11 (£m)	2011/12 (£m)	2012/13 (£m)	2013/14 (£m)	2014/15 (£m)	2015/16 (£m)	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)
Loan outstanding b/fwd	(55.9)	(53.7)	(20.7)	(4.8)	(4.5)	(4.3)	(4.1)	(3.9)	(3.6)	(3.4)	(3.2)	(3.0)	(2.8)
Conversion to PDC		26.0	8.0										
Trust repayment	2.2	7.0	7.9	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Loan carried forward	(53.7)	(20.7)	(4.8)	(4.5)	(4.3)	(4.1)	(3.9)	(3.6)	(3.4)	(3.2)	(3.0)	(2.8)	(2.6)



The loan repayment plan had been acting as a proxy for meeting the statutory breakeven duty, which the Trust has been in breach of since 2007/08. The statutory breakeven duty is set out in Schedule 5 of the NHS Act 2006 and case law states that a surplus of an equal size to any past deficits needs to be accumulated in a period of (maximum) five years after the deficit was recorded. However as this does not take account of any loan arrangement and the repayment the Trust has achieved, the Trust is still technically in breach.

External Auditors of NHS trusts have responsibilities under section 30 of the Local Audit and Accountability Act 2014 to report on unlawful matters by issuing a referral to the Secretary of State. Previously this was described under Section 19 of the Audit Commission Act 1998. The Trust's External Auditor did so in a Section 19 letter at the start of the 2011-12 financial year and issued another letter, at the request of the Audit Commission, with the 2013-14 financial accounts. As the Trust's breach is a technical one, there is no impact on the Trust, beyond explaining the above and the auditors will not be issuing another letter advising anything further on this matter.

Other cash borrowing

The Trust's cash position improved significantly with its move into financial surplus in 2016/17. As at 31 March 2020, apart from outstanding interest charges, the Trust has fully repaid all revenue support loans and working capital facility loans.

The Trust has borrowed to partly fund its capital programme (for building works, medical equipment and IT infrastructure) over recent financial years. In total it has borrowed £13.5m since 2010/11 in three separate loans. As at 31 March 2020 (excluding finance leases) £4.9m was outstanding on these capital loans. A capital loan repayment (excluding interest) of £1.3m is being made each financial year.

The Trust has a number of finance leases, whose capitalised value amounts to £3.1m as at 31 March

2020.

Looking forward – sustainability: financial strategy overview

In 2018/19 the Trust delivered on its previous short-term financial strategy objectives, which were: "stabilising the Trust's clinical services in the face of increasing emergency demand to provide sufficient capacity to deliver clinical and financial plans", and; "recover the normalised financial position"

For 2019/20 onwards we reviewed our strategy and updated it, and also to recognise the requirements of the NHS Long Term Plan.

The refreshed financial strategy was as follows:

- Build on the recurrent surplus achieved in 2018/19 and sustain recurrent balance;
- Use non recurrent sustainability funding to replenish the balance sheet and maintain a positive cash balance;
- Cover the costs of activity demand while striving for greater productivity and efficiency;
- Agree financial mechanisms with CCGs that support pathway and model of care changes, and do whatever the Trust can (without jeopardising the items above) to support local CCG financial positions.
- Become part of a financially sustainable integrated care partnership with other local providers that delivers continuous operational efficiency, improves health outcomes and works in fuller and more effective partnership with other local stakeholders;

COVID-19 interrupts financial planning

We referred previously to the accounts being prepared on a going concern basis, which is unaffected by the COVID-19 emergency, although it has impacted on the funding arrangements for 2020/21.

In addition to the impact at the very end of the financial year, the COVID-19 emergency has resulted in the suspension of all 2020/21 NHS planning and the financial transactions of contracting. The Trust will be funded according to a 'block' contract (a single monthly payment based on the cost of running the hospital) and top-up funding if there are additional costs, at least until October 2020 and likely all year.

In addition, the whole shape of the Trust's services are being changed significantly to deal with COVID-19. The actions the Trust is taking, like other acutes, is about discharging all but the very sickest patients to other care environments, re-purposing pathways to stream patients according to where they sit with COVID-19 symptoms and test results and creating 3 or 4 times (or more) as much intensive care capacity as we had before.

It is anticipated that this approach will remain in place for the rest of the year, with adaptation to 'regular' non elective demand as we climb and descend the bell curve of COVID-19 cases. There may also be a 2nd peak as we reach the start of winter, and until the development of a vaccine changes the demand curve.

This will mean that at least some aspects of the health system's plans prior to COVID-19 will likely need to be reviewed as we emerge

from the emergency.

The Trust will review its resourcing and budgets in the Summer, but the financial plan for 2020/21 assumes a breakeven position.

Analysis of financial data

The table below provides a summary of our income and expenditure performance since 2010/11, using the EBITDA* presentation.

Detail of overall income and expenditure performance since 2010/11

Income & Expenditure: EBITDA presentation	2009/10 (£m)	2010/11 (£m)	2011/12 (£m)	2012/13 (£m)	2013/14 (£m)	2014/15 (£m)	2015/16 (£m)	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)
Income from patient care	174.1	179.8	189.3	197.0	210.6	224.8	240.9	258.0	283.9	304.6	342.2
Other operating income	20.8	16.4	20.3	29.0	20.8	19.0	24.0	28.4	31.6	31.3	29.9
Net operating income	194.9	196.2	209.6	226.0	231.4	243.8	264.9	286.3	315.4	335.9	372.1
Operating expenses	(178.9)	(187.2)	(207.0)	(215.0)	(220.4)	(234.5)	(258.2)	(268.4)	(286.9)	(309.3)	(348.5)
EBITDA (op surplus/(deficit))	16.0	9.0	2.6	11.0	11.0	9.3	6.7	17.9	28.6	26.6	23.6
Net interest and other items	(0.8)	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)	(0.5)	(1.0)	(0.8)	(0.5)	(0.3)
Depreciation/amortisation	(4.5)	(4.7)	(5.4)	(7.3)	(7.2)	(7.8)	(8.7)	(9.2)	(9.4)	(9.6)	(10.3)
PDC dividends payable	(2.9)	(3.0)	(3.0)	(3.1)	(3.2)	(3.6)	(3.9)	(4.1)	(4.7)	(5.3)	(5.5)
Impairments/donated assets	(0.2)										(0.4)
NHS performance surplus/(deficit)	7.6	1.0	(6.1)	0.3	0.3	(2.4)	(6.5)	3.7	13.6	11.2	7.1
Technical adjustments		(4.8)	0.0	0.1	0.0	0.0	2.4	(0.2)	0.0	0.0	0.4
NET SURPLUS/(DEFICIT)	7.6	(3.7)	(6.1)	0.4	0.3	(2.4)	(4.1)	3.4	13.6	11.2	7.5
Underlying surplus/(deficit)	(0.2)	(2.2)	(13.3)	(9.2)	(4.3)	(5.2)	(7.2)	(4.2)	7.9	1.3	4.2
B'even duty: Cumulative deficit	(39.4)	(38.4)	(44.5)	(44.2)	(43.9)	(46.3)	(52.9)	(49.2)	(35.6)	(24.2)	(17.2)

*EBITDA – earnings before interest, tax, depreciation and amortisation

Capital

In 2019/20 the Trust spent £14.6m (excluding donated asset additions) on capital investment (buildings, IT and equipment) and stayed within our Capital Resource Limit (CRL). A wide-range of different projects were delivered in-year, over 50, with the principle focus being investment in estate to improve how the Trust works and improve care for patients.

The funding to pay for the programme included a number of additional elements:

a) The "core" £9.5m capital resource limit generated from depreciation less capital loan repayments).

b) £4.3m NHS England/ Improvement capital, to fund:

i) £1.7m to partly pay for Smallfield Ward, to increase Trust capacity for emergency activity;

ii) £0.8m for 2 new CT machines,

iii) £0.5m for new improved discharge lounge.

iv) £0.5m LED lighting to reduce both energy costs and carbon emissions.

v) £0.8m cyber security, Electronic Patients Records, and Electronic Medicines Management.

c) £0.8m of capital resource limit funded from cash reserves generated from the Trust surplus;

The Trust structures its programme to ensure that maintenance and refurbishment is completed, that we invest in improving patient areas and support the Trust strategy to ensure patients are treated in a safe, high-quality environment, that is welcoming and convenient for them and their families. The programme is successfully transforming the estate and has reduced the cost of maintenance as we modernise the hospital.

Neo-natal unit refurbishment and redesign

The Trust's biggest project is the refurbishment and redesign of the neonatal unit, where we don't have enough space for our cots. That spreads over two years (and 3 financial years), with stage 2 completing during April 2020.

Stage 1 (work on the Dental and Obstetrics/ Gynaecology outpatients areas that needed to be reprovided) completed during the year, and are providing an excellent patient environment. We opened part of the neonatal unit early, during February, partly to allow us to deal with a difficult birth of triplets and to manage their mother's complications (all went really well). The completion of Stage 2 is delayed by COVID-19, but the work to be done is not complex.

COVID-19 capital costs

As well as disruption to revenue income and changes to our running costs, we have also made a number of additional capital purchases to buy additional equipment to deal with COVID-19 demand.