The ROYAL MARSDEN
NHS Foundation Trust

NHS

Annual Report and Accounts 2019/20

At The Royal Marsden, we deal with cancer every day, so we understand how valuable life is. And when people entrust their lives to us, they have the right to demand the very best. That's why the pursuit of excellence lies at the heart of everything we do.

Life demands excellence

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1. Performance report

Introduction

The Royal Marsden opened in 1851 as the world's first hospital dedicated to cancer diagnosis, treatment, research and education. Today it operates as a specialist cancer hospital and National Institute for Health Research (NIHR) Biomedical Research Centre for Cancer, working closely with its principal academic partner, the Institute of Cancer Research (ICR).

Together, The Royal Marsden and the ICR are ranked in the top five cancer centres in the world for the impact of their research. The Royal Marsden operates from two centres, in Chelsea and Sutton, and is the founder and host of RM Partners, the Cancer Alliance for west London, which includes St George's Healthcare NHS Foundation Trust, Imperial Healthcare NHS Trust, and other Trust and clinical commissioning group (CCG) partners across north west and south west London.

Overview of performance

Chairman and Chief Executive joint statement

This year The Royal Marsden NHS Foundation Trust continued to ensure cancer patients at the hospital, across the UK and around the world can benefit from the advances being made in cancer research, treatment and care.

The Trust was delighted to retain its 'outstanding' rating from the Care Quality Commission (CQC) in January 2020, following an inspection in September and the well led inspection in November 2019. The Chief Inspector of Hospitals said: "The Royal Marsden NHS Foundation Trust is a beacon of Outstanding practice. It was Outstanding overall before but has improved by achieving outstanding in four of the five main categories CQC rate. It is a well-run centre of excellence in the study and treatment of cancer and is known worldwide for the work that it does."

CQC inspectors commented on staff going above and beyond for patients, viewing people's emotional and social needs with the same level of importance as their physical needs, and taking a holistic approach to care, of which patients spoke very highly. The CQC also commented on the Trust's innovative and pioneering approach to treatment and care, particularly referencing its "national and international reputation for research".

Research is at the heart of so much of the work at The Royal Marsden, and the past 12 months has been another exceptional year. With over 900 trials open, the Trust offers the largest number of cancer research trials to patients in England. The Royal Marsden celebrated a year of treating patients on the MR Linac across six tumour types as part of an international consortium trialling this new technology, and it was commissioned to provide chimeric antigen receptor T (CAR-T) cell therapies, an exciting new area of research and treatment. A new class of cancer drug trialled in the Oak Paediatric and Adolescent Drug Development Unit at The Royal Marsden was also approved for use in Europe. Larotrectinib is a tumour-agnostic drug that targets a specific genetic abnormality.

Partnerships are vital to the delivery of the very best treatment and care, and this year The Royal Marsden has continued to work with partners across north west and south west London as the host of RM Partners, the Cancer Alliance for west London. The Alliance was awarded a further £10 million funding by NHS England and NHS Improvement for a range of initiatives in early diagnosis and innovative treatment to ensure earlier detection of cancer and improved survival, in line with the priorities in the NHS Long Term Plan.

During the year, The Royal Marsden continued its work with partners in the North London Genomics Laboratory Hub to enhance cancer genomic testing across north and south west London. This work involves both the consolidation of testing to ensure equity of access for patients, and the development of new, larger gene testing panels which will allow the Trust to test for a greater number of gene abnormalities across a wider patient population.

It is also important that the hospital works with its regulators to maintain a safe and effective service across the Trust. This year the Trust received accreditation from JACIE (Joint Accreditation Committee International Society for Cellular Therapy-Europe & European Society for Blood and Marrow Transplantation) for both its adult and children's services in stem cell transplantation and cellular therapy. It also retained certification from ISAS (Imaging Services Accreditation Scheme) for its radiography delivery, the MHRA (Medicines and Healthcare products Regulatory Agency) for medicines safety, British ISO (International Organisation for Standardisation) standards for radiotherapy and chemotherapy, and the Customer Services Excellence Standard for all its services.

The coronavirus pandemic of 2020 presented us with major challenges in the delivery of treatment and care, and we had to make significant changes to business as usual at The Royal Marsden. We are proud of how our staff rose to the challenge and worked tirelessly to ensure we could continue to deliver cancer services while protecting our patients. Flexible working has included a much greater use of telemedicine and expert helplines, delivering care differently to keep patients and staff safe, and a new cancer surgical hub which was the first in the country to designate safe capacity to treat cancer patients, led by RM Partners. A clinical priority group was established at the outset to bring together cancer experts to ensure clinical teams could continue to operate throughout the pandemic, and this model will continue in the months ahead to ensure all cancer surgery can be restored to pre-pandemic levels.

The Trust recorded a surplus for the year of £39.7 million which was £17.5 million higher than initially planned. This was achieved by both NHS and private patient revenues exceeding the original plan approved by the Board, with minimal additional costs. All of the surplus has been allocated for improving the infrastructure in the Trust on equipment and IT and patient environments, ensuring the Trust can deliver on its strategic objectives.

The Trust continues to maintain a strong balance sheet and cash position. At 31 March 2020 the Trust held cash deposits of £121.5 million; an increase of £43.3 million from the previous year. The Trust has continued to invest in estate and infrastructure, spending £37.9 million on buildings, equipment and IT during the year. £14.3 million of this capital expenditure was funded through charitable donations.

During March 2020 the Trust incurred £0.5 million of additional costs responding to the coronavirus pandemic, whilst also losing around £1.5 million in expected income. The Trust was reimbursed by NHS England for this amount. However, the challenging operating conditions present a risk to the Trust's planned surplus for 2020/21, with the NHS financial architecture for the year still under review.

Looking to the future, we will be working with our partners and stakeholders on the provision of children's cancer services following a decision by the NHS England and NHS Improvement Board in January 2020 that children's cancer services should be co-located on the same site as paediatric intensive care.

There is currently no hospital in south London which provides both specialist children's cancer services and paediatric intensive care on the same site. We know that the Oak Centre for Children and Young People ensures our patients receive the very best treatment and care, including access to clinical trials to improve survival, expertise in oncology, and modern, age-appropriate facilities. Patients and families consistently rate us as one of the best centres in the country for patient experience.

We believe that a proposal which retains The Royal Marsden's cancer expertise, life-saving research, modern facilities and accessible location for the population we serve will continue to provide the best clinical outcomes and patient experience.

The Royal Marsden will also continue to improve its facilities and services for the benefit of cancer patients everywhere by building the Oak Cancer Centre. 2020 will see the ground breaking for this new state-of-the-art treatment and research building which will improve the effectiveness and efficiency of patient care and increase the Trust's diagnosis and treatment capacity. The Royal Marsden Cancer Charity has already raised over £60 million of the capital required for this development and we are deeply grateful to all those who support us so generously.

The Royal Marsden would not be the hospital it is without its outstanding staff. Their exceptional commitment, professionalism and compassion is commented on by so many of our patients. We would like to thank every single one for their outstanding contribution to cancer research, education, treatment and care which helps us to improve survival and quality of life for all those affected by cancer locally and globally through our programmes of research and education.

Dame Cally Palmer
Chief Executive
12 June 2020

Charles Alexander
Chairman
12 June 2020

Looking forward: Five-Year Strategic Plan 2018/19–2023/24

In summer 2018, we launched our new Five-Year Strategic Plan, which detailed our core themes and objectives for the period from 2018/19 through to 2023/24.

The key highlights are set out below:

Research and innovation

- Royal Marsden clinicians led the PACE-B trial, results of which were published in September 2019, to show advanced radiotherapy technology can safely deliver curative treatment for patients with prostate cancer in just one or two weeks, rather than months of hospital treatment.
- Undertook a world first trial in acoustic cluster therapy, an innovative new technology to deliver chemotherapy.
- A number of experts presented on a range of research topics across different tumour types at the European Society for Medical Oncology (ESMO) Congress in Barcelona. Highlights included Professor James Larkin's research on long-term survival rates for patients with stage 4 melanoma and positive results from the CheckMate067 trial.
- The Royal Marsden was approved by NHS England to deliver a new type of immunotherapy for patients with relapsed or refractory diffuse large B-cell lymphoma.

Treatment and care

- Celebrated a year of treating patients on the MR Linac, including the first paediatric patient who was scanned in preparation for treating children and young people with this new precision technology.
- In the CQC Children and Young People's Patient Experience Survey results, The Royal Marsden scored amongst the top Trusts in the country for patient experience.
- Three core projects launched to improve patient pathways, flow, waiting times, capacity, length of stay and to reduce variation – Day Care Review, Inpatient Review and Admin Review.
- RM Partners achieved the 62-day cancer waiting times standard consistently during 2019/20.
- The lung health check project pilot was launched, providing low dose lung CT for patients at risk and RM Partners set up the first cancer surgical hub to maintain urgent and essential treatment during the pandemic.

Financial sustainability and best value

- Exceeded our targeted surplus, enabling continued investment in estate, medical equipment and IT across the Trust.
- Focused on increasing productivity, ensuring the agency expenditure was below the NHSI cap and that the Trust could achieve a strong position above plan at the end of the year.

Modernising infrastructure

- Maggie's at The Royal Marsden opened in autumn 2019, further supporting patients at the Sutton site.
- The Oak Cancer Centre received planning permission from Sutton Council and enabling works commenced for completion of the building in autumn 2022.
- The Trust continued to support Epsom and St Helier on their redevelopment plans.
- Planning is underway for a second CyberKnife radiotherapy machine at Sutton.
- The hospital invested in a major IT modernisation programme, including the start of our procurement of a new Digital Health Record system, to be implemented within a two-year timeframe.

Workforce

- Achieved the highest scores for staff engagement and support from managers across all acute specialist Trusts in the most recent NHS Staff Survey.
- Improved the GMC survey scores, which measures the staff and educational experience of junior doctors in training.
- Launched the refreshed Trust values and supporting behavioural framework, noted by the CQC in their most recent inspection.
- Introduced new roles such as the physician associate role to support the junior doctor workforce and invested in a new pipeline of nurse apprenticeships.
- Achieved Mayor of London's Healthy Workplace award to support health and wellbeing in the workplace.
- Exceeded the Workforce Race Equality Standard target for proportional representation at senior level, reduced the gender pay gap from 8.9 per cent to 5.6 per cent and the bonus pay gap from 33 per cent to 25 per cent.

Quality

- Performed strongly against quality measures over the last year and ranked as one of the best places in England to receive care.
- Ranked in the top three Trusts in the country in the CQC's annual Adult Inpatient Survey, and amongst the top Trusts for patient experience for children and young people according to the CQC.
- Rated by the CQC as 'outstanding' including moving from 'good' to 'outstanding' in the effective domain.

The Royal Marsden Cancer Charity

- Recorded best year ever, raising £31.5 million from donations and legacies.
- Continued to support the Trust's exceptional work in research, treatment and care, including a £15 million, five-year grant for translational research, and a £14.3 million grant to purchase pioneering equipment to improve cancer diagnosis, treatment and survival.
- Raised £61.5 million for the Oak Cancer Centre appeal by the end of 2019/20, which included two new generous seven figure pledges.
- Raised £1 million at Music for the Marsden, a concert at the O2 Arena in March, where a line-up of music legends including Sir Tom Jones, Van Morrison and Bonnie Tyler, performed their biggest hits in front of thousands of fans. Funds raised from the concert will go towards building The Royal Marsden's brand-new, state-of-the-art treatment and research facility, the Oak Cancer Centre.

Private Care

- Private Care income was up nine per cent, despite the continuing difficult economic climate and latterly the impact of coronavirus, and contributions were up 11 per cent year-on-year.
- A new diagnostic and treatment centre in Cavendish Square will open in early 2021 further enhancing Private Care provision.

A copy of the Trust's Five-Year Strategic Plan can be accessed on the Trust website. As the Strategic Plan sets out, the Trust's primary aim is to deliver the best cancer treatment through world-leading research by operating a 'bench to bedside' approach with its academic partner, the ICR.

Cancer incidence is increasing, with approximately 360,000 people diagnosed with cancer in the UK each year. The NHS Long Term Plan, published in January 2019, set out specific priorities for improving survival through the earlier detection and diagnosis of cancer and through optimal treatment and care, ensuring the latest advances in treatment can be made available swiftly and uniformly throughout the country. As one of the largest providers of cancer care, The Royal Marsden will continue to support these national priorities, working collaboratively with partners across service and research, including the Trust's responsibility as host of RM Partners, the Cancer Alliance for west London.

Summary of performance

Research and innovation

Patients begin pioneering treatment

In 2019, The Royal Marsden was approved by NHS England to deliver a new type of immunotherapy for patients with relapsed or refractory diffuse large B-cell lymphoma. CAR-T cell therapy uses the patient's own immune system to fight cancer. It involves collecting the patient's own T cells, genetically modifying them to express a novel antigen receptor to enhance their ability to target and kill cancer cells, and then reinfusing them into the patient.

A Phase III trial at The Royal Marsden, ZUMA-7, is comparing CAR-T cell therapy with the current standard of care in patients with diffuse large B-cell lymphoma that has relapsed or has been resistant to treatment. CAR-T cell therapy has shown effectiveness in patients with multiple relapsed diffuse large B-cell lymphoma who are resistant to standard chemotherapy and have limited curative options. The Royal Marsden has expanded the use of T cell therapies for patients with solid tumours, with trials in melanoma also now open.

Green light for olaparib

The drug olaparib was approved by the National Institute for Health and Care Excellence (NICE) for use in the NHS in England, heralding a new era for women with ovarian cancer. For the first time, this practice-changing treatment is to be made available via the Cancer Drugs Fund to women with newly diagnosed, BRCA-mutated advanced ovarian cancer after NICE gave the green light. Dr Susana Banerjee, Consultant Medical Oncologist, was a co-author on the SOLO-1 trial of the drug, on which results the decision was based.

The landmark trial showed that olaparib can extend progression-free survival for these women by around three years, giving them longer before further rounds of chemotherapy are needed, as well as the possibility of increased survival.

Painless blood test speeds up breast cancer treatments

A trial undertaken by The Royal Marsden and the ICR has identified that a new blood test for women with breast cancer can identify weaknesses in their tumours, allowing doctors to speed up and target their treatment.

Women with advanced forms of the disease may be able to avoid painful biopsies and could elect instead to undergo a blood test that looks for DNA from the tumour that has been shed into the bloodstream.

Researchers on the Plasma Match trial, led by Professor Nicholas Turner, Consultant Medical Oncologist, analysed blood from 1,000 women with breast cancer that had either returned after treatment or spread in the body, indicating that it was at a more advanced stage.

The study looked at whether the test could identify three defects in genes called HER2, ESR1 and AKT1. They also performed tissue biopsies on the women and found that the blood test correctly identified the presence of mutations in 95 per cent of cases.

Picking up the PACE

Advanced radiotherapy technology could safely deliver curative treatment for some prostate cancer patients in just one or two weeks, according to research by The Royal Marsden and the ICR. This is a significant reduction from the current standard of one to two months, and the first occasion that such a short timeframe of treatment has been investigated in a Phase III trial. In the PACE-B trial, published in *The Lancet Oncology*, researchers used ultra-hypofractionated stereotactic body radiotherapy (SBRT) to deliver five higher doses of radiation to patients over one to two weeks.

The trial, led by Chief Investigator Dr Nicholas van As, Medical Director and Consultant Clinical Oncologist, found that in the three months after treatment, the side effects were no worse than those in patients who had the conventional therapy of moderate doses over a longer period. Researchers are still awaiting data on long-term side effects and overall efficacy, with the treatment technique currently only available in a trial setting in the UK.

During this trial, SBRT at The Royal Marsden was delivered by the CyberKnife machine, which was funded by donations to The Royal Marsden Cancer Charity.

Experts at ESMO

A number of experts presented on a range of research topics across different tumour types at this year's European Society for Medical Oncology (ESMO) Congress in Barcelona. Highlights included Professor James Larkin's research around long-term survival rates for patients with stage 4 melanoma; and positive results from the CheckMate067 trial that showed the benefits of using a 'double hit' combination of immunotherapy drugs with one in two patients living over five years (10 years ago this survival rate was only one in 20). Professor Chris Parker, Consultant Clinical Oncologist, presented his findings from the largest-ever trial of postoperative radiotherapy in prostate cancer, which indicated that men with the disease could be spared radiotherapy after surgery.

Treatment and care

The Royal Marsden scores with patients

In this year's National Cancer Patient Experience Survey results, The Royal Marsden once again placed in the top 10 of Trusts in England and was the only London Trust in the top 10, scoring nine out of 10 for the overall care patients received. This year almost 2,000 patients took part in the survey and the exceptional quality of care and treatment the hospital provides them with has been recognised. The Trust scored higher than the rest of the country in 21 areas and was in line with the country in 29 areas.

The Trust also ranked as one of the best places in England to receive care for both adults and children, according to results published by the CQC.

According to annual Adult Inpatient Survey results, The Royal Marsden was ranked third in England for patient experience, rated 9.1 out of 10, and the top specialist cancer Trust. This is the third year in a row the Trust has ranked in the top three.

In the CQC Children and Young People's Patient Experience Survey results, The Royal Marsden also scored amongst the top Trusts in the country for patient experience. One hundred per cent of our paediatric patients felt they were well looked after while in hospital, and the Trust scored above average in a number of areas including: pain management; experience on the hospital ward, such as privacy when receiving care and treatment; facilities; and communication with hospital staff.

MR Linac: one year on

The Royal Marsden marked its first year of treating patients on the UK's first MR Linac in September 2019. In September 2018, The Royal Marsden was the first centre in the UK, and only the third in the world, to use the revolutionary machine, treating its first prostate cancer patient as part of the PRISM trial.

The Trust's multidisciplinary team of clinical oncologists, physicists and therapeutic radiographers has now treated almost 30 patients with prostate, rectum, bladder, cervical and ovarian cancers as part of clinical trials. The UK's first paediatric patient was also scanned in 2019, in preparation for a paediatric trial.

The MR Linac combines two technologies – an MR scanner and a linear accelerator – to precisely locate tumours, tailor the shape of the X-ray beams in real time, and accurately deliver doses of radiation to moving tumours. The MR Linac has allowed us to see the anatomy in greater detail at the time of treatment and, in turn, adapt the radiotherapy plan accordingly each day. The clinical team uses the imaging quality and real-time image acquisition to improve the pinpoint accuracy of treatment in fewer sessions and with less toxicity.

For some tumour sites, the MR Linac has enormous potential to transform the way cancers are treated and significantly improve patient outcomes. The team will expand treatment into breast, head and neck, pancreatic and oligometastatic tumours, benefiting many more patients.

World first clinical trial

The first patient in the world was treated at The Royal Marsden in late 2019 with an innovative new treatment, acoustic cluster therapy. Acoustic cluster therapy is a new approach which uses microscopic clusters of bubbles and liquid droplets to enhance the delivery of simultaneously administered routine chemotherapy drugs to tumours.

Delivering this treatment is a cross-team effort, involving a radiologist, physicist and at least two nurses. One nurse is responsible for administering the standard chemotherapy the patient normally receives and, midway through, another nurse will mix up the microbubbles and droplets into microscopic clusters. These clusters are then injected into the patient along with their chemotherapy.

At this point, the radiologist uses a standard ultrasound scan to convert the clusters into an activated form within the tumour. Once activated, with further ultrasound, the clusters help to 'pump' the drug into the tumour, greatly increasing the amount of the drug reaching the cancer cells.

This new treatment could improve the effectiveness of chemotherapy by better targeting the tumour, reducing exposure to the rest of the body, and hopefully lowering the rate and severity of treatment side effects.

Modernising infrastructure

A warm welcome

In October, the new Maggie's at The Royal Marsden was officially opened by HRH The Duchess of Cornwall, President of Maggie's, and the centre opened its doors to patients, their friends and relatives, marking another step forward in the redevelopment of The Royal Marsden's Sutton hospital.

The distinctive red cube building was designed by London-based studio Ab Rogers Design, with landscaping by world-renowned landscape architect Piet Oudolf.

The centre will provide a breathing space away from the hospital where visitors can meet people who understand what they're going through or just take a quiet moment to reflect. The services on offer are designed to further enhance the psychological support already provided at The Royal Marsden.

Green light for new cancer centre

The Royal Marsden was granted planning permission in late 2019 for the new state-of-the-art cancer facility, the Oak Cancer Centre.

The Royal Marsden Cancer Charity is raising £70 million for the Oak Cancer Centre, which is named in recognition of a £25 million donation from Oak Foundation. It will replace some of the more dated facilities and infrastructure at the Sutton hospital with modern, carefully designed spaces.

A new Rapid Diagnostic Centre will use the very latest technology to provide faster diagnosis for more people, helping to save lives by diagnosing cancer earlier when treatment is more likely to be successful.

A new Medical Day Unit will enable patients to enjoy peace and quiet while receiving chemotherapy, and patients visiting the new outpatients department will be able to undergo blood tests, see their consultant and collect a prescription all on the same floor.

Importantly, the centre will bring together over 400 researchers who are currently dispersed across the site, in new spaces designed to encourage collaboration and help speed up the development of new treatments.

The latest technology

Advanced stereotactic radiotherapy technology will soon be available for complex treatments at The Royal Marsden in Sutton. The newest model of a CyberKnife was delivered in November 2019 and is currently being installed. Using a robotic arm, this treatment machine has the ability to deliver larger doses of precisely targeted stereotactic body radiotherapy (SBRT) to moving tumours and to treat very small brain tumours (SRS/T). This non-invasive treatment minimises damage to healthy tissue and is delivered with such pinpoint accuracy that fewer treatment sessions are required, offering quality of life improvement for patients for whom this treatment is an option.

This is the second CyberKnife which has been funded by supporters of The Royal Marsden Cancer Charity, after the first machine was installed in Chelsea back in 2011. The Royal Marsden was the one of the first NHS hospitals in the UK to install the CyberKnife, which has since treated nearly 3,000 patients and been the focus of international research.

A world-class cancer centre

The Royal Marsden Private Care is due to expand its presence in London, with a new diagnostic and treatment facility opening on Cavendish Square. Located between Oxford Street and Harley Street, the new outpatients centre will offer patients fast and direct access to world-leading diagnostic experts, in an easily accessible and reassuring environment. Multiple tumour types will be treated, including breast, urology, gynaecology, head and neck, and skin cancers. Patients can expect to have an appointment booked following their initial enquiry, with direct access to diagnostic services. In addition to consulting rooms, chemotherapy chairs and a minor procedure suite, the new centre will also have state-of-the-art imaging facilities, including MRI, ultrasound, computerised tomography (CT), mammography and X-ray.

Financial sustainability and best value

Transforming care at The Royal Marsden

The Trust has been running a Transformation Programme since 2013. During this time the programme has delivered a number of benefits for patients including the introduction of a new patient hotline and an Acute Oncology Service at Sutton.

The Transformation Board, which approves all new programmes of work to ensure that they directly support the delivery of the Digital Strategy and the Five-Year Strategic Plan, is currently overseeing three main programmes of work: Daycare/Homecare; Inpatients; and Pursuing Excellence in Patient Administration.

The Daycare/Homecare programme aims to increase the percentage of chemotherapy patients starting treatment within one hour of their appointment to 85 per cent, and the percentage of patients who rate their experience of ambulatory care waiting times as ‘Good’ or ‘Very Good’ to 80 per cent.

The Inpatients programme aims to deliver the national Safer Project, which will increase the percentage of inpatients who are discharged at optimal times, and ensure that the Trust has the very best model of patient care outside of normal working hours and that patients are receiving care in the most appropriate location.

The Pursuing Excellence in Patient Administration programme aims to transform administration processes so that they improve patient, service user and staff experience, and the consistency and quality of administration processes. The engagement work was completed by February 2020 and, by autumn 2020, this programme will merge into the implementation of the digital health record (below).

A digital revolution

In summer 2019 The Royal Marsden started a major programme of work to transform the way services are provided through the harnessing of digital technology. Over the next three years, The Royal Marsden Digital Transformation Programme will use technology to transform cancer care, staff experience, and the way in which patients and families experience its services.

The programme will deliver a modern digital workplace for staff, a comprehensive digital health record, a patient portal, digital technologies that will streamline operational process and improve productivity, and a single information repository for research purposes. The programme comprises of six key work streams including: ‘Digital Workplace’, which will ensure faster, reliable access to digital services, enabling staff to do their jobs more efficiently and effectively; ‘Digital patient experience’, a patient portal to provide digitally enabled self-care, improving patient choice and convenience; and ‘Digital Health Record’, a fully integrated, comprehensive patient record that will provide an accurate, real-time view of patient information at the point of care.

Risk and quality improvement

The continued delivery of a high-quality service requires the identification, management and reduction of events or activities that could compromise the safety of patients, staff, visitors and any other persons. The inextricable link between patient safety and staff experience is well known. The Royal Marsden is proud that, for the third year running, the Trust is amongst the highest performing organisations in the NHS Staff Survey for staff 'feeling they are treated fairly when they report an incident or near miss'. In that survey, the Trust consistently scored highly for staff rating the priority of the organisation being 'patient care'. Notably, the Trust also performs in the top quartile in the NHS Staff Family and Friends Test. These indicators are important quality barometers indicating a culture of learning and safety.

The systematic identification, analysis and control of risks is a key organisational responsibility. A culture of ownership and responsibility for risk management/patient safety is fostered throughout the organisation, and all managers and clinicians undertake risk management as one of their fundamental duties. This is achieved through an environment of openness and trust: where mistakes, adverse incidents and near misses are identified quickly and dealt with in a positive and responsive way. The submission of timely and accurate information to assess risk is promoted throughout the organisation. The Trust supports a culture of fairness, openness and learning by treating staff fairly so they are not deterred from reporting incidents out of fear of blame.

2019/20 has seen the Trust invest in a number of new quality initiatives, including the appointment of a 'Head of Quality Improvement'. This clinical postholder is tasked with working with stakeholders to develop a new Quality Improvement Strategy aligned with the Trust Strategy. The Trust also significantly invested in infection prevention – recognising and managing the unique risks faced by cancer patients. We are pleased that the infection prevention team has been instrumental in assisting the Trust to achieve our highest ever frontline staff vaccination rate for seasonal flu – 71 per cent. This postholder has been instrumental across a number of areas, notably leading on pioneering work observing patient experience linked to feedback on the internet.

We continue to innovate and be a pioneer in the risk and quality arena, we are committed to learning when we make mistakes, and to remain at the leading-edge of patient safety and quality improvement in the NHS.

Key issues, opportunities and risks

The purpose of the Board Assurance Framework (BAF) is to present the Trust's risk assurance framework in the context of the Trust's strategic objectives, as set out in the Five-Year Strategic Plan 2018/19–2023/24. Detailed operational risks can be found in the Risk Register, which is presented to the Quality, Assurance and Risk Committee. This is also aligned with the Five-Year Strategic Plan.

In 2019/20, the BAF was reviewed by the Board and sub-committees on a quarterly basis, as well as a thorough review carried out by internal auditors KPMG. As a result of those reviews, the Board produced its Risk Appetite Statement, which established the risk tolerance thresholds for each strategic risk. This approach helps the Board readily identify and monitor which risks are exceeding the Board tolerance level.

The strategic objectives for the Trust have been identified from the four key themes in the Five-Year Strategic Plan 2018/19–2023/24:

1. Research and innovation – the management and delivery of world-class research and maintenance of top research performance while strengthening the Trust's working relationship with its academic partners.
2. Treatment and care – the design and delivery of efficient, integrated pathways for cancer care which ensure quality is maintained and support the development of a successful surgical strategy.
3. Modernising infrastructure – the planning and investment into the Trust's Sutton and Chelsea sites to ensure the Trust continues to deliver a sustainable service and is in a position to invest in IT, infrastructure and major equipment.
4. Financial sustainability and best value – the successful delivery of the Trust's Private Care Strategy while maintaining fair NHS tariff pricing and controlling the Trust's temporary staffing expenditure.

As at 31 March 2020, the following areas were identified and monitored in the Board Assurance Framework:

Strategic objective	Strategic risk	Initial risk score	Residual risk score
Increasing capacity constraints and meeting cancer waiting times targets	Risk to meeting service demand and cancer targets; reputational risk	25	16
Ensure a sustainable paediatric model	Workforce and service risk	16	12
Achievement of key national infection control targets – E. coli and C. difficile	Failure to achieve key national infection control targets; quality risk; financial and reputational risk	16	12
Developing a sustainable consultant medical model	Workforce risk	16	9
Delivery of digital strategy	Financial risk; cyber-security risk; workforce risk	20	15
To work collaboratively with Royal Brompton Hospital (RBH)	Service risk due to relocation of RBH	15	12
RM Partners to roll out best practice	Funding and reputational risk if RM Partners is not successful	12	12
Ensure business continuity in the event of a 'no-deal' Brexit	Potential risk to business continuity; possible financial risk	12	12
To support the national policy direction setting out much greater emphasis on system decision making	Potential risk to loss of control on capital expenditure and use of surplus for reinvestments	12	12
Achieving optimal scale and transformation through collaborations with partners	Risk to meeting service demand and cancer targets and potential for de-commissioning	16	9
Complete the development of the new diagnostic facility for Private Care	Clinical and governance risks for new off-site model of care; financial risk	12	8
Maximise opportunities for Sutton site via London Cancer Hub and Epsom and St Helier	Risk that external projects may have impact on Royal Marsden plans for site development	8	8
Delivery of Private Care Strategy	Lack of Private Care capacity impacts ability to meet revenue targets and service expectations	12	8
Successful delivery of BRC grant	Risk to delivery of Research Strategy and maintaining research outputs due to reduced BRC funding	15	6

Opportunities

RM Partners, the west London Cancer Alliance hosted by The Royal Marsden, has been actively redesigning and implementing cancer pathways across west London trusts to encourage faster diagnosis. These include a new streamlined pathway for patients with symptoms of colorectal cancer, which utilises a nurse-led diagnostic algorithm to determine the most appropriate test or appointment, enabling patients to be diagnosed within 28 days from referral. This means that if a patient does have colorectal cancer, treatment can begin earlier with the possibility of a better outcome.

It has also rolled out the Rapid Access to Prostate Imaging and Diagnosis prostate pathway, which fuses live ultrasound and MR images for a revolutionary biopsy procedure. Up to 30 per cent of men are discharged back to their GP on the same day, knowing that they are at low risk of prostate cancer and were able to avoid an unnecessary invasive biopsy.

RM Partners has also been developing and implementing stratified models of follow-up care for breast, colorectal and prostate cancer patients. This provides patients with a personalised plan of care based on individual treatment information and interventions. Making use of digital remote monitoring systems, it also offers them the necessary support to remain in control of their health and wellbeing, helping to optimise their quality of life.

In addition to this, a key objective of The Royal Marsden is to maximise financial return and strategic benefit from existing commercial opportunities and interactions. Such opportunities should be complementary to the Trust's Five-Year Strategic Plan. A review of opportunities identified the areas where a proactive commercial focus can support the achievement of wider strategic aims while also attracting income. Optimising existing opportunities would enable:

- Increased funding available for research to close the gap to leading US centres
- Improved access to new technology and the ability to influence how it is used in practice
- Enhanced global 'Centre of Excellence' reputation
- Mitigation of potential private care revenue volatility by building complementary commercial income streams.

A commercial working group was established in the autumn of 2019 to deliver these objectives, reporting to the Finance and Performance Committee (FPC) with an annual review reported to Executive Board (EB) and Audit and Finance Committee (AFC).

The five key priorities are set out below:

- Develop commercial AI research including partnership opportunities and the potential to commercialise Trust intellectual property
- Design a non-NHS Genomics Offering for the research and private sector including a CTDNA service
- Capitalise on demand for advice on biosimilars adoption from the private sector and overseas
- Launch a formal visiting education programme offer
- Improve retail catering quality and profitability.

To access our full Board Assurance Framework, please visit the Trust website: royalmarsden.nhs.uk/about-royal-marsden/how-we-run-ourselves/board-meetings

Statement of going concern

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

Approval of the Performance Report:

Dame Cally Palmer
Chief Executive
12 June 2020

2. Accountability report

Directors' report

The Trust is led by the Board of Directors which has overall responsibility for the performance and management of the Trust. This responsibility includes setting the overall strategy for the organisation and monitoring progress whilst ensuring resources are efficiently and economically utilised to meet the needs of its patients and the public. In order to carry out their duties and responsibilities, Board members convene at Board meetings. The Trust Board of Directors comprises Executive Directors and Non-Executive Directors (NEDs), including the Chairman.

The Executive Directors are paid employees of the Trust. They are responsible for managing the organisation on a day-to-day basis and in their capacity as members of the Board they are also responsible for the leadership of the Trust. This managerial role distinguishes the Executive Directors from the Non-Executive Directors, who do not have a managerial role. The Trust has a Scheme of Delegation which sets out the delegated authority to the Executive Team.

The Non-Executive Directors are responsible for supporting and constructively challenging the Executive Directors in their decision-making, as well as assisting them with the formation of the Trust's strategy. Whilst Executive Directors are employees of the Trust under a permanent contract of employment, NEDs are appointed for a term of three years and can only be reappointed subject to approval from the Council of Governors.

The Board of Directors also approves the Annual Report and Accounts prior to its submission to Parliament. The Annual Report and Accounts is prepared by the Directors of the Trust, who confirm that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

Please see a summary of our Board of Directors below. The table on page 22 shows details of their attendance at meetings of the Board and its committees during 2019/20. Please note that the Board Register of Interests is available on the Trust website, or a copy can be requested from the Corporate Governance Office.

Key

R
Member of Remuneration Committee

A
Member of Audit and Finance Committee

QAR
Member of Quality, Assurance and Risk Committee

ICR
Member of the Board of Trustees of The Institute of Cancer Research

Mr Charles Alexander
Chairman
R/QAR

Charles Alexander was appointed as Chairman in December 2016. His private sector career spanned 25 years at Rothschild, and 10 at General Electric. His Board experience includes directorships of quoted companies in London, New York, Paris, Luxembourg, Istanbul and Santiago, as well as in the third sector. He is currently a Non-Executive Director of the Department of Culture, Media and Sport, and chairs The Countess of Munster Musical Trust as well as the musical charity Opera Rara. Charles Alexander currently also serves as Chairman of the Board of Trustees of The Royal Marsden Cancer Charity.

Executive Directors

Dame Cally Palmer
Chief Executive
QAR/ICR

Dame Cally Palmer became Chief Executive of The Royal Marsden in 1998. She is also a Trustee of the ICR and a Trustee of The Royal Marsden Cancer Charity. She holds an MSc in Management from the London Business School, which she gained with distinction in 1995, and is a member of the Institute of Health Services Management. Dame Cally was appointed as National Cancer Director for NHS England in 2015 and holds this position alongside her role as Chief Executive of The Royal Marsden. Dame Cally was awarded a DBE in 2020 for her contribution to cancer medicine.

Mr Karl Munslow Ong
Chief Operating Officer
QAR

Karl Munslow Ong joined The Royal Marsden in November 2018 as the Chief Operating Officer. Before taking on the role, Karl was the Deputy Chief Executive at Chelsea and Westminster NHS Foundation Trust, having joined as their Chief Operating Officer in March 2015, also working with The Royal Marsden through the Fulham Road Collaborative, Sphere and RM Partners. Karl started his career as a management consultant for PriceWaterhouseCoopers before moving to work at a strategic health authority. He was previously Chief Operating Officer at Hillingdon Hospital and has extensive operational management experience across a number of other acute trusts in London.

Mr Eamonn Sullivan
Chief Nurse
A/QAR

Mr Eamonn Sullivan was appointed to the role of Chief Nurse at The Royal Marsden NHS Foundation Trust in January 2017. Previously he was Deputy Chief Nurse at University College London Hospitals and Deputy Chief Nurse at Guy's and St Thomas' NHS Foundation Trust, where he has also held positions as Head of Performance for Clinical Services and Head of Nursing for Surgery. Eamonn was awarded an MSc in Health Service Development (Critical Care) from King's College London, he is a Florence Nightingale Leadership Scholar, and has served as a British Army Nursing Officer in the conflicts in Iraq and Afghanistan in the Army Medical Services Reserves.

In March 2020, Eamonn was seconded to the role of Director of Nursing tasked with setting up a field hospital at the Excel Centre London (Nightingale Hospital). Andy Dimech is Acting Chief Nurse for The Royal Marsden during this time.

Mr Andrew Dimech
Acting Chief Nurse and Lead Cancer Nurse
A/QAR

Andrew Dimech was appointed to the role of Acting Chief Nurse during Eamonn Sullivan's secondment to the Nightingale Hospital for the coronavirus pandemic. Previously, Andrew has held the posts of Deputy Chief Nurse, Divisional Nurse Director (Clinical Services) and Clinical Nurse Specialist in critical care. Andrew is a Board Member of the International Society of Nurses in Cancer Care and is a cancer and critical care nurse by background, having trained in Australia before joining The Royal Marsden in 2001.

Mr Marcus Thorman
Chief Financial Officer
A/QAR

Marcus Thorman joined The Royal Marsden as Chief Financial Officer in January 2015 from Imperial College Healthcare NHS Trust. Since joining the NHS through the graduate financial management training scheme, he has worked in several provider trusts including mental health and community, acute, teaching and specialist. Marcus has been involved in merging two trusts, private finance initiative (PFI) schemes and running a financial shared service for a number of NHS organisations.

At Kettering General Hospital he was Deputy Director of Finance before taking on his first role as a Finance Director overseeing the process for delivering foundation trust status in 2008. During his time at Imperial College Healthcare NHS Trust, he led the finance team in delivering one of the largest financial turnarounds in the NHS; taking the Trust from a planned deficit to a surplus in two financial years. For seven months he was acting Chief Financial Officer while a new Chief Executive was being appointed.

Dr Nicholas van As
Medical Director
QAR

Dr Nicholas van As was appointed Medical Director in January 2016. He has been a Consultant Clinical Oncologist in the Urology Unit at The Royal Marsden since 2008 and is the hospital's Clinical Lead for stereotactic body radiotherapy (SBRT) and CyberKnife. Dr van As is also Chair of the UK SBRT Consortium and the national clinical lead for NHS England's Commissioning through Evaluation Programme for SBRT. His main research interests are in stereotactic and image-guided radiotherapy, risk prediction in early prostate cancer, and functional MRI, and he has published numerous papers on these subjects and delivered presentations at international meetings. He is the Chief Investigator for the PACE trial – an international, randomised controlled trial comparing SBRT to image-guided radiotherapy (IGRT) and surgery for treating prostate cancer.

Non-Executive Directors

Mr Ian Farmer*
A/R

Ian Farmer joined The Royal Marsden as a Non-Executive Director and Chair of the Audit and Finance Committee on 1 April 2014. Ian is a Chartered Accountant and former Chief Executive Officer of Lonmin Plc, the world's third largest Platinum Group Metals (PGM) mining company.

Professor Paul Workman FRS
QAR/ICR

Professor Paul Workman joined The Royal Marsden as a non-independent Non-Executive Director on 1 July 2014 in his capacity as ex-officio Chief Executive and President of the ICR. He is also Professor of Pharmacology at the ICR and was previously Head of the ICR's Division of Cancer Therapeutics and Director of its CRUK Cancer Therapeutics Unit. He is Director of the CRUK ICR/Imperial Convergence Science Centre. Professor Workman has 40 years of experience in cancer research, including periods at Cambridge University (MRC Clinical Oncology Unit), Glasgow University (CRC/CRUK Beaton Laboratories) and AstraZeneca. He is internationally recognised for research in cancer drug discovery and chemical biology, with honours including election as a Fellow of the Royal Society and Fellow of the Academy of Medical Sciences. He is a Non-Executive Director of STORM Therapeutics and a member of the Board of Directors of the non-profit Chemical Probes Portal.

Mr Mark Aedy*
Senior Independent Director
A/R

Mark Aedy joined The Royal Marsden as a Non-Executive Director in April 2016. He has 40 years' experience in the financial services sector, building and managing investment banking franchises in the UK and internationally. At present, he is a Managing Director and Head of EMEA and Asia Investment Banking at Moelis & Company, a global independent investment bank, and is on its management committee. Prior to Moelis & Company, he worked at Bank of America Merrill Lynch serving on the Global Corporate and Investment Banking Executive Committee and at Merrill Lynch, where he was Head of Investment Banking, EMEA. He is a Trustee of The HALO Trust.

Ms Heather Lawrence OBE*
A/QAR

Heather Lawrence is an accomplished former Chief Executive with a track record of service quality improvement. She joined The Royal Marsden as a Non-Executive Director in July 2017. Her last Chief Executive position was at Chelsea and Westminster NHS Foundation Trust from 2000 to 2012.

Since 2012, she has held a number of NED positions and currently serves as Non-Executive Chair of the London Ambulance Service, is a Trustee of NHS Providers and a Trustee of the British Renal Society. She is a nurse, teacher and HR professional by background with an impressive track record of success in both her Executive and NED roles. She brings her patient-focused clinical expertise to the role of the Non-Executive Director.

Professor Martin Elliott*
QAR

Professor Elliott recently finished a career as a Paediatric Cardiothoracic Surgeon spent largely at Great Ormond Street Hospital for Children, where he held several clinical leadership positions including co-Medical Director from 2010 to 2015, specialising in quality and safety, digital technology and clinical outcomes. He holds a Chair in Cardiothoracic Surgery at University College London and is Fellow and Emeritus Professor of Physic at Gresham College. He is also a Non-Executive Director of Children's Health Ireland. As an established clinical leader and researcher, he brings a strong understanding of the particular challenges and opportunities facing specialist trusts.

Mr Christopher Clark*
A

Chris Clark is a Non-Executive Director of the Aviva Insurance Limited (AIL) Board and Chairman of Aviva's UKD digital legal entity. He also chairs both the Aviva AIL and UKD Conduct Committees. He is an adviser to a number of Private Equity houses specialising in Marketing Services. In his corporate career, Chris was at HSBC between 2001 and 2017, and was Global Head of Marketing between 2010 and 2017, reporting to the Group Chief Executive Officer. He was a member of the HSBC Group Management Board and Group Risk Management Committee. Prior to HSBC, Chris spent his career in the advertising and marketing services business, with time at Saatchi and Saatchi and a four-year period in New York.

Mr William Jackson*

William Jackson is the Managing Partner of Bridgepoint. Bridgepoint provides capital for growth companies through its Bridgepoint Europe, Bridgepoint Development Capital, Bridgepoint Growth and Bridgepoint Credit funds. The firm has currently €22 billion under management and executes its strategies using a multinational team of investment professionals and operating executives located in offices in Europe, Shanghai, New York and San Francisco. William, a graduate of Oxford University, is one of the firm's founders and has led the business since 2001.

William is also currently the President of the Board of Dorna Sports, the international sports management company which runs the MotoGP World Motorcycling Championship, and the Senior Independent Director of British Land plc, the FTSE 100 property company. He is also a Governor of Wellington College.

A copy of the Directors' Register of Interests is available on the Trust's website.

* The Non-Executive Directors which the Board considers to be independent.

Committees of the Board

The Audit and Finance Committee

The Audit and Finance Committee is a formally constituted committee of the Board and is chaired by Non-Executive Director Ian Farmer. The membership of the Committee consists of four Non-Executive Directors. Representatives from the Trust's internal auditors and anti-fraud specialists KPMG LLP and external auditors Deloitte LLP, as well as the Chief Financial Officer and Chief Nurse, also attend the Audit and Finance Committee. Senior management are invited to attend meetings when necessary.

The Audit and Finance Committee met five times in the year in order to discharge its responsibilities. The Committee considered a number of significant issues such as the Digital Transformation Programme, counter fraud, cyber-security and the pharmacy dispensary service. A key purpose of this Committee is to assure itself that relevant risks, particularly financial risks, are appropriately identified and managed through a robust system of internal control established within the Trust. At each meeting, the Committee reviews the financial position of the Trust, the efficiency programme, the capital plan, and the working capital and cash position, as well as key assumptions within those. Areas of risk and significant financial impact are also presented to the Committee for review, including the annual planning process and the financial plan for recommendation for Board approval.

During the year, the Committee received papers from the Trust's internal auditors KPMG LLP reporting on the findings of the 2019/20 Internal Audit Plan. This Plan is prepared with Trust senior management and is approved by the Audit and Finance Committee. The reports in 2019/20 covered a number of areas such as social media, workforce indicators, financial controls, infection control, consultant job planning, estates project governance and data quality. Recommendations are fed back to management then monitored. Progress is reported to future Audit and Finance Committee meetings. The Head of Internal Audit Opinion confirmed significant assurance with minor improvements on the overall adequacy and effectiveness of the Foundation Trust's framework of governance, risk management and control.

The Trust's external auditors, Deloitte LLP, presented their findings from external audits of the Trust's Annual Report and Accounts. The external audit process includes an ongoing assessment of internal and external factors affecting the Trust, including reviewing the Trust performance compared with other NHS trusts. In addition, Deloitte LLP also provides regular progress reports on sector developments to the Audit and Finance Committee.

In 2014, the Trust conducted a rigorous tender process regarding the appointment of the Trust's external auditors. Three bids were submitted in the tender process, all of which were evaluated and scored by relevant members of staff and governors of the Trust. A detailed outline of the process was presented by the Chair of the Audit and Finance Committee to the Council of Governors with a recommendation for appointment. Since being appointed as the Trust's external auditors, Deloitte LLP have been re-appointed three times by the Council of Governors. The most recent re-appointment was approved at the Council of Governors meeting on 4 December 2019 for a further two-year period commencing April 2020. The value of external audit services, in 2019/20 is £82,188. Deloitte LLP did not provide any non-audit service to the Trust in 2019/20.

The Quality, Assurance and Risk Committee

The Quality, Assurance and Risk Committee (QAR), chaired by Ms Heather Lawrence OBE, Non-Executive Director, supports the Trust Board in developing an integrated approach to clinical governance by ensuring robust systems are in place to monitor achievements against objectives. The Committee focuses on all non-financial risks such as patient safety, emergency planning, compliance with national and international regulation, health and safety, research and clinical integrated governance. Each quarter the members of the QAR meet staff from various divisions to gain a better understanding of key issues and priorities in that particular field.

The QAR also reviews patient experience through monitoring the monthly and annual Quality Report, as well as carefully reviewing complaints and claims. The Committee also oversees the Trust's clinical governance and risk management arrangements by reviewing clinical audit findings, serious incident reports, and health and safety reports, while ensuring that action plans are implemented and monitored in a timely manner. In addition, the QAR reviews the Trust's Board Assurance Framework, Risk Register, Quality Report, and Integrated Governance Monitoring Report at each meeting.

Joint sub-committee meeting

This year a joint sub-committee meeting between the Quality, Assurance and Risk Committee, and Audit and Finance Committee was held for the first time. The purpose of this meeting was to discuss overarching items such as risk, freedom to speak up and retention and succession planning. Each separate committee also discussed their respective standing agenda items to give each committee assurance that the full spectrum of identified risks received comprehensive coverage. The Board agreed that this will be a standard approach going forward each year.

Remuneration Committee

The Remuneration Committee is chaired by Mr Mark Aedy, NED and Senior Independent Director. The Committee is responsible for reviewing and making decisions on the remuneration for all members of the leadership team and designated senior managers. When carrying this out the Committee takes into account comparative market data and ensures that salaries are competitive but represent value for money. The membership of the Committee is made up of nominated Non-Executive Directors. The Committee reviews the terms of reference to agree a pay framework for the Trust's leadership team and the Committee is briefed and advises on any major restructuring of the management arrangements at the Trust. Disclosure of the remuneration paid to Board Directors is provided in the Trust's accounts.

Nominations Committee

The Nominations Committee leads on the search and selection process for new Non-Executive Directors (NEDs), as well as re-appointment requests of existing NEDs. Their main objective is to make a recommendation to the Council of Governors regarding such matters and to consider succession planning arrangements for the Board of Directors.

Membership comprises the Chairman and four Governors representing the patient/carer, public and staff constituencies. Attendance at meetings may vary as a NED would not be present when his/her re-appointment is under review.

When the need arises to appoint a new NED to the Board, the Nominations Committee will appoint a search firm and advise the Council of Governors on the remuneration, time commitment and skill set required. This advice is based on a review of the balance of the Board in terms of its composition, as well as upcoming business matters and strategic plans.

A term of office for NEDs is three years unless the director resigns or is removed by the Council of Governors during the term. The removal of a NED requires the approval of three-quarters of the members of the Council of Governors. In accordance with Corporate Governance standards, details for disqualification from holding office of a director can be found in the Trust's Constitution. Directors and Governors are also required to declare their interests on an annual basis, as well as confirm that they meet the 'fit and proper person's condition', as set out in Regulation 5 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

For 2019/20, the Council of Governors considered the Chairman's appraisal and performance as part of his re-appointment process. The Senior Independent Director led the process and involved Board members, Governors and The Royal Marsden Cancer Charity, all of whom provided feedback. In September 2019, the Council of Governors unanimously approved the Chairman's re-appointment, starting 1 December 2019, until 30 November 2022. In December 2019, the Council of Governors also approved the re-appointment of Non-Executive Director Ian Farmer from April 2020 until June 2021.

No new NED appointments were made in 2019/20.

Performance evaluation of the Trust Board of Directors, its Committees and Directors

The Trust Board is satisfied that it has the sufficient skills, knowledge and experience to fulfil its statutory duties and meet the business needs of the Trust.

To assure itself of this, the Trust Board evaluates its performance annually based on the findings and action plan resulting from the self-assessment process which was carried out in line with the Well Led Framework issued by the healthcare regulator. The assessment included a review of the Board's effectiveness of its systems of internal controls and used a number rating methodology. The results were presented to the Board in September 2019 and included an action plan which the Board approved.

At the Board meeting held in September 2019, the Board also approved and adopted the updated Board Leadership and Development Framework and agreed that this will be measured by the Board's annual self-assessment process. The framework outlines five key principles for the members of the Board to maintain an effective Board at the Trust. The Trust Board Committees, the Audit and Finance Committee, and the Quality, Assurance and Risk Committee also undertook a similar evaluation exercise, in addition to reviewing their terms of reference, to ensure these remain fit for purpose.

In October 2018, the Board agreed to take a phased approach with regard to external governance reviews under Well Led guidance. For 2019/20, KPMG carried out a deep dive on the Trust's risk management framework, including a comprehensive review of the Board Assurance Framework. The Board accepted the findings of this review in October 2019 and approved the Board Risk Appetite Statement.

The Board also regularly reviews the Trust's Key Performance Indicators (KPIs), Quality Report, Financial Performance Report, Risk Register and Board Assurance Framework.

The Chief Executive undertakes an annual appraisal of each Executive Director to ensure objectives are achieved and a high standard of performance and effectiveness is maintained.

Attendance at meetings of the Board of Directors and its committees in 2019/20

Terms of office and attendance at meetings of the Board of Directors and its Committees in 2019/20

Name	Role	Meetings attended (as at 31 March 2020)	Term of office	End of current term
Board of Directors				
Charles Alexander	Chairman	8/8	2nd	30 November 2022
Mark Aedy	Non-Executive Director/Senior Independent Director	7/8	2nd	17 April 2022
Professor Martin Elliott	Non-Executive Director	7/8	1st	31 October 2020
Ian Farmer	Non-Executive Director	7/8	2nd	31 March 2020
Heather Lawrence OBE	Non-Executive Director	8/8	1st	30 June 2020
Chris Clark	Non-Executive Director	7/8	1st	31 August 2021
William Jackson	Non-Executive Director	5/8	1st	31 August 2021
Professor Paul Workman	Non-Executive Director	5/8	2nd	30 June 2020
Dame Cally Palmer	Chief Executive	8/8		
Karl Munslow Ong	Chief Operating Officer	6/8		
Eamonn Sullivan	Chief Nurse	7/8		
Dr Nicholas van As	Medical Director	7/8		
Marcus Thorman	Chief Financial Officer	8/8		
Audit and Finance Committee				
Ian Farmer	Chairman of Committee/Non-Executive Director	4/4		
Mark Aedy	Non-Executive Director	4/4		
Heather Lawrence OBE	Non-Executive Director	3/4		
Chris Clark	Non-Executive Director	4/4		
Remuneration Committee				
Charles Alexander	Chairman of the Trust	3/3		
Ian Farmer	Non-Executive Director	1/3		
Mark Aedy	Non-Executive Director/Senior Independent Director	3/3		
Dame Cally Palmer	Chief Executive	3/3		
Quality, Assurance and Risk Committee				
Heather Lawrence OBE	Chairman of Committee / Non-Executive Director	3/3		
Charles Alexander	Chairman of the Trust	3/3		
Professor Martin Elliott	Non-Executive Director	1/3		
Eamonn Sullivan	Chief Nurse	2/3		
Dr Nicholas van As	Medical Director	2/3		
Dame Cally Palmer	Chief Executive	3/3		
Karl Munslow Ong	Chief Operating Officer	3/3		
Marcus Thorman	Chief Financial Officer	3/3		

Terms of office and attendance at meetings of the Board of Directors and its Committees in 2019/20 (continued)

Name	Role	Meetings attended (as at 31 March 2020)	Term of office	End of current term
Joint Quality Assurance and Risk Committee and Audit and Finance Committee meeting				
Heather Lawrence OBE	Chairman of Quality Assurance and Risk Committee / Non-Executive Director	1/1		
Ian Farmer	Chairman of Audit and Finance Committee / Non-Executive Director	1/1		
Professor Martin Elliott	Non-Executive Director	1/1		
Charles Alexander	Chairman of the Trust	1/1		
Mark Aedy	Non-Executive Director	0/1		
Chris Clark	Non-Executive Director	0/1		
Dame Cally Palmer	Chief Executive	1/1		
Eamonn Sullivan	Chief Nurse	1/1		
Dr Nicholas van As	Medical Director	1/1		
Marcus Thorman	Chief Financial Officer	1/1		
Karl Munslow Ong	Chief Operating Officer	1/1		
Council of Governors*				
Dame Cally Palmer	Chief Executive	2/3		
Marcus Thorman	Chief Financial Officer	3/3		
Eamonn Sullivan	Chief Nurse	2/3		
Dr Nicholas van As	Medical Director	2/3		
Karl Munslow Ong	Chief Operating Officer	3/3		

*Non-Executive Directors are invited to attend the Council of Governors on an optional and voluntary basis.

Income disclosures

The Trust's principal activity is the provision of healthcare services to patients. The income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes. The Trust has met this requirement, with 65 per cent of its income deriving from the NHS. In reaching this assessment the Trust has considered whether an exchange of goods and services has occurred, and whether income relates to activities required under the Health and Social Care Act 2012.

In 2019/20, the overall income was £463.0 million (£468.6 million in 2018/19). This demonstrated strong growth in operating income from both Commissioner Requested Services, as well as in Private Care, less Community Services which transferred to other providers at 31 March 2019.

The Trust receives the majority of its patient care income from NHS England and Clinical Commissioning Groups. Patient referrals are centred on the Trust's sites in Chelsea, Sutton and Kingston, but extend from this local base to cover all of England and beyond, particularly for referrals for rare cancers.

NHS patient income is supplemented by income to provide infrastructure and support for research and development activity and from private patient income. The margin delivered on our private patient income remains a vital source of support for NHS services to patients.

The Trust's overall operating expenditure was £419.4 million (£401.1 million in 2018/19), an increase of £18.2 million. The net increase is due to staff and drugs costs increasing for inflation, and additional activity.

The Trust hosts RM Partners, the Cancer Alliance for west London. The income and 2019/20 expenditure for this is included within the Trust's accounts and equates to £12.0 million.

Business review

The Trust's activities are reviewed in:

– Chairman and Chief Executive joint statement on page 2

In addition to this, other information relevant to the Trust's activities is set out in the other sections of this document. Quality Governance is addressed in the Annual Governance Statement of this document.

Political and charitable donations

The Royal Marsden has not made any political or charitable donations this year or in previous years.

Public sector payment policy

The Trust aims to pay its non-NHS trade creditors in accordance with the Confederation of British Industry (CBI) prompt payment code and government accounting rules. The target is to pay non-NHS trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later), unless other payment terms have been agreed with the supplier. The Trust also aims to pay local community suppliers within 10 days.

Invoice Payment Performance

The Trust adopts a Better Payment Practice Code where it aims to pay 95 per cent of invoices within the agreed terms, unless there is a dispute. In 2019/20 there were 76,212 (2018/19: 74,517) invoices due to be paid within a 30-day period, of which 66,519 (2018/19: 63,292) were paid within target. Of those that weren't paid within target, interest of £0 (2018/19: £12.42) was paid during the year.

	2019/20		2018/19	
	Total number of cases	**Total value of cases**	Total number of cases	Total value of cases
	Number	**£000**	Number	£000
NHS payables				
Total bills paid in the year	**3,335**	**20,216**	2,419	20,824
Total bills paid within target	**2,152**	**10,166**	1,508	16,878
Percentage of bills paid within target	**65**	**50**	62	81
Non-NHS payables				
Total bills paid in the year	**72,877**	**260,210**	72,098	239,055
Total bills paid within target	**64,367**	**223,815**	61,784	197,552
Percentage of bills paid within target	**88**	**86**	86	83

Auditors

The Trust's appointed external auditors are Deloitte LLP. The auditors provide audit services comprising carrying out the statutory audit of the Trust's Annual Accounts and the use of resources work, as mandated by Monitor and the National Audit Office. The cost of this service in 2019/20 was £82,200 (and in 2018/19 was £93,840).

Cost allocation and charging requirements

The Trust has complied with the cost allocation and charging requirement set out in HM Treasury and Office of Public Sector Information Guidance.

Accounting for pension and other retirement benefits

The accounting policies for pensions and other retirement benefits are set out in note 21 to the Annual Accounts.

Remuneration report

The Royal Marsden NHS Foundation Trust's remuneration report describes how the Trust applies the principles of good corporate governance in relation to Directors' remuneration.

The remuneration report comprises:

- Annual statement on remuneration
- Very senior managers' pay principles
- Annual report on remuneration.

Annual statement on remuneration

In the financial year 2019/20, the Remuneration Committee considered the pay award for Executive Directors and the Leadership Team. In reaching its decision the Committee took account of the national guidance available at the time. The Committee approved a 1.7 per cent increase effective from April 2019, in line with other NHS pay awards. The Committee also reviewed the remuneration arrangements of specific Executive Director and Leadership Team posts that were due a three-year review, in line with the pay principles for very senior managers. The Committee noted the recommendations of the Kark review and implications for the Fit and Proper Persons Test.

During this financial year, the Committee received two reports on developments with pensions and the impact of the annual and lifetime pension tax allowances on senior staff in the NHS. This included information on the Trust's response to the national pension consultation, which has been delayed. The Committee accepted that any changes agreed at national level are likely to have impact in 2020/21. To support staff affected by the annual tax allowance during 2019/20, the Remuneration Committee recommended the introduction of a local pension recycling policy to the Board of Directors. This recommendation was based on guidance received nationally and benchmarking information from other London Trusts. The recommendation was accepted in January 2020 as an interim measure for tax year 2019/20. The Remuneration Committee agreed to review the continued need for the policy in June 2020 and once the outcome of the national consultation has been published.

The Committee approved the re-appointment of the Medical Director for another four years.

Mark Aedy, Chair of the Remuneration Committee and Senior Independent Director

Very senior managers' remuneration policy

The Royal Marsden is committed to the overarching principles of value for money and high performance. The Trust must attract and retain a high calibre senior management team and workforce in order to ensure it maintains its excellent standards of clinical outcomes and patient care, functions efficiently and is well positioned to deliver the business strategy.

The Remuneration Committee agreed a set of pay principles in 2015/16, which were reviewed in 2017/18, and these remain unchanged. The principles provide the framework for decision-making by the Remuneration Committee. Regarding equality and diversity, one of the principles relates to fairness, i.e. 'the Trust's pay system for the Leadership Team will be reviewed at regular periods to ensure that its delivery is equitable, avoids discrimination, takes proper account of pay relativities across the Trust and complies with legislative requirements e.g. gender pay reporting'. In 2019/20 there was a decrease in the gender pay gap from 8.9 per cent in 2018 to 5.6 per cent in 2019. Also, when considering the introduction of pension recycling, the Committee made a recommendation to the Trust Board to adopt an inclusive approach to be equitable and mitigate any potential equality risks. Further information on the gender pay gap can be found here: www.royalmarsden.nhs.uk/about-royal-marsden/equality-and-diversity/gender-pay-gap-reporting and https://gender-pay-gap.service.gov.uk/

As a Foundation Trust, the Remuneration Committee has the freedom to determine the appropriate remuneration level for very senior managers. There was no local consultation with affected employees on pay for Executive Directors or the Leadership Team. However, the Trust pay principles take account of the Will Hutton Fair Pay Review and the senior salaries review body report on pay, which involved wide consultation. In reaching its decisions, the Committee considers the responsibilities and requirements of the role, time in the role, marketability of the individual, internal relativities, benchmarking data from within the NHS or relevant sector, the external economic environment, NHS guidance and the performance of the Trust. Where the salary of an Executive Director is above £150,000, the Committee takes into consideration all these factors to satisfy itself that the remuneration is reasonable and appropriate.

The Committee reviews the salaries of the Executive Directors and the Leadership Team annually when considering the cost of living pay increase. There is no automatic entitlement to an increase. The remuneration arrangements for Executive Directors and the Leadership Team are externally benchmarked every three years.

Components of remuneration for Executive Directors

The table that follows describes the component elements of the remuneration package for Executive Directors.

Component	Applicable	Description
Annual salary (inclusive of London weighting and on-call)	Executive Directors (except Medical Director whose base salary will be determined by NHS consultant terms and conditions)	Agreed on appointment and reviewed in line with pay principles.
NHS Pension	Executive Directors	Contributions are paid by the employee and the employer in accordance with the national scheme. Individuals have the right to opt out of the NHS Pension Scheme.
Clinical Excellence Awards	Medical Director	Recognises and rewards consultants who make an exceptional contribution. This scheme is part of national terms and conditions for consultants.
Management allowance	Medical Director	Allowance is determined by Remuneration Committee in recognition of increased responsibilities associated with the Medical Director role.
Medical on-call	Medical Director	This is part of national terms and conditions for consultants.
Pension contribution alternative award	Executive Directors	This is paid to Directors who have opted out of the NHS Pension Scheme and have been successful in applying for pension recycling. The maximum amount payable is 10 per cent of base pay. This pay element was agreed only for the 2019/20 tax year.

The Trust's Five-Year Strategic Plan and annual business planning process inform the objectives of the Executive Directors. Their performance is monitored throughout the year and assessed formally through an annual appraisal. The three-year salary reviews undertaken by the Remuneration Committee take into consideration the contribution by individuals in supporting the short- and long-term strategic objectives of the Trust. No performance-related pay bonuses or other incentive payments are currently paid to Executive Directors separate to the annual salary. No benefits in kind or non-cash elements of remuneration were made during the financial year.

Executive Directors notice periods and payments for loss of office

(Information subject to audit)

Executive Directors are appointed on permanent contracts subject to notice of 12 weeks, except for the Chief Executive who is on six months' notice. All directors benefit from NHS terms and conditions relating to any severance payments for reasons of redundancy (Schedule 16 of Agenda for Change). There is no contractual entitlement to a severance payment in any other circumstances. No compensation for early termination was paid during the financial year. No early terminations are expected, and no provisions are required accordingly.

Non-Executive Directors remuneration

Remuneration and allowances for the Chairman and Non-Executive Directors are determined by the Trust's Nomination Committee, membership of which is made up of elected Governors. The payments are comparable to those made by other Foundation Trusts. There was no change to remuneration arrangements in 2019/20. The Chairman and Non-Executive Directors receive no benefits or entitlements other than fees and are not entitled to any termination payments. The Trust does not make any contribution to the pension arrangements of Non-Executive Directors. Details of their remuneration and expenses are set out further in this section.

Component	Applicable to	Description
Annual remuneration	All Non-Executive Directors	Agreed on appointment and reviewed periodically by the Nominations Committee
Additional responsibility allowance	Chairs of substantial sub-committees of the Board	The NEDs that have additional responsibility for leading a substantial sub-committee of the Board receive a higher level of remuneration to recognise the additional time and leadership required for these roles

Annual report on remuneration

Service contracts

The service contract dates as an Executive Director are shown below:

Name	Title	Service contract date
Dame Cally Palmer	Chief Executive	June 1998
Karl Munslow Ong	Chief Operating Officer	November 2018
Marcus Thorman	Chief Financial Officer	January 2015
Eamonn Sullivan	Chief Nurse	January 2017
Dr Nicholas van As	Medical Director	January 2020

The terms of office for Non-Executive Directors are shown below:

Senior manager	Title	Start of office	Term of office	End of current term
Charles Alexander	Chairman	1 December 2016	2nd	30 November 2022
Ian Farmer	Non-Executive Director	1 April 2014	3rd	30 June 2021
Professor Paul Workman	Non-Executive Director (ex-officio non-independent)	1 July 2014	2nd	30 June 2020
Mark Aedy	Senior Independent Director	18 April 2016	2nd	17 April 2022
Heather Lawrence OBE	Non-Executive Director	1 July 2017	1st	30 June 2020
Professor Martin Elliott	Non-Executive Director	1 November 2017	1st	31 October 2020
Christopher Clark	Non-Executive Director	1 September 2018	1st	31 August 2021
William Jackson	Non-Executive Director	1 September 2018	1st	31 August 2021

The terms of office for Non-Executive Directors at the Trust are managed in accordance with the NHS Code of Governance. The Trust's Constitution mandates that the removal of the Chairman or another Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors.

Remuneration Committee

The Remuneration Committee is a sub-committee of the Board and is chaired by Mark Aedy, Non-Executive Director, with core membership comprising of the Chairman and currently one Non-Executive Director (Ian Farmer). The option to attend Remuneration Committee meetings is made available to other Non-Executive Directors where appropriate. The Chief Executive attends meetings in an advisory capacity and the Director of Workforce attends as and when required by the Committee. The latter provides advice and information on pay-related matters. External benchmarking data is sought from pay specialists such Hays Recruitment and NHS Providers to inform discussions about the three-year salary reviews. Three meetings were held during the financial year.

Name	Meeting attendance
Charles Alexander	3/3
Mark Aedy	3/3
Ian Farmer	2/3
Dame Cally Palmer	3/3
Nina Singh	2/3

Disclosures required by the Health and Social Care Act

Salary and pension entitlements of very senior managers

A. Remuneration *(Information subject to audit)*

Name	Title	Salary and fees	Taxable benefits	Annual performance-related bonus	Long term performance-related bonus	Pension-related benefits	Total
		(bands of £5,000)	Total to nearest £100	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£	£000	£000	£000	£000
2019/20							
Mr C Alexander	Chairman	50-55	–	–	–	–	50-55
Mr I Farmer	Non-Executive Director	20-25	–	–	–	–	20-25
Prof P Workman	Non-Executive Director	–	–	–	–	–	–
Mr M Aedy	Non-Executive Director	15-20	–	–	–	–	15-20
Prof M Elliot	Non-Executive Director	15-20	–	–	–	–	15-20
Ms H Lawrence OBE	Non-Executive Director	20-25	–	–	–	–	20-25
Mr C Clark	Non-Executive Director	15-20	–	–	–	–	15-20
Mr W Jackson	Non-Executive Director	15-20	–	–	–	–	15-20
Dame C Palmer	Chief Executive	250-255	–	–	–	27.5-30	280-285
Mr M Thorman	Chief Financial Officer	195-200	–	–	–	22.5-25	220-225
Dr N van As	Medical Director	175-180	–	–	–	25-27.5	205-210
Mr E Sullivan	Chief Nurse	135-140	–	–	–	17.5-20	150-155
Mr K Munslow Ong	Chief Operating Officer	180-185	–	–	–	7.5-10	190-195
2018/19							
Mr C Alexander	Chairman	50-55	–	–	–	–	50-55
Mr I Farmer	Non-Executive Director	20-25	–	–	–	–	20-25
Prof P Workman	Non-Executive Director	–	–	–	–	–	–
Prof Dame J Husband	Non-Executive Director (to 31/05/2018)	0-5	–	–	–	–	0-5
Mr M Aedy	Non-Executive Director	15-20	–	–	–	–	15-20
Prof M Elliot	Non-Executive Director	15-20	–	–	–	–	15-20
Ms H Lawrence OBE	Non-Executive Director	20-25	–	–	–	–	20-25
Mr C Clark	Non-Executive Director (from 01/09/2018)	5-10	–	–	–	–	5-10
Mr W Jackson	Non-Executive Director (from 01/09/2018)	5-10	–	–	–	–	5-10
Dame C Palmer	Chief Executive	235-240	–	–	–	27.5-30	265-270
Mr M Thorman	Chief Financial Officer	185-190	–	–	–	25-27.5	215-220
Dr N van As	Medical Director	175-180	–	–	–	17.5-20	190-195
Mr E Sullivan	Chief Nurse	120-125	–	–	–	17.5-20	135-140
Dr E Bishop	Chief Operating Officer (to 23/11/2018)	100-105	–	–	–	15-17.5	115-120
Mr K Munslow Ong	Chief Operating Officer (from 04/11/2018)	70-75	–	–	–	0-5	70-75

The Trust is required to disclose the element of a directors' remuneration that relates to their clinical role. Clinical earnings for Dr Nicholas van As were £135-140,000 (2018/19: £130-135,000).

B. Pension benefit *(Information subject to audit)*

Name	Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2020 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employer's contribution to stakeholder pension
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2019/20									
Dame C Palmer	Chief Executive	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr M Thorman	Chief Financial Officer	2.5-5	0-2.5	55-60	120-125	869	42	956	n/a
Dr N van As	Medical Director	12.5-15	15-17.5	55-60	60-65	581	188	809	n/a
Mr E Sullivan	Chief Nurse	5-7.5	5-7.5	45-50	100-105	666	72	774	n/a
Mr K Munslow Ong	Chief Operating Officer	0-2.5	0-2.5	30-35	70-75	424	20	462	n/a
2018/19									
Dame C Palmer	Chief Executive	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr M Thorman	Chief Financial Officer	2.5-5	(0-2.5)	50-55	115-120	705	117	869	n/a
Dr N van As	Medical Director	0-2.5	(0-2.5)	40-45	45-50	476	72	581	n/a
Mr E Sullivan	Chief Nurse	0-2.5	(0-2.5)	35-40	90-95	550	82	666	n/a
Dr E Bishop	Chief Operating Officer (to 23/11/2018)	0-2.5	(5-7.5)	60-65	155-160	1,096	125	1,270	n/a
Mr K Munslow Ong	Chief Operating Officer (from 04/11/2018)	0-2.5	0-2.5	30-35	65-70	340	72	424	n/a

2018/19 figures have been restated to include both the 1995/2008 Scheme and the 2015 Scheme. In 2018/19 the pension benefits of Mr Munslow Ong were included in the remuneration report of Chelsea and Westminster Hospital NHS Foundation Trust (his employer until November 2018). The full year figures are included in the comparator figures for completeness.

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Following the government's announcement that all public sector pension schemes will be required to provide the same indexation on the Guaranteed Minimum Pension (GMP) as on the remainder of the pension, the NHSPS has revised its method to calculate the CETV values. The real increase in CETV will therefore be impacted as it will include any increase in CETV due to the change in GMP methodology.

Expenses

In 2019/20 there were 12 Board Directors, including five Executive Directors, and 23 Governors. The aggregate amount of expenses paid to Directors and Governors was:

£1,207.02 To Executive Directors	£0.00 To Non-Executive Directors	£469.53 To Governors

Fair Pay multiple *(Information subject to audit)*

The Trust is required to disclose the relationship between the remuneration of the highest-paid director in the Trust and the median remuneration of the Trust's workforce. The mid-point of the banded remuneration of the highest-paid director in the Trust in the financial year 2019/20 was £282,500 (2018/19: £267,500). This was 7.24 (2018/19: 7.16) times the median remuneration of the workforce, which was £39,030 (2018/19: £37,345). The median has been calculated to include inner London-weighting, as the highest paid director is London-based.

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

Approval of the Remuneration Report:

Dame Cally Palmer
Chief Executive
12 June 2020

Staff report

Analysis of staff costs and numbers *(Information subject to audit)*

	Permanently employed	Temporary and contract staff	**2019/20 total**	2018/19 total
	£000	£000	**£000**	£000
Salaries and wages	166,908	10,005	**176,913**	180,253
Social security costs	18,765	649	**19,414**	18,587
Employer contributions to NHS Pensions Agency and NEST	30,216	385	**30,601**	21,213
Agency staff	–	4,880	**4,880**	5,999
	215,889	**15,919**	**231,808**	226,052

The average numbers employed during the year have been calculated on the basis of staff whole time equivalent (WTE) in April 2019 and in March 2020. The breakdown by staff group is detailed below.

	Permanently employed number	Temporary and contract staff number	**2019/20 total number**	2018/19 total number
Medical and dental staff	433	23	**456**	432
Administration and estates	1,135	92	**1,227**	1,204
Healthcare assistants and other support staff	376	26	**402**	452
Nursing, midwifery and health visiting staff	1,023	109	**1,132**	1,241
Nursing, midwifery and health visiting learners	17	–	**17**	30
Scientific, therapeutic and technical staff	488	12	**500**	610
Healthcare science	307	33	**340**	296
	3,779	**295**	**4,074**	4,265

The Trust engaged an additional 63 WTE as agency and 234 bank workers. The breakdown of the permanent and fixed-term workforce by gender is as follows.

	Female	Male	**Total**
Employees	3,095	993	**4,088**
Executive Director	1	4	**5**
Leadership Team	7	8	**15**
Grand total	**3,103**	**1,005**	**4,108**

Sickness absence rate

Details of sickness absence rates can be found at: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Disability policy

The Trust has an equality and diversity policy, which sets out the framework through which it delivers its services and provides employment. All staff are required to attend mandatory equality and diversity training, which is refreshed every three years. Bespoke training is also developed, for example cultural awareness training for frontline staff, focusing on the needs of patients from the Middle East.

The Trust is a Disability Confident Employer and this accreditation replaces the Disability Two Ticks symbol but continues to support a guaranteed interview scheme to make sure that full and fair consideration is given to applications from candidates with disabilities. Reasonable adjustments are made to ensure that all applicants can participate in our recruitment and selection processes.

The Trust's Managing Absence Policies ensure that when staff become disabled in the course of employment, active steps are taken and reasonable adjustments made to enable staff to remain employed. All of the Trust's people management policies apply equally to staff with and without disabilities.

There have also been significant developments to support patients with dementia, which was noted in the Trust's Patient-Led Assessments of the Care Environment (PLACE). The judges commented on how the Trust addressed equality and diversity and that it has a "genuine commitment to support staff across the organisation". The Trust has three staff equality networks, including a network for staff with disabilities and health conditions. All of these networks are run jointly with the ICR.

Education and training

Building Educational Excellence (2016–2020) is The Royal Marsden's multi-professional education strategy. The Trust's vision is that through excellence in education The Royal Marsden will continue to achieve outstanding patient care, treatment and research across cancer care. The Trust also aims to be recognised as a leader in multi-professional oncology education and training. This will enable the Trust to maintain its reputation as a best-in-class employer.

There are five key objectives in the strategy linked to the Trust's strategic priorities:

- Ensure staff have the skills for safe, effective and compassionate care
- Pioneer the delivery of the new multi-professional workforce aligned to new models of cancer care
- Enable robust values-based leadership and management at all levels
- Grow the Trust's national market share and develop its international role as a leading supplier of multi-professional education
- Continuously develop the research awareness and capability of the workforce

Against these objectives, the 2019 CQC report noted that the Trust's 'staff have the right qualifications, skills, training to keep patients safe and to provide the right care and treatment'.

The Trust provides a wide range of leadership and management development opportunities for staff which were further expanded during the reporting period. New cohorts of multi-professional senior leaders were supported to complete the Academic Health Science Centre (AHSC) leadership programme which the Trust developed in partnership with Imperial College Healthcare Trust and the Royal Brompton and Harefield NHS Foundation Trust. New Paired Learning, Connected Ward Sisters and Matron Development programmes were also delivered, and a career coaching scheme was launched. As part of the Trust's emerging Quality Improvement Strategy, the first cohort of Quality Improvement Advisers started training with the Institute of Healthcare Improvement.

Leadership development was one of the key themes at the Trust's annual Excellence in Education Conference held in January 2020. More than 100 staff attended the conference, where keynotes speakers gave presentations on subjects including inclusive leadership.

In the General Medical Council (GMC) Trainee Survey 2019, the Trust ranked first in north west London for nine indicators, including overall satisfaction, supportive environment, educational governance and educational supervision.

As part of our commitment to education, 728 staff were given financial support and study leave to undertake a range of education pathways and training courses, including 264 staff supported to undertake MSc pathways and PhDs.

The Royal Marsden's reputation for education and training extends beyond taught programmes. It includes our highly regarded publications and presentations at national and international conferences. The Royal Marsden Manual of Clinical Procedures, which is regarded by across the UK as the 'go to' reference guide for clinical practice, was updated by senior clinical staff and the 10th edition was published in 2020.

Staff from the Trust, across different professional groups, were involved in more than 700 journal articles and conference presentations.

The Royal Marsden School

The Royal Marsden School is one of the pillars of the Trust's success. It remains the leading provider of specialist modules, degrees and postgraduate awards in cancer care, for example, breast cancer, lung cancer, and head and neck cancer. The School's courses are open to healthcare staff working in the UK and internationally. In the 2018/19 academic year, 1,080 students were taught on academic programmes; compared with 1,040 in 2017/18. New student registrations for MSc pathways also increased significantly.

The Royal Marsden School has consistently met 100 per cent of its education quality contract and monitoring requirements from Health Education England and is the only education provider in London to have achieved this for five consecutive years. The School has successfully completed the national Trainee Nursing Associate Pilot Programme, which was commended by Health Education England.

Workforce Strategy

The Trust's Workforce Strategy, Aspiring to Excellence (2016–20), sets out The Royal Marsden's vision 'to attract, retain and develop the brightest and best people locally, nationally and internationally through the Trust's reputation for excellence in patient care, research and education and for its commitment to the health, wellbeing and experience of staff'. The strategy outlines six core priorities: recruitment, health and wellbeing, culture and engagement, retention, workforce transformation and operational excellence. The key driver behind the retention priority is 'to retain and develop a highly skilled and flexible workforce to meet the needs of our patients and health system'.

Engaging our staff

It is widely recognised that engaged and well-motivated staff are key to delivering high-quality care to patients. The Royal Marsden recognises the importance and value of having an engaged workforce. There are well-established mechanisms in place to encourage staff engagement and involvement. These include:

Schwartz rounds

Schwartz rounds are a forum for staff from all backgrounds and levels to come together once a month to explore the psychological impact of their job role. Research has shown that they have a positive impact on individuals, relationships with patients and colleagues and the extent to which staff feel cared for.

More than 300 staff attended a Schwartz round during 2019/20. The topics covered included having different beliefs, difficulties at work, and the importance of praise. Attendees positively evaluated all the sessions. Schwartz rounds continue to allow staff across every area of the Trust to get together and reflect on the challenges and dilemmas that they have faced while caring for patients. Staff have recognised in their feedback how attending the rounds has made them feel more involved and part of the wider organisation. The Trust also held a special Schwartz round on the experience of BAME staff in relation to equality.

Staff open meeting

Led by the Chief Executive and members of the Leadership Team, regular staff open meetings continued in 2019/20 to enable two-way communication with staff about key strategic issues facing the Trust. These meetings allow the Leadership Team to share updates and actions around Trust performance and encourage engagement in how this could be further improved.

Notably, the meetings in 2019/20 were used to launch the new Trust values, update on progress against the Trust's Five-Year Strategic Plan and to celebrate the 'outstanding' CQC result.

Leadership walk rounds
Members of the Leadership Team are committed to increasing visibility across the organisation and use informal walk rounds to different parts of the Trust to engage and listen.

Weekly bulletins and quarterly briefings
To ensure key messages are communicated to all members of the Trust, a weekly bulletin is circulated highlighting events, news and celebrations. In addition, members of the Leadership Team also send out regular briefings on key messages and strategic priorities of the Trust.

Clinical Tuesdays
Each Tuesday the Chief Nurse and a team of senior nurses go 'back on the floor', meaning they work in clinical areas in practice, to support staff and enable a two-way dialogue about quality improvements using a newly introduced ward accreditation system.

Above and Beyond Awards
The Trust's Above and Beyond Awards are a reward and recognition scheme, granted quarterly to non-clinical and clinical teams and individuals. In 2019/20, 24 staff were recognised through the scheme's individual or team awards (quarter four awards were not awarded due to the impact of the coronavirus pandemic).

Long Service Awards
A total of 167 staff were recognised for long service in 2019/20, with tenures ranging from 10 to 40 years. Attended by the Chairman and Chief Executive, the award ceremonies are warmly welcomed by staff.

Staff Achievement Awards Ceremony
The annual Staff Achievement Awards Ceremony was attended by more than 900 staff members in November 2019. Over 200 nominations were received for the six categories which recognised outstanding contribution of both teams and individuals during the year.

Partnership working
The Trust has an active Trust Consultative Committee that is a forum for management and staff side colleagues to work in partnership. The Trust also has an Employment Partnership Group that meets quarterly. Both of these groups enable the Trust to consult with its employees and their representatives to ensure appropriate involvement in changes across the organisation.

Health and wellbeing
The Trust has continued to build on, and enhance, the health and wellbeing offer; to support staff to feel good, be healthy and live well. This includes a range of physical activities, healthy eating, financial education and mental health support. In 2019/20, biannual health and wellbeing events continued to be held. Staff attended these events to find out more about how they could improve their health and gain more knowledge of the benefits and discounts available to them. National campaigns were promoted, including On Your Feet Britain and World Mental Health Day, which were well attended. The Trust was also awarded Achievement level for the London Healthy Workplace Award, which recognises the Trust as an organisation that invests in their employees' health and wellbeing.

Occupational Health and Wellbeing Department
The Occupational Health and Wellbeing Department (OHD) exists to ensure the health, safety and wellbeing of all Trust employees.

The OHD continues to work closely with other teams within the hospital, including staff support services, infection prevention and control, and risk management. Working alongside the Human Resources Department, the OHD enables managers to obtain support and information to manage both short- and long-term sickness absence.

- The OHD provides a service to both Trust staff and staff from other organisations that we work with.
- The seasonal influenza vaccination programme is offered to all staff to protect patients, staff and their families. In 2019/20, the Trust achieved its highest ever compliance rate of 71 per cent of frontline staff. This puts The Royal Marsden in the top third of NHS Trust compliance rates in Greater London.
- Health promotion topics are communicated on the intranet to encourage staff to take steps to improve their health. We work in conjunction with the Trust's Health and Wellbeing Coordinator to have stalls at health promotion events.
- OHD has employed a mental health nurse to support the mental wellbeing of our staff.

- Formal one-to-one counselling and support services continue to be available to all staff, on request, via the OHD and staff support services.
- Attendance management referrals are one of the core activities undertaken by the OHD. Case conferences allow collaboration between managers and their staff with specialist occupational health advice to enable successful rehabilitation back into the workplace.
- Self-referral for sickness absence is available for staff who would like support to maintain their own attendance.
- Fast-track physiotherapy is provided for staff for appropriate effective intervention for musculoskeletal conditions, promoting an early return to work with effective rehabilitation programmes to facilitate resumption of full work activity.
- Vaccines are provided for all staff travelling abroad. Travel vaccines are offered to the wider community at competitive rates.

The OHD remains an important resource for all staff to help them maintain their health and wellbeing at work. The department aims to continue to develop the service in line with the Trust's health and wellbeing strategy for the future.

Engaging junior doctors

The Director of Medical Education has worked with management and clinical colleagues to improve the engagement of junior medical staff by running a number of internal feedback surveys and working with them to identify solutions to issues related to education, recruitment and the working environment.

The Trust provides a range of leadership development opportunities, including a Paired Learning Programme which engages junior doctors in leading quality improvement projects.

The Trust has also appointed a Guardian of Safe Working to support junior doctors to raise concerns about safe ways of working.

Freedom to Speak Up

The Trust has a Non-Executive Lead for Freedom to Speak Up, a Freedom to Speak Up Guardian and a network of divisional champions who support staff to raise any concerns they might have about patient services or workforce matters.

The champion role supports and works in line with the Trust's arrangements for its whistleblowing policy, ensuring that the individual raising the concern has the correct information about the policy and procedure, and feels supported through the process.

Counter fraud

As part of our drive to encourage staff to raise concerns, the Trust has policies and procedures in place to support staff to raise concerns about fraud, potential fraud or any misconduct of a similar nature.

National Staff Survey results 2019

The NHS Staff Survey is an important mechanism for ensuring that the workforce strategy is delivering results and improving the staff experience. The NHS Staff Survey is conducted annually. The results from questions are grouped to give scores for 11 themes. Each theme has been given a score out of 10. The response rate to the 2019 survey among Trust staff was 58 per cent, compared with 53 per cent in 2018. Scores for each theme are shown in the table below, along with benchmarking data comparing the Trust with other acute specialist trusts.

Overall, The Royal Marsden was rated as above average in six out of 11 themes. This is reflective of the successful year The Royal Marsden had last year, when it achieved a CQC 'outstanding' rating. The Trust achieved the best national scores compared with other acute specialist trusts for the theme of staff engagement and the joint highest score for support of immediate managers.

Theme	2019	
	Trust	Average score for acute specialist trusts
Equality, diversity and inclusion	9.1	9.2
Health and wellbeing	6.3	6.3
Immediate managers	7.3	7.1
Morale	6.4	6.4
Quality of appraisals	6	5.8
Quality of care	7.9	7.9
Safe environment – bullying and harassment	8.5	8.3
Safe environment – violence	9.8	9.8
Safety culture	7.4	7
Staff engagement	7.7	7.5
Team working	7	6.9

Benchmarking data

In reviewing comparisons with acute specialist trusts and London-based teaching hospitals, the table below shows that The Royal Marsden scores positively on all factors. The Trust compared very favourably against other London trusts and teaching hospitals across the UK.

Trust name	Equality, diversity and inclusion	Health and wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment – Bullying and harassment	Safe environment – Violence	Safety culture	Staff engagement	Team working
Acute Specialist Trusts											
Great Ormond Street Hospital	8.8	5.8	7	6	5.7	7.5	7.9	9.8	6.9	7.3	6.6
Moorfields Eye Hospital	8.6	6	6.8	6	6.3	8	7.8	9.8	7	7.4	6.5
Royal Brompton and Harefield	8.9	6.1	7	6.3	6.1	7.9	8.1	9.7	7.2	7.5	6.7
The Christie	9.5	6.3	7.1	6.5	5.4	7.9	8.7	9.9	7.2	7.5	6.9
Clatterbridge	9.3	5.9	7.1	6	5.6	7.6	8.6	9.9	7.1	7.3	6.8
The Royal Marsden	**9.1**	**6.3**	**7.3**	**6.4**	**6**	**7.9**	**8.5**	**9.8**	**7.4**	**7.7**	**7**
Other London Trusts											
Chelsea and Westminster	8.6	5.8	6.9	6	6.3	7.8	7.6	9.3	6.9	7.3	6.9
Imperial College Healthcare	8.6	5.7	7	6	5.9	7.8	7.6	9.4	6.8	7.2	6.7
Guy's and St Thomas'	8.7	6	7	6.3	6.3	7.8	7.9	9.6	7.2	7.5	6.9
University College London Hospitals	8.4	5.7	6.8	6	6.3	7.6	7.5	9.4	6.8	7.2	6.6

Priorities for action

Three priority areas for Trust-wide action have identified:

Morale

The Trust will implement a leadership development programme supporting managers to engage with their staff regarding a choice in deciding how they do their work. In addition, staff engagement initiatives will be developed across a wider group of staff and departments to build on the positive effect they had over the last 12 months.

Equality, diversity and inclusion

The Trust will implement a revised recruitment process to improve transparency in recruitment and hold a fair market test for recruitment to roles at Band 8c and above. Succession planning and talent management will be undertaken in line with the annual appraisal season and rolled out to a wider group of staff. This will be done in conjunction with the staff networks.

Quality of care

The Trust wants to build on its excellent CQC results and ensure that staff are able to link the work they do to supporting patient care, for example those staff that are not patient facing.

Governance and monitoring

Each division within the Trust will develop a local workforce and staff engagement action plan, based on their individual scores. The divisional plans are then reviewed through the Workforce and Education Committee, alongside the organisational priorities.

Trade Union Facility Time disclosures

Number of employees who were relevant union officials in 2018/19*
30

Percentage of time spent on facility time 2018/19*	Number of employees
0%	8
1%–50%	22
51%–99%	0
100%	0

*Data provided based on 2018/19 information, as 2019/20 data not available until July 2020.

Expenditure on consultancy

Consultancy expenditure for the year 2019/20 was £1.5 million (£0.9 million in 2018/19).

Off-payroll engagements

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

No. of existing engagements as of 31 March 2020	0
Of which...	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

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

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

No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	0
No. of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	0
No. for whom assurance has been requested	0
Of which...	
No. for whom assurance has been received	0
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received	0

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

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	0
No. of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure includes include both off-payroll and on-payroll engagements	13

Exit packages

The table below summarises exit packages for the year 2019/20.

Exit package cost	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	–	3	3
	(2)	(2)	(4)
£10,000 – £25,000	1	1	2
	–	(2)	(2)
£25,001 – £50,000	3	–	3
	(–)	(–)	(–)
£50,001 – £100,000	1	–	1
	(1)	(–)	(1)
Total number of exit packages by type	5	4	9
Total resource cost (£000)	195	23	218

(Prior year comparatives are provided in brackets)

Exit packages: non-compulsory departure payments	Agreements	Total value of Agreements
	Number	£'000
Contractual payments in lieu of notice	4	23
Non-contractual payments requiring HMT approval	–	–
Total	4	23

As per the requirement of the Annual Reporting Manual, the four other departures in year have been analysed into their component parts. There were no non-contractual payments made in year.

NHS Foundation Trust Code of Governance

The Royal Marsden NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

Members and Governors

As a Foundation Trust, The Royal Marsden has members which are made up of its patients and carers, public and staff.

Patient and carer membership

The patient constituency is subdivided into the following geographical areas:

- Kensington and Chelsea
- Sutton and Merton
- Elsewhere in London
- Elsewhere in England.

Anyone living in these areas that has been a patient at the Trust within the last five years can become a member of the relevant patient sub-constituency. There is also a carer sub-constituency, which is open to individuals who care for current patients of the hospital or who have cared for a former patient of the hospital within the last five years.

Public membership

The public constituency comprises of individuals who live within the following three geographical areas:

- Royal Borough of Kensington and Chelsea
- London Boroughs of Sutton and Merton
- Elsewhere in England.

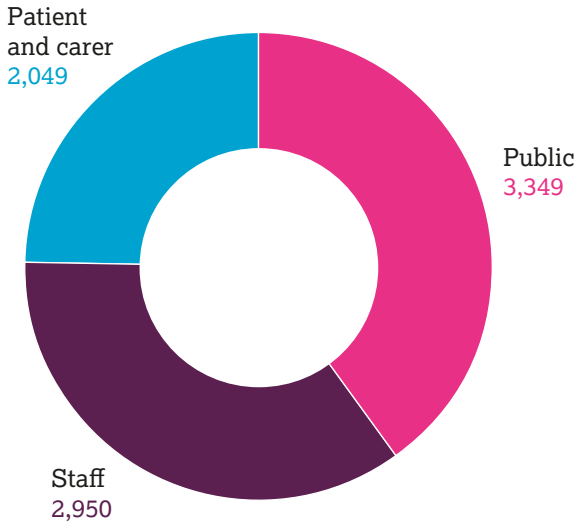
Staff membership

The staff constituency comprises individuals who are employed by the Trust, hold an honorary contract with the Trust, or hold an honorary contract with the Trust and our academic partner the ICR. The constituency is divided into four staff groups:

- Corporate and support services
- Clinical professionals
- Doctors
- Nurses.

Membership overview

As of 31 March 2020, the Trust had 8,348 members, comprising:



Membership recruitment and engagement

The Membership and Communications Group is a working group of the Council of Governors and is tasked with the responsibility of reviewing and implementing membership recruitment and engagement activities. The group consists of at least one governor from each constituency, one of which shares the responsibility of co-Chair with the Head of PR and Communications. The Governor co-Chair reports on the Group's progress at the Council of Governor meetings, which several Board members also attend. In addition to this, a membership report is provided to the Board of Directors on an annual basis. The membership report is used to monitor how representative the Trust's membership is and what the Trust is doing to recruit and engage with its members.

Member recruitment

Member recruitment activities and initiatives undertaken in 2019/20 include:

- A welcome letter sent from the Chief Executive and Medical Director to new patients at the point of registration, inviting them to become a member
- An annual Members' Week was held in April, led by the Governors
- Membership leaflets displayed around the hospital across both sites
- Raising of awareness by referencing membership in patient information booklets
- The Royal Marsden School and Conference Centre promoted membership to staff and students through emails and posters
- The benefits of membership were promoted to students at the University of Surrey on their virtual learning platform.

Member engagement

The Trust has two levels of membership to differentiate the level of involvement a member wishes to have and to help manage resources more efficiently. Member engagement activities undertaken over the past year include:

- All members receive an electronic copy of the quarterly RM magazine, which promotes the work of the Trust, the Council of Governors and Board of Directors. The magazine also has a wide circulation to patients and the general public
- Three member events were held in 2019/20, across both sites. They included presentations on:
  - RM Partners, the west London Cancer Alliance
  - Clinical trials and innovative treatments
  - Transforming imaging through digital research and collaboration
  - Quality Account priorities and patient experience themes
  - Strategy for Quality Improvement
  - Patient experience commitment
  - Clinical trials – Back to basics
  - Improving outpatients
  - Members were also given the opportunity to take a look round the brand-new Maggie's Centre, which opened in October 2019, and learn about the support on offer.

As part of membership engagement, members' views were sought via an online survey and during the November 2019 Members' event on the Trust's quality priorities for 2020/21. The results aided the Governors in selecting which quality indicator the Trust should achieve during 2020/21:

- Members were also invited to participate in the Day Care Units: Patient Experience Survey and the Trust's Patient-Led Assessments of the Care Environment (PLACE)
- The Annual General Meeting held in September 2019 included presentations on 'The MR Linac – One year on from the UK's first patient' from Dr Katharine Aitken, Consultant Clinical Oncologist and Dr Helen McNair, Lead Research Radiographer. This was followed by a presentation on 'The Royal Marsden – Building for the future' by Karl Munslow Ong, Chief Operating Officer.

Becoming a member

Anyone aged 16 years old or over and who lives in England can become a member of The Royal Marsden NHS Foundation Trust. There are several ways in which a person can sign up to become a member. They can pick a form up from around the hospital or via the Trust website: www.royalmarsden.nhs.uk/getting-involved/foundation-trust-membership

All membership enquiries are directed to the Corporate Governance team using the following details:

Post
Corporate Governance
The Royal Marsden NHS Foundation Trust
Fulham Road
London
SW3 6JJ

Email
trust.foundation@rmh.nhs.uk or contact a Governor at governors@rmh.nhs.uk

Telephone
020 7808 2844

Members of the public can also contact the Corporate Governance team to request a copy of the Register of Governors' and Board of Directors Interests or visit the Trust website, where this information is published.

Our Council of Governors

Once an individual becomes a member of The Royal Marsden NHS Foundation Trust, they have the option to vote and stand to become a Governor of the Trust to represent members on the Council of Governors. Stakeholders such as the ICR, local authorities for Kensington and Chelsea, and Sutton and Merton, Cancer Research UK (CRUK) and CCGs for Sutton and west London are also represented on the Council of Governors.

The Council of Governors has a number of statutory and regulatory responsibilities which are reflected in the Trust's Constitution. These include, but are not limited to, the appointment or removal of Non-Executive Directors, the appointment or removal of the Trust's external auditor and receiving the Trust's Annual Report and Accounts as well as the auditor's report on this publication. The Health and Social Care Act 2012 introduced the following two legal duties: to hold Non-Executive Directors to account for their performance of the Board; and to represent the interests of the members of the Trust and public in their role. Governors are able to canvass the opinion of the members through the Council of Governors meetings and working groups. Members are free to raise any concerns or submit any questions to their Governor and are reminded of this throughout the year in Trust communications.

On appointment, Governors are invited to have one-to-one sessions with the Associate Director of Corporate Affairs to discuss the role in further detail and any individual development needs to support them. An annual Governors' training day was held in June 2019, which included presentations from the Chief Executive on The Royal Marsden Five-Year Strategic Plan and from the Chief Operating Officer on The Royal Marsden's priorities for 2019/20. Additional training topics covered during the day included safeguarding, equality and diversity, Governor clinical visits, and the role of the Governor. A collective evaluation of the performance of the Council of Governors was carried out in October 2019 and the results were used to form an internal action plan.

Composition of the Council of Governors

As previously noted, the Trust has various constituencies for its members, i.e. patients/carers, public and staff. Members vote for their Governors and therefore Governors represent those members under their constituency. The table on page 47 illustrates this.

As of 31 March 2020, there were 23 seats on the Council of Governors, comprising 17 elected Governors (Patient and Carer, Public and Staff Governors) and six appointed stakeholder and partner Governors. The table opposite shows details of the Governors, their terms of office and attendance at meetings of the Council of Governors and the Annual General Meeting in 2019/20.

Governors' terms of office and attendance at meetings 2019/20

Governor	Constituency/organisation	Term of office	End of current term	Meetings attended Total meetings = 6
Patient and Carer Governors				
Maggie Harkness	Kensington and Chelsea, and Sutton and Merton	3rd	May 2022	5
Philippa Leslie	Kensington and Chelsea, and Sutton and Merton	1st	May 2022	6
Tom Brown	Kensington and Chelsea, and Sutton and Merton	1st	May 2022	6
Fiona Stewart*	Elsewhere in London	3rd	July 2020	6
Dr Patricia Black	Elsewhere in London	1st	May 2022	2
Simon Spevack	Elsewhere in England	3rd	May 2021	5
Dr Nigel Platt	Elsewhere in England	1st	May 2022	5
Dale Sheppard-Floyd	Carer	1st	May 2022	5
Tim Nolan	Carer	1st	May 2022	6
Public Governors				
Dr Carol Joseph	Kensington and Chelsea	3rd	July 2020	3
Shirley Chapman	Sutton and Merton	1st	May 2022	6
Dr Ann Smith	Elsewhere in England	1st	April 2021	4
Dr Tom Moon	Elsewhere in England	1st	May 2022	6
Staff Governors				
Hardev Sagoo	Corporate and Support Services	2nd	May 2020	6
Fiona Rolls	Clinical Professionals	1st	May 2022	6
Dr Jayne Wood	Doctor	2nd	August 2022	6
Dorothy Chakani	Nurse	1st	May 2022	2 out of 2
Nominated Governors				
Dr Charmaine Griffiths	The Institute of Cancer Research	2nd	February 2022	3
Cllr Robert Freeman	Local Authority: Borough of Kensington & Chelsea	3rd	July 2020	4
Cllr David Bartolucci	Local Authority: London Borough Sutton & Merton	1st	October 2021	1
Anne Croudass	Cancer Research UK (Charity)	2nd	May 2021	6
Vacant	Sutton Clinical Commissioning Group			
Vacant	West London Clinical Commissioning Group			

* Lead Governor

Governor Fiona Stewart was appointed as the Lead Governor of the Council of Governors in August 2018 for a term of two years. The Lead Governor acts as a two-way conduit between NHS England / Improvement (NHSE/I) and the Council of Governors in specific circumstances where it may not be appropriate to communicate through the normal channels. The main circumstances where NHSE/I will contact a Lead Governor is if there are concerns as to Board leadership or if the appointment of a Chairman or other Board member may not have complied with the Trust's Constitution or may be inappropriate.

Election to the Council of Governors

All Governors hold terms of office for a period of three years and are eligible for re-election/ re-appointment for a maximum of nine years.

The Civica Election Services (formally Electoral Reform Services) manage the provision of the elections for the Trust in accordance with the Model Rules for Elections. During 2019/20, 13 elections were held.

Governors' expenses

The Trust's expenses policy ensures that Governors are appropriately reimbursed for reasonable expenses incurred in the course of carrying out their duties. For the year ending 31 March 2020, the total amount claimed by Governors was £469.53.

Working together: the Council of Governors and the Board of Directors

It is important that the Council of Governors and Board of Directors work together for the benefit of our patient and local community. There are several ways in which this is achieved.

The Chairman of the Board of Directors is also the Chair of the Council of Governors. The Executive Directors and Non-Executive Directors regularly attend the Council of Governor meetings to gain an understanding of the views of Governors and members of the Trust. An annual membership report is also presented at these meetings as well as to the Board of Directors.

Governors are invited to attend public Board of Directors meetings where they can observe first-hand the Board in business and, in particular, the performance of Non-Executive Directors.

The Council of Governors also receives an annual report regarding the work of the Board Sub-Committees; the Audit and Finance Committee and the Quality, Assurance and Risk Committee. This report is presented by the Chairs of the Committees (who are also Non-Executive Directors) and highlights the committees' main business and risks for the year.

In situations where any conflict arises between the Board of Directors and the Council of Governors, the Trust's internal dispute resolution procedure shall be adhered to which notes that the decision of the Chairman shall be final. However, there may be circumstances where the Chairman feels unable to decide owing to a conflict of interest. In such situations, the Chairman will initiate an independent review to investigate and make recommendations. Normally this will be achieved by inviting the Senior Independent Director to conduct the review which will be agreed by both the Board of Directors and the Council of Governors.

NHS Improvement's Single Oversight Framework

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

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

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

Segmentation

As at 31 March 2020, the Trust has been placed in segment 1. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

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

Area	Metric	Q1 Score 2019/20	Q2 Score 2019/20	Q3 Score 2019/20	Q4 Score 2019/20
Financial sustainability	Capital service capacity rating	1	1	1	1
	Liquidity rating	1	1	1	1
Financial efficiency	I&E margin rating	1	1	1	1
Financial control	Distance from financial plan	1	1	1	1
	Agency spend rating	1	1	1	1
Overall scoring		1	1	1	1

Statement of Accounting Officer's responsibility

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

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

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

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

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

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

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

Dame Cally Palmer
Chief Executive
12 June 2020

Annual Governance Statement

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control to support the achievement of The Royal Marsden NHS Foundation Trust's policies, aims and objectives, while 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 Royal Marsden NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

2. The purpose of the system of internal control

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

3. Capacity to handle risk

As Accounting Officer I have overall accountability for risk management in the Trust. I have delegated responsibility for the coordination of risk management systems and processes to the Chief Nurse, who discharges this responsibility through the Risk Management and Quality Assurance Teams. This includes the regulatory requirements of the CQC, the corporate risk register, and incident reporting management system.

Risk management is firmly embedded in the activity of the organisation, and operational responsibility for risk identification and control is delegated to individual Directors and Senior Managers who have functional responsibility within their areas of management. Risk management training is provided to every member of staff at induction and is part of the annual mandatory training programme. Specific ongoing training is determined through the appraisal and personal development planning process at an individual level, and by training needs analysis against key risk areas at a strategic level. Board members are also required to complete risk management training.

Guidance for staff is provided through training programmes and information is available in the Risk Management Policy. This is supported by the Accident/Incident and Patient Safety Incident Reporting Policy Including Serious Incidents Requiring Investigation, which supports a culture of fairness, openness and learning within the organisation. Incidents of any severity including a near miss are reported on the Trustwide Datix system. Significant incidents require a 72 hour review to establish any immediate learning which, if required, is then followed by a panel review. The results of the root cause analysis, including best practice recommendations, are fed back through all the relevant clinical bodies in the Trust to commissioners via the Clinical Quality Review Group, and internally from the Quality Assurance and Risk Committee (QAR) through the Clinical Advisory Group, the Nursing, Allied Health Professionals and Pharmacy Committee (NAHPC), the Matrons, Sisters, and Ward / Departmental meetings, and Junior Doctors forums.

Learning from incidents is an essential part of integrated governance and risk management within the Trust. All policies relating to risk management are easily accessible and available to staff on the hospital intranet policy section, with supporting information available under the risk management department section.

4. The risk and control framework

The systematic identification, analysis and control of risks are a key organisational responsibility. A culture of ownership and responsibility for risk management/patient safety is fostered throughout the organisation, and all managers and clinicians undertake risk management as one of their fundamental duties.

The Risk Management Policy has been approved by the QAR Committee. It defines the strategy and the process for the systematic identification and control of risks as well as accountability structures, roles and responsibilities.

In October 2019 the Board approved its Risk Appetite statement, which set risk tolerance levels for strategic risk in the Board Assurance Framework and this was reviewed again and updated in May 2020. This approach has enabled the Board to easily identify which strategic risks are exceeding the risk tolerance threshold and therefore require closer monitoring and more frequent updates.

On behalf of the Board, the Integrated Governance and Risk Management (IGRM) Committee receives reports throughout the year on elements of the CQC registration on topics such as mandatory training, policies, safeguarding, information governance, complaints and serious incident investigations. Each quarter, the Chief Nurse, Medical Director and Chief Operating Officer hold engagement meetings with the CQC. As part of that process, focus groups are held with the staff in different areas across the Trust on both sites. Peer audits and inspections are conducted throughout the year to assist with monitoring the Trust's compliance to the CQC requirements.

At the management level, the IGRM Committee is co-chaired by the Chief Nurse, and the Medical Director has the delegated responsibility for oversight and monitoring of all aspects of quality and risk including review of serious incidents, NICE guidance compliance and policy/guideline approval, emergency planning and research governance. The QAR Committee oversees and monitors the performance of the IGRM.

Risk management and incident reporting processes identify risks of all levels of severity throughout the organisation. These processes feed into the divisional risk registers, which are reviewed on an ongoing basis. Risks that score above 12 are included on the Trust risk register, which is reviewed and reported to the QAR Committee.

The Board and divisional leadership consider the risk appetite and risk scores when reviewing Cost Improvement Programme (CIP) Quality Impact Assessments. The policy details the process for risk identification and evaluation using a standardised risk assessment matrix and sets out the levels of authority for the management of identified risk. During 2019/20, there were no 'Never Events' at the Trust. The policy has been disseminated throughout the Trust.

Data security incidents and risk are reported to the Information Governance Committee, chaired by the Caldicott Guardian and attended by the Senior Information Risk Owner (SIRO) and Data Protection Officer (DPO). The Audit and Finance Committee (AFC) receives routine reports on cyber-security and a six-monthly update on information governance risk with any key risks reported to Board.

Major risks

High-level risks, in line with many trusts nationally, are those that reflect the challenging NHS climate due to increasing demand on services and requirement to modernise infrastructure and information technology and the recent COVID-19 pandemic:

- Capacity constraints and meeting cancer waiting times targets, such as 62 days
- Recruiting, developing and retaining the right workforce
- Achievement of key national infection control targets such as E. coli and C. difficile
- Delivery of the Digital Strategy
- Management of COVID-19

Mitigation against top risks

Various methods of risk mitigation and control are in place. The Trust has various transformation projects underway to address capacity constraints and deliver service improvements. Key areas of focus for 2019/20 include inpatients, administration and day care improvement. For example, an initiative to improve the day care pathway includes automated blood bottle labelling and initiating electronic booking and scheduling processes has resulted in improved efficiency and overall experience for both patients and staff. A monthly Transformation Board has oversight of these projects.

Key national targets, such as the 62-day national cancer waiting times target, are influenced by long-waiting patients who have had pathway delays prior to their referral to The Royal Marsden. The Trust manages risks such as these by working closely with both RM Partners and the south west London leadership forum, where a shared programme of work is in place to improve performance. The Trust's own action plan is monitored at the monthly Performance Group, chaired by the Director of Performance and Information, and issues impacting performance are regularly reviewed by the Board with progress being reported quarterly.

The Chief Nurse reports to the Board on the Trust's performance against key national infection control targets. This reporting is done via the Quality Accounts which are also presented to the Council of Governors on a quarterly basis. At the wider system level, the Trust is working with The Christie NHS Foundation Trust, The Clatterbridge Cancer Centre, and other Trusts, as well as the healthcare regulator NHS Improvement, to carefully consider performance for E. coli.

The Trust's Digital Strategy was approved by the Board in June 2016, with a refresh of the Strategy agreed by the Board in 2018. Key progress areas include the approval of the outline business case for a new Digital Health Record in December 2018, for which the Trust is currently out to procurement. In November 2019, the final business case for complete replacement of the Trust's wired and wireless networks was approved. The Trust is working hard to ensure the timely roll-out of its Digital Transformation Strategy, with progress being assured by the Programme Assurance Group (PAG) which is chaired by a Non-Executive Director. The Digital Transformation Board oversees operational delivery and strategic direction and provides updates to the PAG and AFC. In 2019, the Trust appointed two new digital leaders; Chief Clinical Information Officer and Chief Nursing Information Officer.

In October 2018, the Board commissioned KPMG to undertake a well led review of the Trust's risk management systems and processes. The findings and recommendations of this review were noted and accepted by the Board in October 2019. The review particularly focused on the effectiveness of the Board Assurance Framework and Corporate Risk Management processes as well as setting a framework to consider risk appetite.

The COVID-19 pandemic of 2020 presents a major international risk, particularly affecting the NHS and delivery of planned or expected levels of treatment and care due to increased staff shortages, numbers of patients being treated for COVID-19, and the impact the virus has on cancer patients in particular. The changes to business as usual at The Royal Marsden have also seen a significant impact on private care income, building and investment projects, and fundraising which are likely to impact on the Trust's activities in future years.

The Royal Marsden has been working with partners across London to mitigate risks on its service delivery, levels of planned treatment and care for patients during the pandemic.

In response to COVID-19 a gold and silver command structure was established, in addition to a central COVID-19 hub where issues were prioritised and referred to silver and gold groups where necessary. The silver group involved divisional and departmental managers, chaired by an Executive Director. Gold included the Executive Directors together with PR and Communications and was chaired by the Chief Executive. In addition to this the Trust also adapted its control environment by establishing an Ethics Committee dedicated to making decisions and considerations about changes to treatment and care brought about due to the COVID-19 impact.

There was continual liaison through the silver and gold groups, and other established channels, with NHS England and NHS Improvement, STPs, and other Trusts as well as internal departments and teams.

The Trust had minimal business continuity issues and was able to continue with a significant level of its cancer services, as it flexed its operating approach in response to the pandemic, for example, initiating telephone and digital consultations with patients. Within the hospital, the small number of COVID-19 positive patients were cohorted together to ensure delivery of treatment to other patients in a COVID-protected environment. This was critical for the safe care of patients, who are often immune suppressed and therefore even more susceptible to the virus, so that treatment could continue. The Trust also suspended visitors at an early stage of the pandemic, to minimise the footfall in the hospital.

The Royal Marsden and RM Partners (Cancer Alliance) also led the creation and development of a Cancer Hub, in collaboration with University College London Hospitals NHS Foundation Trust and Guy's and St Thomas' NHS Foundation Trust, to ensure that NHS hospitals can continue to deliver cancer treatment at this time, with a special focus on surgery. A Clinical Priority Group was established to match patients from across the Cancer Alliance with clinical teams and available capacity including BUPA Cromwell as our private hospital partner.

Governance structures and CQC licence

On an annual basis, the Board Committees review Trust evidence against the requirements of the CQC's licence conditions, including condition four (foundation trust governance) and advise the Board accordingly. The Board Assurance Framework identifies the Trust's strategic objectives, key risks to achieving the objectives, and the controls and assurance mechanisms in place to mitigate the risks, including those relating to the CQC licence conditions. The Trust reviewed and updated the Board Assurance Framework in 2019/20 and monitors the assurances it receives against the Framework, and reviews progress on the action plans drawn up to close the gaps in both controls and assurance.

The QAR Committee is a Committee of the Board and is responsible for approving the clinical management of risk and monitoring the implementation of risk management arrangements within the NHS Foundation Trust. This includes assurance that the Trust complies with its obligations regarding CQC registration. The QAR Committee is responsible for ensuring that effective arrangements are in place for the oversight and monitoring of all aspects of clinical quality and safety, including identifying potential risks to the quality of clinical care. Every quarter, frontline clinical staff report to the QAR Committee and describe the positive aspects of the Trust's research, education and care, and also areas that require improvement.

The AFC is also a Committee of the Board and helps manage risk. The Committee contributes to the Board's overall process for ensuring that an effective internal financial control system is maintained. It therefore oversees the financial risk and provides confidence in the objectivity and fairness of financial reporting, providing assurance about the adequacy of internal controls, the safeguarding of assets and in reducing the risk of illegal or improper acts. The AFC also reinforces the importance, independence and effectiveness of internal and external audits. Internal Audit (KPMG) works closely with this Committee and provides assurance on the systems of control operating within the Trust.

Internal Audit and anti-fraud activities

The results of Internal Audit reviews are reported to the AFC, which oversees the action required, addressing any system weaknesses. Procedures are in place to monitor the implementation of control improvements and to undertake follow-up reviews when required. An Internal Audit action recommendation tracking system is in place, which records progress in implementing the recommendations by management. Management's progress in implementing corrective action following Internal Audit recommendations is reported to the AFC, and the Executive Board also receives reports on high and medium issues. The Anti-Fraud programme is led by the Chief Financial Officer with support from KPMG and is monitored by the AFC.

Patient and Public Involvement and Engagement (PPI/E)

The Trust is committed to having an effective structure for patient and public involvement and engagement at all levels within the organisation. The PPI/E Lead, a new role established in February 2019, maps, monitors and leads on the activities across the Trust. A PPI/E policy is in place, linked with the Patient Experience Commitment and Quality Improvement Strategies. A PPI/E toolkit and new support and process mechanisms are currently under development with further development of the Trusts webpage.

Trust governance and services

As an NHS Foundation Trust, governance and strategic direction is provided by the Council of Governors, of which two thirds are Patient, Carer and Public Governors. The long-established Patient and Carer Advisory Group (PCAG) acts as a focus for all local patient involvement initiatives, often working alongside the Governors. This group leads on a number of activities including a 'Listening Post' (an opportunity to provide feedback on activities of the Trust) across sites twice a month. In addition, there are also other engagement groups such as the Youth Forum, workshops and discussion groups. There are also discharge workshops which engage specific groups of patients and carers.

The Governors and the PCAG also link with other governance, patient experience and quality accounts, committees and initiatives. The Governors and frontline staff lead a Patient Experience and Quality Account Group which scrutinises the Quality Report and all key performance and quality metrics in the Trust. The Trust IGRM Committee has two patient/carer representatives from the PCAG on it as core members. Governors and representatives from PCAG are working alongside Trust staff in the Patient Experience Strategy Group, chaired by the Chief Nurse.

Workforce strategies, safeguards and staffing systems

The Trust is committed to ensuring that staffing levels are safe across all professional groups. The Trust is compliant with NHS Improvement 'Developing Workforce Safeguards' (2018) guidance, taking a triangulated approach to safer staffing – utilising evidence-based tools (such as the Safer Nursing Care Tool), professional judgement (led by the Chief Nurse, Medical Director or Head of Therapies) and quality outcomes – such as key nurse or medical sensitive indicators and workforce trends. The Trust updated the Safe Staffing Policy to reflect the national changes related to Workforce Safeguards. In May 2019, the Workforce and Education Committee reviewed the guidance in detail and were reassured that there was a robust approach to ensuring staffing levels were safe and responsive to changing service needs.

In 2019/20, the Chief Nurse presented a detailed safer staffing paper on two occasions to the Board of Directors. This report detailed the outcomes of the Chief Nurse-led Safer Staffing Reviews. The paper covered staffing requirements for nursing and set out workforce issues for the allied health professional and medical workforce.

Strategically, the Trust plans carefully and thoroughly to ensure that it has the right staff with the right skills to meet patient needs now, and in support of the Five-Year Strategic Plan and the NHS Cancer Workforce Plan. There was a particular focus in 2019/20 on reviewing the workforce model to support new developments such as Cavendish Square and changing service requirements.

The Board also receives a monthly safer staffing position from the Chief Nurse. To support decisions, the Trust has fully deployed the Safer Nursing Care Tool across all inpatient wards. A children's Safer Staffing Tool is now also fully implemented.

The Trust has an agile business planning process enabling clinical leaders to respond quickly to changes in the demand for patient services and/or new regulatory requirements. As a result of the business case reviews, an additional investment of 188 wte and c. £18.7m pa (excluding capital) was approved to meet changing service needs.

Nursing

The Trust is pleased that in addition to having a Lead Nurse Safer Staffing who was awarded a Chief Nursing Officer (CNO) Safer Staffing Fellowship in 2019, a Lead Therapist has joined the faculty further securing our commitment to ensuring we have the highest levels of expertise and capability across all staff groups.

The Royal Marsden is working with NHS Improvement and other cancer centres to develop a pioneering Ambulatory Care/Medical Day Unit Acuity Tool.

There is no national guidance on the right ratio of new/follow-up patients to clinical nurse specialists (CNSs). All specialties undertook a review during 2019/20 and are developing job plans including an annual plan that will now be completed annually in line with the quality and safety reviews. Restructuring of the management structure for the CNS/advanced nurse practitioner (ANP) workforce was completed in January 2020.

The Trust participated in the NHS Improvement (NHSI) nurse staff retention initiative. The action plan agreed with NHSI was reviewed by the Workforce and Education Committee. Operationally, the Director of Workforce and Chief Nurse chair a fortnightly Nurse Recruitment and Retention meetings. This Trust-wide multidisciplinary team forum supports the divisions in scanning for future recruitment and retention threats to safe staffing across the professions. This includes potential threats from leaving the European Union. The Trust is supporting the CNO's request to support the development of the nursing workforce by via new pathways such as apprenticeships. The Trust's first Nurse Associates also qualified in 2019.

The Chief Nurse 'huddles' with matrons and the senior team each week to review 'staffing red flags', nurse sensitive indicators, safeguarding concerns and patient and staff experience. Additionally, site teams and senior nurses use real-time staffing and acuity data to make informed staffing decisions throughout the 24-hour period, reporting to the leadership team every 12 hours.

Medical workforce

In 2019/20, the Trust worked to develop expertise in workforce planning for the cancer workforce in HR, nursing and the medical workforce. Through business planning the Trust ensures that it has the appropriate medical workforce in place to deliver safe, high-quality services to patients. At consultant level, the regulatory and service requirements are being collated as part of development of the consultant workforce plan.

At junior doctor level, the 2016 contract introduced safeguards for safe working, with restrictions on working hours, and introduced a new role, Guardian of Safe Working, to ensure that trusts adhere to agreed working patterns. The Trust appointed a new Guardian of Safe Working during 2019/20. This role is to review all exceptions to the agreed work schedule. Operationally, there is a medical escalation policy that is currently being reviewed by the Director of Medical Education. This outlines the escalation process if there are late notice absences, for example due to illness, that affect staffing on the day. The Trust is in the process of rolling out a new electronic rostering system for junior doctors, which will improve visibility of any gaps in rotas.

A review is being undertaken of the junior doctors' rotas to ensure that these are sustainable in the medium to long term. A review of the Hospital at Night model was undertaken to ensure that staffing out of hours remains safe and the operational infrastructure is effective. Changes to the junior doctor contract were nationally approved in June 2019 and the Trust is reviewing the changes required to the existing rotas in order to comply with the new standards set out in the revised contract. The Trust is exploring the further use of ANPs, Physicians Associates and the international surgical training scheme to enhance the infrastructure that support doctors' rotas and reduce workload.

Allied Health Professional workforce

A review of the radiotherapy and diagnostic radiographer workforce was undertaken in 2019/20, resulting in investment for both these staff groups to meet increased demand and the 62-day access target. The Trust also introduced the lecture practitioner role in diagnostic radiography to help support changes to the skill mix in this staff group.

5. Compliance statement

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

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 12 months, as required by the *'Managing Conflicts of Interest in the NHS'* guidance.

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.

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 are complied with.

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

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control to ensure that resources are used economically, efficiently and effectively. The Trust has established arrangements for managing its financial and other resources, which demonstrate that value for money is being managed and achieved.

The annual budget-setting process and plan for 2019/20 was approved by the Board of Directors and communicated to all managers in the organisation. The plan was to deliver a revenue surplus in 2019/20 and have an on-going plan to improve organisational efficiency. The Chief Financial Officer and team have worked closely with divisional and corporate managers throughout the year to ensure the plan was delivered. The Trust over-achieved on this plan in year to deliver a surplus of £39.7 million, a favourable variance of £17.4m. Included within this surplus the Trust received Provider Sustainability Funding of £1.2 million. The Board has overseen the financial and operational performance of the Trust throughout the year.

The AFC reviews performance against the financial plan and efficiency programme on a regular basis. Internal Audit undertakes audits each year, which they report to the AFC, and these include the review of efficiency and use of resources across a range of expenditure types. In addition to financially related audits, the internal audit programme covers governance and risk issues.

The Performance Review Group, chaired by the Chief Operating Officer, meets monthly and reviews the financial performance of each division, including the delivery of the efficiency programme. In January 2020 the Performance Review Group and Financial Strategy Group merged to create the Finance and Performance Committee.

A Transformation Board was established in 2015 to manage a programme of strategic initiatives designed to improve the patient experience and organisational efficiency. This group also regularly reviews the outputs of the Model Hospital and Getting It Right First Time (GIRFT) visits to ensure the Trust meets best practice standards.

During the year the Trust also:

- Reviewed staff efficiency via the temporary staffing group and performance review group.
- Developed new models of care for inpatients, and ambulatory care patients via the transformation programme. These workstreams have continued into 2019/20, along with a new one which will focus on improving the Trust's patient administration processes.
- Modernised Pharmacy Services through a review of aseptic processes and a rebuild and redesign of services at the Chelsea site. The Trust is also establishing a wholly owned subsidiary for delivery of pharmacy services, RM Medicines. This will take over in August 2020, when the contract with Boots ends.
- Utilised benchmarking evidence from collaborative site visits, national tools such as the Model Hospital, and external professional reviews (such as catering) to inform future efficiency programmes.

– Worked across the health system to identify new ways of working and collaboration with partners, for example to plan for the introduction of the new faster diagnosis standard.

7. Information Governance

The Information Commissioner's Office has had the powers to fine organisations since 2010 and The Royal Marsden has not incurred any fines to date.

In addition, the UK is implementing the EU Directive on the Security of Networks and Information Systems (known as the NIS Directive). This also carries a maximum fine of €20,000,000 or four per cent of gross global turnover. Under the new legislation, organisations are required to report breaches within 72 hours of the incident discovery.

The Information Commissioner's Office also has the power to issue undertakings, which commit an organisation to a particular course of action in order to improve its compliance and enforcement notices. Enforcement notices are issued to organisations in breach of legislation, requiring them to take specified steps to ensure that they comply with the law. Since the introduction of General Data Protection Regulation (GDPR) and the Data Protection Act 2018, incident reporting requirements have changed. There are now three types of breaches reportable under the new regime: confidentiality, integrity and availability.

During 2019/20, two incidents were reported externally via the Data Security and Protection Toolkit; one incident is currently under investigation by the Information Commissioner's Office, and the second incident closed with no further action.

To date, The Royal Marsden has not been levied a fine, enforcement notice or undertaking for breaching data protection legislation or regulatory requirements.

8. Data quality and governance

The Trust maintains a performance and data quality framework which ensures that source data for all reported metrics are well defined and are subject to appropriate levels of data quality assurance. The Trust's Data Quality team performs regular checks on Trust data, and data asset owners also separately run audit programmes to ensure accuracy. Outlier data is always investigated by performance and information analysts to ensure robustness.

The Trust recognises that up-to-date, unambiguous and comprehensive procedural documents are essential to the provision of safe and high-quality patient care. Local policy surrounding the quality of data and services is reviewed and ratified annually via a consultative committee approval process.

A data quality report, which includes a live issue log, is regularly presented to the Trust's Information Governance Committee, which reports into the QAR Committee. The data quality team provides refreshed training to any staff or staff groups where systemic issues have been identified. Trust internal auditors reviewed the Trust's approach to data quality this year and were able to conclude "significant assurance with minor improvement opportunities".

Elective waiting time data undergoes a robust process of monthly review and spot check, and is also normally subject to an annual external audit.

Quality metrics are reported quarterly to the Board and the Council of Governors and are reviewed monthly by the Trust's Acute Performance Group as well in the commissioner-hosted Clinical Quality Review Group (CQRG).

9. Review of effectiveness

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

I have drawn on the performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Finance Committee, and the Quality, Assurance and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

The Board Assurance Framework provides evidence that the effectiveness of controls to manage strategic risks to the organisation and achieving its principal objectives have been reviewed and monitored.

My review is also informed by:

- Assessment of financial reports submitted to NHS Improvement, the Independent Regulator of NHS Foundation Trusts
- The Board Leadership and Development Framework and review of its performance in light of the 'well led' guidance issued by NHS Improvement
- Opinions and reports made by external auditors
- Opinions and reports made by internal auditors
- Opinions and reports made by clinical auditors
- Achievement of the Customer Service Excellence standard
- Announced CQC inspections
- NHS London Annual Emergency planning assurance process
- ISO 9001 compliance for radiotherapy and chemotherapy
- Clinical Pathology Accreditation (CPA) held for designated pathology services
- UKAS Imaging Services Accreditation Scheme for Radiology Imaging Services
- Six-monthly Integrated Governance Monitoring Reports
- Infection Control Annual Report
- Clinical audit reports and action plans
- Investigation reports and action plans following serious and significant incidents
- Departmental and clinical risk assessments and action plans
- Results of the national patient surveys
- Results of the national Staff Survey.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control has been reviewed by:

- The Board of Directors; through consideration of key objectives and the management of principal risks to those objectives within the Board Assurance Framework
- The Integrated Governance and Risk Management Committee; by reviewing all policies relating to governance and risk management, and monitoring the implementation of arrangements within the Trust
- The Audit and Finance Committee; by reviewing and monitoring the opinions and reports provided by both internal and external audit
- The Quality Assurance and Risk Committee; by implementing and reviewing clinical governance and risk management arrangements and receiving reports from all operational risk committees
- External assessments of services.

Conclusion

As Accounting Officer, and based on the review process detailed above, I am assured that there are no significant internal control issues.

Approval of the Annual Governance Statement:

Dame Cally Palmer
Chief Executive
12 June 2020

Approval of the Accountability Report:

Dame Cally Palmer
Chief Executive
12 June 2020

3. Annual Accounts for the year ended 31 March 2020

Foreword to the Accounts The Royal Marsden NHS Foundation Trust

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

Dame Cally Palmer
Chief Executive Officer
12 June 2020

Independent auditor's report to the Board of Governors and Board of Directors of The Royal Marsden NHS Foundation Trust

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of The Royal Marsden NHS Foundation Trust (the 'foundation trust'):

- give a true and fair view of the state of the foundation trust's affairs as at 31 March 2020 and of the foundation trust's income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We have audited the financial statements which comprise:

- statement of comprehensive income;
- statement of financial position;
- statement of changes in taxpayers' equity;
- statement of cash flows; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – NHS revenue and provisions – Property valuation – Management override of control Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the financial statements was £9.2m which was determined on the basis of revenue.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There have not been any significant changes to our approach.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

– the directors' use of the going concern basis of accounting in 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 foundation 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.

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. NHS revenue and provisions

Key audit matter description	There is significant judgement in the recognition of revenue from care of NHS patients and in the provisioning for disputes with commissioners due to the complexity of the payment by results regime, in particular in determining the level of overperformance and the judgemental nature of accounting for disputes. Details of the foundation trust's income, including £233.2m (2018/19: £213.9m) of Commissioner Requested Services and £1.3m (2018/19: £40.5m) of Provider Sustainability Funding (PSF), are shown in note 3.1 and note 3.3 to the financial statements. NHS debtors and accrued income of £16.8m (2018/19: £18.5m) are shown in note 13.1 to the financial statements. The majority of the foundation trust's income is commissioned by NHS England. The settlement of income with Clinical Commissioning Groups continues to present challenges, leading to disputes and delays in the agreement of year-end positions.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over recognition of NHS income. We performed detailed substantive testing on a sample basis of the recoverability of unsettled revenue amounts, and evaluated the results of the agreement of balances exercise. We challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.
Key observations	We considered the estimates made by the foundation trust in respect to their recognition of NHS revenue to be within an acceptable range.

5.2. Property valuation

Key audit matter description	The foundation trust holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £142.4m (2018/19: £128.0m). The valuations are by nature significant estimates which are based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset, the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets) and which can be subject to material changes in value. The foundation trust's valuer provided a report on the valuation of the Trust's estate as at 31 December 2019. The foundation trust's valuer subsequently provided a 'bridging letter' to confirm that the valuation of the foundation trust's estate would not have moved materially between 31 December 2019 and 31 March 2020. As detailed in note 1.21, in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), in the bridging letter the valuer referred to a 'material valuation uncertainty'. This was on the basis of uncertainties in markets caused by COVID-19. In particular, the valuer noted that capital and rental values may change rapidly in the short to medium term, and build costs are likely to change as a result of prevailing market restrictions.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over property valuations, and tested the accuracy and completeness of data provided by the foundation trust to the valuer. We worked with Deloitte internal valuation specialists to review and challenge the appropriateness of the key assumptions used in the valuation of the foundation trust's properties. We have reviewed the disclosures in notes 1.7 and 1.21 to the financial statements and evaluated whether these provide sufficient explanation of the basis of the valuation and the judgements made in preparing the valuation. We considered the impact of uncertainties relating to the COVID-19 pandemic upon property valuations in evaluating the property valuations and related disclosures. We assessed whether the valuation and the accounting treatment of the revaluation was compliant with the relevant accounting standards, and in particular whether impairments should be recognised in the Income Statement or in Other Comprehensive Income.
Key observations	While we note the increased estimation uncertainty in relation to the property valuation as a result of COVID-19, and as disclosed in note 1.21, we consider that the key judgements are within the acceptable range. There were no other matters arising from our work.

5.3. Management override of controls

Key audit matter description	We consider that there is a heightened risk across the NHS that management may override controls to manipulate fraudulently the financial statements or accounting judgements or estimates. This is due to the tight financial circumstances of the NHS and close scrutiny of the reported financial performance of individual organisations. In 2019/20, the foundation trust was allocated £1.3m of revenue funding in the form of Provider Sustainability Funding (PSF), contingent on achieving financial and operational targets for the year, equivalent to a "control total" for the year of a surplus (adjusted for certain items) of £1.3m. This creates an incentive for reporting financial results that meet or exceed the control total. The foundation trust's reported results show a surplus of £25.2m, equivalent to £23.9m above the control total. NHS Trusts and Foundation Trusts have previously been requested by NHS Improvement to consider a series of "technical" accounting areas and assess both whether their current accounting approach meets the requirements of International Financial Reporting Standards, and to remove "excess prudence" to support the overall NHS reported financial position. The areas of accounting estimate highlighted included accruals, deferred income, injury cost recovery debtors, partially completed patient spells, bad debt provisions, property valuations, and useful economic lives of assets. Details of critical accounting judgements and key sources of estimation uncertainty are included in note 1.21
How the scope of our audit responded to the key audit matter	**Manipulation of accounting estimates** Our work on accounting estimates included considering areas of judgement, including those identified by NHS Improvement. We have considered both the individual judgements and their impact individually and in aggregate upon the financial statements. In testing each of the relevant accounting estimates, we considered their findings in the context of the identified fraud risk. Where relevant, the recognition and valuation criteria used were compared to the specific requirements of IFRS. We tested accounting estimates (including in respect of NHS revenue and provisions and property valuations discussed above), focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources. We evaluated the rationale for recognising or not recognising balances in the financial statements and the estimation techniques used in calculations, and considered whether these were in accordance with accounting requirements and were appropriate in the circumstances of the foundation trust. **Manipulation of journal entries** We used data analytic techniques to select journals for testing with characteristics indicative of potential manipulation of reporting. We traced the journals to supporting documentation and evaluated the accounting rationale for the posting. We evaluated individually and in aggregate whether the journals tested were indicative of fraud or bias. **Accounting for significant or unusual transactions** We considered whether any transactions identified in the year required specific consideration and did not identify any requiring additional procedures to address this key audit matter.
Key observations	Based on the work performed, we found no matters that were reportable to those charged with governance.

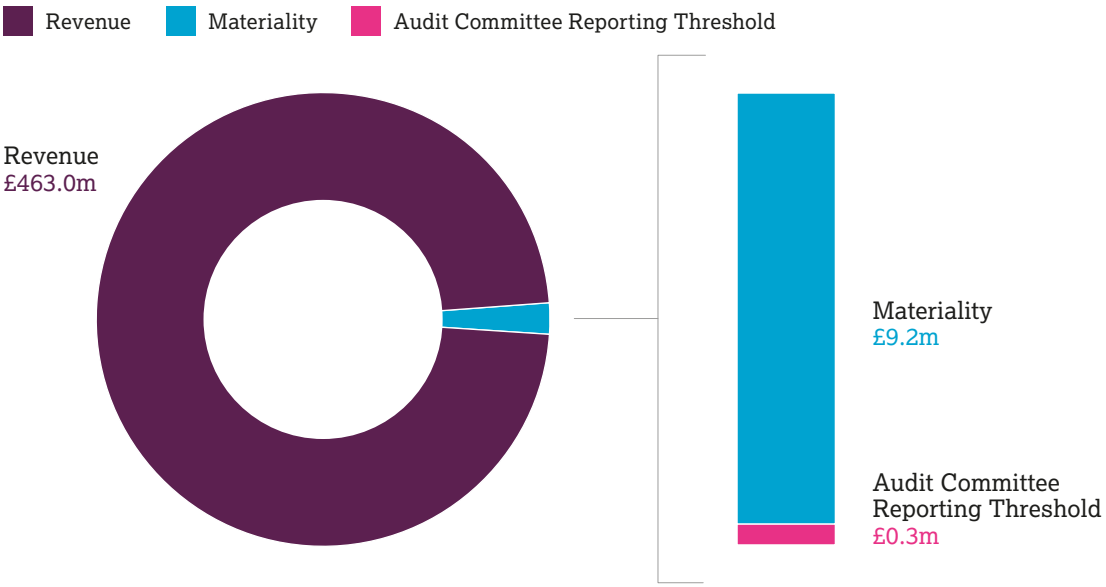
6. Our application of materiality

6.1. Materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Foundation Trust financial statements	
Materiality	£9.2m (2019: £9.3m)
Basis for determining materiality	2.0% of revenue (2019: 2.0% of revenue)
Rationale for the benchmark applied	Revenue was chosen as a benchmark as the foundation trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2019/20 audit (2018/19: 75%). In determining performance materiality, we considered the following factors:

a. the quality and maturity of the control environment;

b. the small number and low size of corrected and uncorrected misstatements identified in the previous audit;

c. the relatively stable business environment throughout the year;

d. the low turnover of management and key accounting personnel; and the relatively low risk of material fraud in the organisation

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £300k (2019: £300k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the foundation trust and its environment, including internal controls, and assessing the risks of material misstatement at the foundation trust level.

7.2. Our areas of our audit scope

The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and information technology systems.

8. Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of accounting officer

As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the foundation trust or to cease operations, or has no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

11. Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

– the parts of the Directors' Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and

– the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

12. Matters on which we are required to report by exception

12.1. Annual Governance Statement, use of resources, and compilation of financial statements

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

– the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit;

– the foundation trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or

– proper practices have not been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

12.2. Reports in the public interest or to the regulator

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

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

13. Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

14. Use of our report

This report is made solely to the Board of Governors and Board of Directors ("the Boards") of The Royal Marsden NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Gooding, FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, UK
12 June 2020

Statement of comprehensive income for the year ended 31 March 2020

	Note	2019/20	2018/19
		£000	£000
Income from activities	3	**365,459**	339,369
Other operating income	3	**97,557**	129,194
Operating expenses	4	**(419,355)**	(401,139)
Operating surplus/(deficit)		**43,661**	67,424
Finance costs			
Finance income	7	**677**	348
Finance expense	8	**(222)**	(191)
Public Dividend Capital dividends payable		**(4,131)**	(3,286)
Net finance costs		**(3,676)**	(3,130)
Profit/(Loss) on disposal of plant, property and equipment	6	**(256)**	–
Share of profit in joint venture	11	**–**	280
Surplus/(Deficit) for the year		**39,729**	64,574
Other comprehensive (losses)/income			
Revaluation gains/(losses) on land and buildings	10	**9,380**	–
Total comprehensive income/(expense) for the year		**49,109**	64,574

Surplus for the year pre impairment and adjustments relating to capital charitable donations	Note	2019/20	2018/19
		£000	£000
Surplus/(Deficit) for the year		**39,729**	64,574
Donated capital income	10	**(14,298)**	(5,187)
Depreciation on donated assets		**5,314**	5,027
Impairment	4	**(5,794)**	1,204
(Profit)/loss on disposal	6	**256**	–
Surplus for the year pre loss on disposal and adjustments relating to capital charitable donations		**25,207**	65,618

Statement of financial position as at 31 March 2020

	Note	31 March 2020	31 March 2019
		£000	£000
Non-current assets			
Intangible assets	9	**3,066**	3,813
Tangible assets	10	**220,006**	179,964
Investment in Joint Venture	11	**231**	2,709
Total non-current assets		**223,303**	186,486
Current assets			
Inventories	12	**6,349**	5,966
Trade and other receivables	13	**101,904**	122,494
Cash and cash equivalents	17	**121,500**	78,164
Total current assets		**229,753**	206,624
Current liabilities			
Trade and other payables	15	**(57,811)**	(52,568)
Provisions	16	**(1,084)**	(493)
Borrowings	16	**(3,472)**	(2,497)
Deferred income and other liabilities	15	**(24,361)**	(28,945)
Tax payable	15	**(5,289)**	(5,164)
Total current liabilities		**(92,017)**	(89,667)
Non-current liabilities			
Trade and other payables	16	**(1,140)**	–
Borrowings	16	**(19,733)**	(13,478)
Total non-current liabilities		**(20,873)**	(13,478)
Total assets employed		**340,166**	289,965
Financed by taxpayers' equity			
Public Dividend Capital	SoCTE	**108,225**	107,133
Revaluation reserve	SoCTE	**17,404**	8,024
Income and expenditure reserve	SoCTE	**214,537**	174,808
Total taxpayers' equity		**340,166**	289,965

The notes on pages 74 to 107 form part of these accounts. These financial statements have been approved by the board and authorised for issue on 12 June 2020 and signed on its behalf by:

Dame Cally Palmer
Chief Executive Officer
12 June 2020

Marcus Thorman
Chief Financial Officer
12 June 2020

Statement of changes to taxpayers' equity for the year ended 31 March 2020

	Total taxpayers' equity	Public Dividend Capital	Revaluation reserve	Income and expenditure reserve
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2018	**223,239**	**104,981**	**8,024**	**110,234**
Surplus for the year	64,574	–	–	64,574
Public Dividend Capital received	2,152	2,152	–	–
Taxpayers' equity at 31 March 2019	**289,965**	**107,133**	**8,024**	**174,808**
Taxpayers' equity at 1 April 2019	**289,965**	**107,133**	**8,024**	**174,808**
Surplus for the year	39,729	–	–	39,729
Revaluation gain on property, plant and equipment	9,380	–	9,380	–
Public Dividend Capital received	1,092	1,092	–	–
Taxpayers' equity at 31 March 2020	**340,166**	**108,225**	**17,404**	**214,537**

Statement of cash flows for the year ended 31 March 2020

	2019/20	2018/19
	£000	£000
Cash flows from operating activities		
Total operating surplus	**43,661**	67,424
Non-cash income and expenses		
Depreciation and amortisation	**15,990**	15,144
Impairment	**(5,794)**	1,204
(Increase)/Decrease in inventories	**(383)**	(790)
(Increase)/Decrease in receivables	**20,223**	(29,949)
Increase/(Decrease) in trade and other payables	**5,538**	(5,376)
(Decrease)/Increase in deferred income	**(6,216)**	(43)
Increase/(Decrease) in other liabilities	**1,631**	769
Increase/(Decrease) in provisions	**590**	452
Net cash inflow/(outflow) from operating activities	**75,240**	48,836
Cash flows used in investing activities		
Interest received	**677**	348
Purchase of intangible assets	**(440)**	(1,957)
Purchase of property, plant and equipment	**(36,714)**	(16,706)
Proceeds from sale of property, plant and equipment	**–**	29
Net cash used in investing activities	**(36,476)**	(18,286)
Cash flow from financing activities		
Public Dividend Capital received	**1,092**	2,152
Loan received	**9,700**	4,300
Interest paid	**(215)**	(192)
Loan repaid	**(2,477)**	(2,477)
Public Dividend Capital dividends paid	**(3,528)**	(3,431)
Net cash inflow/(outflow) from financing activities	**4,572**	352
Increase/(Decrease) in cash and cash equivalents	**43,336**	30,902
Cash and cash equivalents at 1 April	**78,164**	47,262
Cash and cash equivalents at 31 March	**121,500**	78,164

Further information on the Statement of Cash Flows can be found in note 17.

1. Accounting policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, 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 accounts.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

Going concern

These accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

After making enquiries, the Board of Directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. They have not identified any material uncertainties that may cast significant doubt on the Trust's ability to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the accounts.

1.1 Consolidation

NHS Charitable Fund

The Trust is the corporate trustee to The Royal Marsden Hospital Charity (RMHC) NHS charitable fund (Charity no. 1050537). The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund. The assets and activities of RMHC however, were transferred to the Royal Marsden Cancer Charity (RMCC) on 1 September 2011 and the Trust has determined not to consolidate RMHC on the grounds of materiality.

The Royal Marsden Cancer Charity (RMCC) (Charity no. 1095197) is a registered charity and a company limited by guarantee (Company no. 04615761) with a Board of individual trustee directors, which has a wholly owned subsidiary trading company. The RMCC is not an NHS linked charity and therefore does not fall within the definition of a subsidiary. As such the RMCC has not been consolidated into the financial statements of the Trust.

Joint ventures

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the Trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, such as share dividends, are received by the Trust from the joint venture.

In 2019/20, an impairment review was performed of the Trust's investment in its joint venture arrangement 'Systems Powering Healthcare Limited' with Chelsea and Westminster NHS Foundation Trust. This followed Chelsea and Westminster NHS Foundation Trust serving notice of their intention to cease to be a member of the company. This identified an impairment of £2,478,000, as detailed in note 11.

1.2 Revenue from contracts with customers

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

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

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for healthcare services. A performance obligation relating to delivery of a spell of healthcare is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the standard entailing a delivery of a series of goods or services 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.

NHS contract revenue is recognised to the extent that collection of consideration is probable. The NHS Foundation Trust provides for expected price concessions based on the age and type of unpaid NHS contract debt. This method was introduced during 2018/19 with percentages estimated based on historical recovery and credits notes raised. This allowance is charged to income from activities.

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 and clinical trials

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.

1.3 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.4 Other income

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

1.5 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments 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 NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employers pension cost 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.

National Employment Savings Scheme (NEST pension scheme)

Employees of the Trust who are not eligible for the NHS Pension scheme are automatically enrolled into NEST, a defined contribution pension scheme. The amounts charged to the Income and Expenditure account represent the contributions payable by the Trust during the year. Please refer to note 5.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

1.6 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 not recognised in operating expenses where it results in the creation of non-current assets such as property, plant and equipment.

NHS Improvement's guidance states that there should be no netting off of income and expenditure. There are a number of employees of the Trust that perform work for other organisations, who in turn reimburse the Trust for this work. The accounts show the income and expense from these arrangements under the headings 'Other income' and 'Staff costs' respectively.

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to the 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 a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous 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 economic lives.

Measurement

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

All 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.

All land and buildings are revalued every five years with an interim valuation in the third year or more frequently if it is felt that the market is subject to significant volatility. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation, Global Standards 2017, and RICS UK Guidance Note Depreciated Replacement Cost Method of Valuation for Financial Reporting, 1st Edition. Valuations are carried out primarily on the basis of Modern Equivalent asset value (MEV) for specialised operational property and fair value for non-specialised operational property. Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation upon completion. A full land and buildings valuation was last undertaken by Montagu Evans LLP as at 31 December 2016, whilst an interim valuation was undertaken by Montagu Evans as at 31 December 2019. The interim valuation has been applied to the accounts as this represented a material increase in the value of the Trust's land and buildings. The next full valuation is scheduled for the financial period ending 31 March 2022.

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

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

Subsequent expenditure

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

Depreciation

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

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

Assets in the course of construction are not depreciated until the asset is brought into use. Buildings and dwellings are depreciated on their current value over the estimated remaining life of the asset as advised by the Trust's professional valuer (less than 1-60 years). Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on cost, including historic indexation, evenly over the estimated remaining life of the asset. These are estimated as follows:

Plant and machinery	5-15 years straight line
Transport equipment	7 years straight line
Information technology	5-10 years straight line
Furniture and fittings	10 years straight line

Revaluation gains and losses

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

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

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

Impairments

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

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are netted off 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 asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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

Donated, government grant and other 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.

1.8 Intangible fixed assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the Trust intends to complete the asset and sell or use it
- the Trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset and
- the Trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware 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 under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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

Amortisation

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

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

Software licences	5 years straight line

1.9 Inventories

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

1.10 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the NHS Foundation 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 or fair value through income and expenditure.

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

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 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, 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).

The Trust provides for expected credit losses based on the age and type of each debt. The percentages applied reflect an assessment of the recoverability of each class of debt. During 2018/19 the method was reviewed and the percentages amended based on historical recovery and write off levels. Provisions are charged to operating expenditure.

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.

De-recognition

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

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

1.11 Cash and cash equivalents

Cash, bank and overdraft balances are recorded at the current values of these balances in the Trust's cash book. Overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, 'finance income' and 'finance expenses' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.12 Leases

Finance leases

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

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

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

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

1.13 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 the discount rates published and mandated by HM Treasury.

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 NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 16.2 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.

Other insurance

The Trust holds commercial insurance for a range of risks in excess of those covered by the non-clinical risk pooling scheme. This includes cover for property damage and increased costs of working.

1.14 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 19 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 19, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

1.15 Public dividend capital

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

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

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 assets (including lottery 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 thus

calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.16 Value added tax

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

1.17 Corporation tax

Health service bodies, including foundation trusts are exempt from tax on their principal healthcare income.

The Trust has determined that there is no corporation tax liability due for 2019/20 (2018/19 Nil).

1.18 Foreign exchange

The functional and presentational currency of the Trust is sterling.

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

1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note (note 24) to the accounts in accordance with the requirement of HM Treasury's Financial Reporting Manual.

1.20 Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical judgements, apart from those involving estimations which are presented separately below, that have been made in the process of applying the Trust's accounting policies.

1.21 Sources of estimation uncertainty

The valuation of the Trust's land and buildings (note 1.7) is a source of estimation uncertainty that has a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Trust had an interim valuation of its land and buildings conducted in year and the valuation has been applied to the Trust's accounts.

However, the Trust's valuers did highlight that the ongoing COVID-19 crisis may give rise to material valuation uncertainty. They noted that we are now in a period of significant uncertainty in relation to many factors that historically have acted as drivers of the property investment and letting markets, with major adverse impacts affecting global stock markets, future economic growth forecasts, and business and consumer confidence.

The Trust's valuers noted that there is as yet little or no empirical evidence currently available on the impact of COVID-19 on property market activity or values, resulting in a reduced level of certainty that can be attached to their valuation. They noted that the situation remains uncertain and capital and rental values may change rapidly in the short to medium term.

However, from their review, and evidence to date the Trust's valuers stated that they have not established any market evidence that would support a change in value and therefore concluded that there has been no material change in values between 31 December 2019 (the adopted valuation date) and 31 March 2020.

They noted that market sentiment suggests that the significant uncertainty introduced by the COVID-19 pandemic will impact value, but in their view, it will take a period of time for that uncertainty to be reflected in changing values.

1.22 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

The losses and special payments note, note 20.2, is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

1.23 Early adoption of standards, amendments and interpretation

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

1.24 Accounting standards that have been issued but have not yet been adopted

The GAM does not require the following Standards and Interpretations to be applied in 2019/20. These standards are still subject to HM Treasury FReM adoption, with the government implementation date for IFRS 16 being 2021/22.

IFRS 16 Leases

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

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

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

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

2. Segmental analysis

	2019/20	2018/19
	£000	£000
Income	**463,016**	468,563
Operating surplus/(deficit)	**43,661**	67,424
Total assets employed	**340,165**	289,965

The Trust has only one segment of business which is the provision of healthcare. The segment has been identified with reference to how the Trust is organised and the way in which the chief operating decision maker (determined to be the Board of Directors) runs the Trust.

The geographical and regulatory environment and the nature of services provided are consistent across the organisation and are therefore presented in one segment. The necessary information to develop detailed income and expenditure for each product and service provided by the Trust is currently not discretely available and the cost to develop this information would be excessive.

3. Operating income

3.1 Income from activities by source

	2019/20	2018/19
	£000	£000
Commissioner-requested services		
CCGs and NHS England	**230,491**	210,406
Department of Health and Social Care	**2,088**	2,560
Other NHS	**585**	901
Non-commissioner-requested services		
Local authority	**–**	4,340
Private care	**132,295**	121,162
	365,459	339,369

The above analysis classifies income from activities arising into commissioner-requested and non-commissioner-requested services as set out in the Trust's Provider License.

3.2 Analysis of income from activities by nature

	2019/20	2018/19
	£000	£000
Elective income	**57,598**	56,125
Non-elective income	**8,823**	7,531
First outpatient income	**4,268**	3,691
Follow up outpatient income	**38,531**	34,042
High cost drugs income from commissioners (excluding pass-through costs)	**16,984**	13,715
Other types of activity income	**106,634**	102,953
Private patient income	**132,621**	121,312
	365,459	339,369

3.3 Other operating income

	2019/20	2018/19
	£000	£000
Other operating income from contracts with customers:		
Commercial trials income	**15,220**	14,043
Education and training	**5,187**	5,571
Non-patient care services to other bodies	**7,974**	9,011
Services provided to associated charities	**647**	2,913
Hosted IT services	**–**	941
Car parking	**638**	647
Catering	**1,498**	1,548
Salaries and wages recharged to other organisations	**4,484**	4,455
Sustainability and transformation fund income	**1,291**	40,460
Other contract income	**8,161**	8,172
Other non-contract operating income:		
Research and development	**12,738**	13,502
Royal Marsden Partners	**12,030**	10,552
Charitable and other contributions to expenditure	**27,689**	17,379
	97,557	129,194

3.4 Analysis of income from activities by type

During 2019/20 income from overseas visitors where the patient is charged directly by the Trust was £126,344 (2018/19: £150,050). Cash payments received in year relating to invoices raised in the current and prior years totalled £6,749 (2018/19: £82,631). Amounts added to the provision for impairment of receivables was £24,054 (2018/19: £47,086). Amounts written off in year was £119,290 (2018/19: £141,559).

3.5 Transaction price allocated to remaining performance obligations

	31 March 2020	31 March 2019
	£000	£000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year	**5,651**	5,333
Total revenue allocated to remaining performance obligations	**5,651**	5,333

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.

4. Operating expenses

4.1 Analysis of operating expenses

	2019/20	2018/19
	£000	£000
Staff costs	**230,700**	225,096
Executive Directors' costs	**1,108**	956
Non-Executive Directors' costs	**162**	153
Drug costs	**82,438**	76,307
Supplies and services – clinical	**34,641**	32,839
Supplies and services – general	**8,428**	8,270
Establishment	**3,520**	3,439
Transport	**2,260**	2,247
Premises	**18,166**	17,259
Bad debts	**570**	(1,354)
Depreciation and amortisation	**15,991**	15,144
Property, plant and equipment impairment	**(5,794)**	1,204
Consultancy	**1,540**	903
Audit services – statutory audit	**77**	76
Other services: audit-related assurance services	**5**	18
Internal audit and Local Counter Fraud Service	**94**	94
Clinical negligence	**1,516**	1,240
Training, courses and conferences	**1,555**	1,594
Patient travel	**875**	958
Purchase of healthcare from non-NHS bodies	**3,595**	3,229
Other services from NHS Foundation Trusts	**3,991**	4,137
Other services from NHS Trusts	**3,589**	2,911
Other services from other NHS bodies	**96**	54
Other operating expenses	**10,232**	4,365
	419,355	401,139

Limitation on auditor's liability for external audit work carried out for the financial year 2019/20 is £2,000,000.

4.2 Operating leases

Operating lease rentals include:

Minimum lease payments	2019/20	2018/19
	£000	£000
Plant and machinery	**593**	481
Buildings	**1,539**	2,610
	2,132	3,091

Operating lease commitments include:

Minimum lease payments		2019/20	2018/19
		£000	£000
Total commitments on leases expiring			
Not later than one year	Buildings	**449**	–
	Other	**18**	228
Between one and five years	Buildings	**6,913**	906
	Other	**–**	–
After more than five years	Buildings	**30,780**	–
	Other	**–**	–
		38,160	1,134

4.3 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments and (reversals) charged to operating (surplus) / deficit resulting from:		
Changes in market price	**(8,271)**	1,204
Valuation of Investment in Joint Venture	**2,478**	–
Total net impairments and (reversals) charged to operating (surplus) / deficit	**(5,794)**	1,204
Impairments / (reversals) charged to the revaluation reserve	**(9,380)**	–
Total net impairments and (reversals)	**(15,174)**	1,204

The Trust had an interim valuation of its land and buildings conducted in year. This resulted in an overall upward valuation, as seen in the reversals charged to the operating surplus and the revaluation reserve.

5. Employee expenses and numbers

5.1 Employee expenses

	Permanently employed	Temporary and contract staff	**2019/20 total**	2018/19 total
	£000	£000	**£000**	£000
Salaries and wages	167,377	9,569	**176,946**	180,253
Social security costs	18,657	821	**19,478**	18,587
Employer contributions to NHS Pensions Agency & NEST	29,855	649	**30,504**	21,213
Agency staff	–	4,880	**4,880**	5,999
	215,889	**15,919**	**231,808**	226,052

5.2 Average number of persons employed (full time equivalent)

	Permanently employed number	Temporary and contract staff number	**2019/20 total number**	2018/19 total number
Medical and dental staff	433	23	**456**	432
Administration and estates	1,135	92	**1,227**	1,204
Healthcare assistants and other support staff	376	26	**402**	452
Nursing, midwifery and health visiting staff	1,023	109	**1,132**	1,241
Nursing, midwifery and health visiting learners	17	–	**17**	30
Scientific, therapeutic and technical staff	488	12	**500**	610
Healthcare science	307	33	**340**	296
	3,779	**295**	**4,074**	4,265

5.3 Median pay

The Trust is required to disclose the relationship between the remuneration of the highest-paid director in the Trust and the median remuneration of the Trust's workforce. The mid-point of the banded remuneration of the highest-paid director in the Trust in the financial year 2019/20 was £282,500 (2018/19: £267,500). This was 7.24 (2018/19: 7.16) times the median remuneration of the workforce, which was £39,030 (2018/19: £37,345). The median has been calculated to include inner London-weighting, as the highest paid director is London-based.

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

5.4 Retirement due to ill health

During 2019/20 there were no early retirements from the Trust agreed on the grounds of ill health (2018/19: one). As such, there is no additional pension liability for ill health retirements in 2019/20 (2018/19: £37,972). The cost of ill health retirements is borne by the NHS Pensions Agency.

6. Profit/(Loss) on disposal of plant, property and equipment

	2019/20	2018/19
	£000	£000
Gain/(Loss) on disposal of plant and equipment	(256)	–
	(256)	–

7. Financing income

	2019/20	2018/19
	£000	£000
Interest receivable	677	348
	677	348

8. Finance expense

	2019/20	2018/19
	£000	£000
On loans from the Independent Trust Financing Facility	(222)	(191)
	(222)	(191)

9. Intangible assets

	Software licences
	£000
Cost at 1 April 2019	5,814
Additions purchased	439
Reclassifications	–
Disposals	–
Cost at 31 March 2020	6,253
Accumulated depreciation at 1 April 2019	(2,001)
Provided during the year	(1,186)
Reclassifications	–
Disposals	–
Depreciation at 31 March 2020	(3,187)
Purchased	2,990
Donated	76
Net book value at 31 March 2020	3,066
Cost at 1 April 2018	3,858
Additions purchased	1,956
Disposals	–
Cost at 31 March 2019	5,814
Accumulated depreciation at 1 April 2018	(1,189)
Provided during the year	(812)
Disposals	–
Depreciation at 31 March 2019	(2,001)
Purchased	3,727
Donated	86
Net book value at 31 March 2019	3,813

10. Property, plant and equipment

10.1 Property, plant and equipment at the balance sheet date comprise the following elements:

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Information technology	Furniture and fittings	**Total**
	£000	£000	£000	£000	£000	£000	**£000**
Cost at 1 April 2019	13,365	133,197	12,191	77,733	19,064	2,462	**258,012**
Additions purchased	–	–	23,152	–	–	–	**23,152**
Additions donated	–	–	14,298	–	–	–	**14,298**
Reclassifications	–	3,766	(12,952)	8,490	523	173	**–**
Revaluation	439	24,258	–	–	–	–	**24,697**
Impairment	(1,242)	(5,803)	–	–	–	–	**(7,045)**
Transfers to assets held for sale	–	–	–	–	–	–	**–**
Disposals	–	–	–	(2,578)	–	–	**(2,578)**
Cost at 31 March 2020	**12,562**	**155,418**	**36,689**	**83,645**	**19,587**	**2,635**	**310,536**
Depreciation at 1 April 2019	–	(18,531)	–	(43,119)	(14,708)	(1,690)	**(78,048)**
Provided during the year	–	(7,058)	–	(5,887)	(1,657)	(203)	**(14,805)**
Reclassifications	–	–	–	–	–	–	**–**
Revaluation	–	–	–	–	–	–	**–**
Impairment	–	–	–	–	–	–	**–**
Transfers to assets held for sale	–	–	–	–	–	–	**–**
Disposals	–	–	–	2,323	–	–	**2,323**
Depreciation at 31 March 2020	**–**	**(25,589)**	**–**	**(46,683)**	**(16,365)**	**(1,893)**	**(90,530)**
Net book value at 31 March 2020	**12,562**	**129,829**	**36,689**	**36,962**	**3,222**	**742**	**220,006**
Cost at 1 April 2018	13,365	125,914	12,303	70,119	18,572	2,229	**242,502**
Additions purchased	–	–	10,679	–	–	–	**10,679**
Additions donated	–	–	5,187	–	–	–	**5,187**
Reclassifications	–	7,283	(15,978)	7,670	791	233	**–**
Revaluation	–	–	–	–	–	–	**–**
Impairment	–	–	–	–	–	–	**–**
Transfers to assets held for sale	–	–	–	–	–	–	**–**
Disposals	–	–	–	(56)	(299)	–	**(355)**
Cost at 31 March 2019	**13,365**	**133,197**	**12,191**	**77,733**	**19,064**	**2,462**	**258,012**
Depreciation at 1 April 2018	–	(10,525)	–	(37,728)	(13,126)	(1,488)	**(62,867)**
Provided during the year	–	(6,802)	–	(5,447)	(1,881)	(202)	**(14,332)**
Reclassifications	–	–	–	–	–	–	**–**
Revaluation	–	–	–	–	–	–	**–**
Impairment	–	(1,204)	–	–	–	–	**(1,204)**
Transfers to assets held for sale	–	–	–	–	–	–	**–**
Disposals	–	–	–	56	299	–	**355**
Depreciation at 31 March 2019	**–**	**(18,531)**	**–**	**(43,119)**	**(14,708)**	**(1,690)**	**(78,046)**
Net book value at 31 March 2019	**13,365**	**114,666**	**12,191**	**34,614**	**4,356**	**772**	**179,964**

10.2 Property, plant and equipment by funding source

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Information technology	Furniture and fittings	**Total**
	£000	£000	£000	£000	£000	£000	**£000**
Purchased	12,562	86,368	25,139	18,468	3,179	487	**146,202**
Donated	–	43,461	11,550	18,494	43	256	**73,804**
Net book value at 31 March 2020	**12,562**	**129,829**	**36,689**	**36,962**	**3,222**	**742**	**220,006**
Purchased	13,365	68,665	8,779	19,632	4,299	409	**115,151**
Donated	–	46,001	3,412	14,982	57	363	**64,814**
Net book value at 31 March 2019	**13,365**	**114,666**	**12,191**	**34,614**	**4,356**	**772**	**179,965**

10.3 The net book value of land and buildings comprises:

	31 March 2020	31 March 2019
	£000	£000
Freehold	**142,391**	128,031
	142,391	128,031

11. Investments in joint ventures

	2019/20	2018/19
	£000	£000
Value at 1 April	**2,709**	2,428
Acquisitions in year	**–**	–
Impairment	**(2,478)**	
Share of profit	**–**	281
Value at 31 March	**231**	2,709

During the year 2015/16, the Trust undertook the joint venture arrangement 'Systems Powering Healthcare Limited' with Chelsea and Westminster NHS Foundation Trust, which manages the IT service provision for both Trusts. Each Trust owns 50% and the company is incorporated in the UK.

12. Inventories

	2019/20	2018/19
	£000	£000
Raw materials and consumables	**6,349**	5,966
	6,349	5,966

13. Trade receivables and other receivables

13.1 Current

	2019/20	2018/19
	£000	£000
NHS contract receivables*	**11,521**	17,076
Non-NHS contract receivables*	**50,524**	45,793
Allowance for impaired receivables	**(20)**	(113)
Allowance for impaired contract receivables/assets*	**(4,516)**	(4,607)
Prepayments	**9,484**	6,193
Accrued income*	**5,250**	1,377
Contract assets*	**22,243**	52,675
Other receivables*	**7,418**	4,101
	101,904	122,494

*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 and contract assets. This replaces the previous analysis into trade receivables and accrued income.

13.2 Allowance for credit losses – 2019/20

	Contract receivables and contract assets	All other receivables
	£000	£000
At 1 April 2019	**4,607**	**113**
Changes in existing allowances	**663**	**(93)**
Utilisation of allowances (write offs)	**(754)**	**–**
At 31 March 2020	**4,516**	**20**

13.3 Allowance for credit losses – 2018/19

	Contract receivables and contract assets	All other receivables
	£000	£000
At 1 April 2018	6,752	62
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	(1,377)	–
Changes in existing allowances	(29)	52
Utilisation of allowances (write offs)	(738)	–
At 31 March 2019	**4,607**	**113**

IFRS 9 and IFRS 15 are adopted without restatement, therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result, the 2018/19 disclosure has an additional line for the impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018.

13.4 Analysis of impaired trade and other receivables

	2019/20	2018/19
	£000	£000
Ageing of impaired receivables		
Up to three months	**1,777**	1,776
In three to six months	**1,064**	870
Over six months	**1,695**	2,075
	4,536	4,721
Ageing of non-impaired receivables past their due date		
Up to three months	**30,201**	19,887
In three to six months	**10,446**	8,067
Over six months	**6,334**	7,564
	46,981	35,518

14. Non-current asset held for sale

	2019/20	2018/19
	£000	£000
Net book value 1 April	**–**	29
Asset reclassified as available for sale	**–**	–
Revaluation	**–**	–
Impairment	**–**	–
Disposals	**–**	(29)
Net book value at 31 March	**–**	–

15. Current liabilities

	2019/20	2018/19
	£000	£000
NHS payables	**4,060**	7,061
Trade and other payables	**15,000**	17,490
Provisions	**1,084**	493
Accruals	**38,751**	28,017
Borrowings	**3,472**	2,497
Tax payable	**5,289**	5,164
Deferred income: contract liabilities	**5,651**	5,333
Other deferred income	**6,503**	13,037
Other liabilities	**12,207**	10,575
	92,017	89,667

16. Non-current liabilities

16.1 Non-current accruals

	2019/20	2018/19
	£000	£000
Accruals	1,140	–
	1,140	–

At 31 March 2020, the Trust has a liability of £1,140,000 in relation to an operating lease agreement it entered into during 2019/20. This liability is non-current as payments are due to commence in 2021/22.

16.2 Provisions for liabilities and charges

	Legal Claims	Redundancy	Clinician pension tax	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2018	(26)	–	–	(15)	(41)
Provided in year	(13)	(440)	–	–	(453)
At 31 March 2019	(39)	(440)	–	(15)	(494)

	Legal Claims	Redundancy	Clinician pension tax reimbursement	Other	**Total**
	£000	£000	£000	£000	**£000**
At 1 April 2019	(39)	(440)	–	(15)	**(494)**
Utilised during the year	–	129	–	–	**129**
Released to operating expenses during the year	–	217	–	–	**217**
Provided in year	(12)	(91)	(833)	–	**(936)**
At 31 March 2020	(51)	(185)	(833)	(15)	**(1,084)**
Expected timing of cash flows					
Less than one year	(51)	(185)	(833)	(15)	**(1,084)**
Between one and five years	–	–	–	–	**–**
	(51)	**(185)**	**(833)**	**(15)**	**(1,084)**

Legal claims are estimates from NHS Resolution on employer and public liability claims. The risks are limited to the policy excesses with NHS Resolution. Redundancy provisions are calculated using Agenda for Change guidelines. The timing of cash flows on redundancy is dependent on the outcome of consultations. Other provisions consist solely of dilapidations. Reimbursement is expected from NHS England in respect to the Clinician pension tax provision. No reimbursement is expected for any other provision.

£3,287,167 is included in the provisions of NHS Resolution at 31 March 2020 in respect of clinical negligence liabilities of the Trust (31 March 2019: £2,485,647).

16.3 Borrowings

Current	2019/20	2018/19
	£000	£000
Loans from the Independent Trust Financing Facility	**3,472**	2,497
	3,472	2,497

Non-current	2019/20	2018/19
	£000	£000
Loans from the Independent Trust Financing Facility	**19,733**	13,478
	19,733	13,478

The Trust has a fully drawn down loan facility of £21m from the Independent Trust Financing Facility. The principal is repayable in 17 equal instalments. This began in August 2015 and will end in August 2023. Interest is payable at a fixed rate of 1.42 per cent for the duration of the loan.

The Trust has an additional loan facility of £15m from the Independent Trust Financing Facility, of which £14.5m has been drawn down at 31 March 2020. The principal is repayable in 15 instalments commencing February 2021 and ending February 2028. Interest is payable at a fixed rate of 0.86% for the duration of the loan.

17. Notes to the cash flow statement

17.1 Reconciliation of net cash flow to movement in net funds

	2019/20	2018/19
	£000	£000
Increase/(Decrease) in cash in the period	**43,336**	30,902
Net funds at 1 April	**78,164**	47,262
Net funds at 31 March	**121,500**	78,164

17.2 Analysis of changes in net funds/(debt)

	At 31 March 2020	Changes in cash in year	At 1 April 2019
	£000	£000	£000
Government Banking Service cash at bank	**121,061**	43,207	77,854
Commercial cash at bank and in hand	**439**	129	310
Cash and cash equivalents	**121,500**	43,336	78,164

18. Capital commitments

Commitments under capital expenditure contracts for property, plant and equipment at the balance sheet date were £75,245,534 (2018/19 £13,812,463). The Royal Marsden Cancer Charity is committed to funding £61,666,826 (2018/19 £3,141,364) of this capital expenditure.

Commitments under capital expenditure contracts for intangible assets at the balance sheet date were £50,000 (18/19 £0).

19. Contingencies

There are no contingent assets or liabilities at the balance sheet date (2018/19: Nil).

20. Financial performance targets

20.1 Public dividend capital (PDC)

The Trust is required to demonstrate that the PDC dividend paid is in line with the actual rate of 3.5% of average relevant net assets. The actual dividend rate is the dividend payable figure in the Statement of Comprehensive Income, £4,130,679 (2018/19 £3,286,424), divided by the average of relevant opening and closing net assets, £117,851,970 (2018/19 £93,897,828), expressed as a percentage. This gives an actual dividend rate for 2019/20 of 3.5% (2018/19 3.5%).

20.2 Losses and special payments

There were 534 cases of losses and special payments (2018/19: 607) totalling £753,795 (2018/19: £738,162). Losses and special payments are reported on an accrual basis. Provisions for future losses are reported in note 16 and are excluded from this disclosure.

There were no clinical negligence, fraud, personal injury, compensation under legal obligation or fruitless payment cases where the net payment exceeded £300,000 (2018/19: £nil).

	2019/20	**2019/20**	2018/19	2018/19
	Total number of cases	**Total value of cases**	Total number of cases	Total value of cases
	Number	**£000's**	Number	£000's
Losses of cash due to:				
Salary overpayments	**–**	**–**	33	25
Bad debts and claims abandoned in relation to private patients	**483**	**570**	536	538
Bad debts and claims abandoned in relation to overseas visitors	**51**	**183**	4	142
Bad debts and claims abandoned in relation to other	**–**	**–**	34	33
	534	**753**	607	738
Special payments:				
Special severance payments	**–**	**–**	–	–
Other	**–**	**–**	–	–
	–	**–**	–	–
Total losses and special payments	**534**	**753**	607	738
Of which, cases of £300,000 or more:	**–**	**–**	–	–

21. 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 for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a. Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b. Full actuarial (funding) valuation

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

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

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

22. Related party transactions

The Trust is a public benefit corporation and has been authorised pursuant to Section 6 of the Health and Social Care (Community Health and Standards) Act 2003. The Department of Health and Social Care is the Trust's parent department.

During the year none of the Board members or members of the senior management team or parties related to them has undertaken any material transactions with the Trust.

During the year the Trust has had a significant number of material transactions with the following NHS bodies:

- NHS England
- NHS Clinical Commissioning Groups
- NHS Foundation Trusts
- NHS Trusts
- The Department of Health and Social Care
- Community Health Partnership
- Health Education England
- NHS Pension Scheme
- NHS Property Services
- NHS Blood and Transplant

The Trust has also had a number of transactions with Government departments and other central and local Government bodies. These include transactions with the Royal Borough of Kensington and Chelsea and the London Borough of Sutton relating to business rates. In addition, the Trust had transactions with The Royal Marsden Cancer Charity which is an independent registered charity (Charity no 1095197) and a company limited by guarantee. Up to four Board members of the Trust, including the Chairman and the Chief Executive, are trustees of The Royal Marsden Cancer Charity. The Trust has also had transactions with its joint venture, Systems Powering Healthcare Limited.

The Trust has entered into the following material transactions with related parties:

Income	2019/20
	£000
NHS England	**165,938**
The Royal Marsden Cancer Charity	**25,700**
NHS Sutton CCG	**18,095**
Department of Health and Social Care	**11,109**
Health Education England	**6,538**
NHS Surrey Downs CCG	**6,126**
NHS Croydon CCG	**5,031**
NHS Kingston CCG	**2,567**
Guy's & St Thomas' NHS Foundation Trust	**2,397**
NHS West London CCG	**2,379**
NHS Lambeth CCG	**2,307**
NHS Wandsworth CCG	**2,228**
NHS Merton CCG	**2,120**
NHS Richmond CCG	**2,080**
NHS East Surrey CCG	**1,414**
St George's University Hospitals NHS Foundation Trust	**1,355**
Epsom and St Helier University Hospitals NHS Trust	**1,153**
NHS Hammersmith and Fulham CCG	**1,092**
NHS Central London (Westminster) CCG	**1,081**
NHS North West Surrey CCG	**1,040**
	261,750

Income	2018/19
	£000
NHS England	188,335
NHS Sutton CCG	32,474
The Royal Marsden Cancer Charity	21,523
Department of Health and Social Care	15,327
Health Education England	6,833
NHS Surrey Downs CCG	5,734
NHS Croydon CCG	4,485
Sutton London Borough Council	4,302
Guy's & St Thomas' NHS Foundation Trust	2,331
NHS Wandsworth CCG	2,314
NHS Lambeth CCG	2,296
NHS Kingston CCG	2,221
NHS Merton CCG	2,131
NHS Richmond CCG	2,079
Epsom and St Helier University Hospitals NHS Trust	1,733
NHS West London CCG	1,666
NHS Central London (Westminster) CCG	1,161
NHS East Surrey CCG	1,120
NHS Hammersmith and Fulham CCG	1,109
	299,174

Expenditure	2019/20
	£000
NHS Pension Scheme	**30,538**
HM Revenue & Customs	**20,225**
Chelsea and Westminster NHS Foundation Trust	**5,433**
Systems Powering Healthcare Limited	**5,261**
NHS Blood and Transplant	**2,523**
Kingston Hospital NHS Foundation Trust	**2,458**
Royal Brompton and Harefield NHS Foundation Trust	**1,857**
NHS Resolution (formerly NHS Litigation Authority)	**1,516**
London North West University Healthcare NHS Trust	**1,033**
	70,844

Expenditure	2018/19
	£000
NHS Pension Scheme	21,082
HM Revenue & Customs	19,336
Systems Powering Healthcare Limited	4,589
NHS Blood and Transplant	2,326
Chelsea and Westminster NHS Foundation Trust	1,579
Kingston Hospital NHS Foundation Trust	1,514
Royal Brompton and Harefield NHS Foundation Trust	1,504
Epsom and St Helier University Hospitals NHS Trust	1,276
NHS Resolution (formerly NHS Litigation Authority)	1,240
St George's University Hospitals NHS Foundation Trust	1,221
Imperial College Healthcare NHS Trust	1,046
	56,713

Receivables	2019/20
	£000
NHS England	**13,692**
The Royal Marsden Cancer Charity	**3,711**
St George's University Hospitals NHS Foundation Trust	**1,063**
	18,466

Receivables	2018/19
	£000
NHS England	51,561
Systems Powering Healthcare Limited	1,401
Epsom and St Helier University Hospitals NHS Trust	1,324
St George's University Hospitals NHS Foundation Trust	1,140
	55,426

Payables	2019/20
	£000
HM Revenue & Customs	**5,289**
NHS Pension Scheme	**3,286**
Chelsea and Westminster NHS Foundation Trust	**1,671**
Royal Brompton and Harefield NHS Foundation Trust	**1,319**
	11,565

Payables	2018/19
	£000
HM Revenue & Customs	5,164
NHS Pension Scheme	3,179
St George's University Hospitals NHS Foundation Trust	1,008
	9,351

23. Financial instruments

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Trust does not have any complex financial instruments and does not hold or issue financial instruments for speculative trading purposes. Because of the continuing service provider relationship the Trust has with NHS England and Clinical Commissioning Groups (CCGs) and the way that NHS England and CCGs are financed, the Trust is not exposed to the degree of market, credit or liquidity risk faced by business entities.

Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. 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 financial instruments comprise loans, finance lease obligations, provisions, cash at bank and in hand and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Trust's operations.

23.1 Categories of financial instruments

	2019/20	2018/19
	£000	£000
Financial assets		
Loans and receivables (including cash)	**213,320**	194,465
Financial liabilities		
Other financial liabilities (amortised cost)	**94,122**	84,282

23.2 Fair values

	31 March 2020	**31 March 2020**	31 March 2019	31 March 2019
	Book value	**Fair value**	Book value	Fair value
	£000	**£000**	£000	£000
Financial liabilities				
Provision under contract	**(1,084)**	**(1,084)**	(493)	(493)

As allowed by IFRS 7, short-term trade debtors and creditors measured at amortised cost may be excluded from the above disclosure as their book values reasonably approximate their fair values.

23.3 Liquidity and interest risk tables

	Weighted av. interest rate %	Less than 1 year	Total
		£000	£000
Financial assets			
Non-interest bearing		91,820	91,820
Variable interest rate instrument	0.25%	121,500	121,500
Gross financial assets at 31 March 2020		**213,320**	**213,320**
Non-interest bearing		116,301	116,301
Variable interest rate instrument	0.25%	78,164	78,164
Gross financial assets at 31 March 2019		**194,465**	**194,465**

23.4 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.

24. Third party assets

The Trust held nil cash at bank and negligible cash in hand at 31 March 2020 (31 March 2019: nil) which relates to monies held by the Trust on behalf of patients.

25. Events after the reporting period

There have been no material events after the reporting period.

Life demands excellence

At The Royal Marsden, we deal with cancer every day so we understand how valuable life is. And when people entrust their lives to us, they have the right to demand the very best.

That's why the pursuit of excellence lies at the heart of everything we do. No matter what we achieve, we're always striving to do more. No matter how much we exceed expectations, we believe we can exceed them still further.

We will never stop looking for ways to improve the lives of people affected by cancer. This attitude defines us all, and is an inseparable part of the way we work. It's The Royal Marsden way.

You can visit, write to or call The Royal Marsden using the following details:

Chelsea, London

The Royal Marsden
Fulham Road
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Tel 020 7352 8171

Sutton, Surrey

The Royal Marsden
Downs Road, Sutton
Surrey SM2 5PT
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www.royalmarsden.nhs.uk

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