Inspected and rated
Good
Care Quality Commission

NHS
University Hospitals Coventry and Warwickshire
NHS Trust

2019-2020

Annual Report & Accounts

Annual Report & Accounts 2019/20

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Part 1

Welcome

1.1.1 Chair and Chief Executive's Overview

Welcome to our Annual Report for 2019/20.

As the report for UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust (UHCW) is published 2019/20 has ended with the challenge of COVID-19. We pay tribute to all our staff who have worked above and beyond to help those unfortunate enough to contract COVID-19.

While we recognise that the world is changing as a result of COVID-19, the year 2019/20 left us in a position to be confident in the way forward. We are delighted that our overall rating from the Care Quality Commission was updated from 'REQUIRES IMPROVEMENT' to 'Good' and that staff were recognised for being 'fully committed and passionate about achieving the best possible outcomes for patients. We continue to follow the UHCW improvement programme (UHCWi) and our aim is to offer the best possible patient experience and to be a national and international leader in healthcare. The inspection report shows that we are making real progress in achieving this.

As Chair and Chief Executive Officer, we are proud to celebrate the achievements of our fantastic and dedicated staff over the last year, as well as looking ahead to what we hope to achieve in 2020/21. We must pay tribute to our outgoing Chair Andy Meehan who stood down as Chair at the end of September 2019 after 5½ years.

You will read about our many success stories here, from the launch of our Nursing and Midwifery Strategic Plan to plans for a joint Oncology/Haematology Unit at the Hospital of St. Cross, Rugby. External recognition has also been abundant, with staff being celebrated for their tireless efforts and innovation. Our Neonatal Unit received Baby Friendly Accreditation from UNICEF as international recognition of its inspirational work to support infant feeding, while our Orthoptics Team scooped the prestigious HSJ Value Workforce Efficiency Award.

There have also been a number of exciting developments within the Trust. These include our Urgent Care Centre at the Hospital of St. Cross transitioning into an Urgent Treatment Centre to give patients easier ways to access care for minor injuries and illnesses, as well as our signing of the Armed Forces Covenant.

We have worked energetically with our partners in the Coventry and Warwickshire Health and Care Partnership and our university partners at Warwick and Coventry.

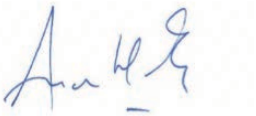
We have had a focus on health inequalities and have been talking with partners about playing our part as an anchor institution in the region as well as thinking about how we tackle the issues raised by Black Lives Matter.

We would like to end this introduction by giving our unreserved thanks, on behalf of the whole Trust Board, to our employees, volunteers and partners, in particular in a year which ended with a massive communal and collaborative effort on dealing with COVID-19.

Every year our staff demonstrate an unmatched ability to Care, Achieve and Innovate while providing the best possible service for our patients, but in the latter part of 2019/20 leading into the current year, it was needed more than most.

We look forward to working with all our colleagues and partners in 2020/21.

Signature



Professor Andrew Hardy
Chief Executive Officer

Signature

Dame Stella Manzie
Chair

1.1.2 The year in pictures

April 2019 - Excellence at the heart of UHCW's Nursing and Midwifery Strategic Plan

UHCW launched its Nursing and Midwifery Strategic Plan to ensure patients continue to receive world class care.

Underpinned by the Trust's Organisational Strategy, the Plan is designed to ensure that UHCW is an employer of choice and continues its journey as a centre of excellence for Nursing and Midwifery.

The Plan is made up of six key elements, which were showcased at an interactive market place held in the Clinical Sciences Building at UNIVERSITY HOSPITAL:

- Excellent Patient and Staff Experience
- Excellence in Education, Training and Improvement
- Career Development Pathways
- Professional Pride, Recognition and Value
- Leadership at all levels
- Research and Innovation

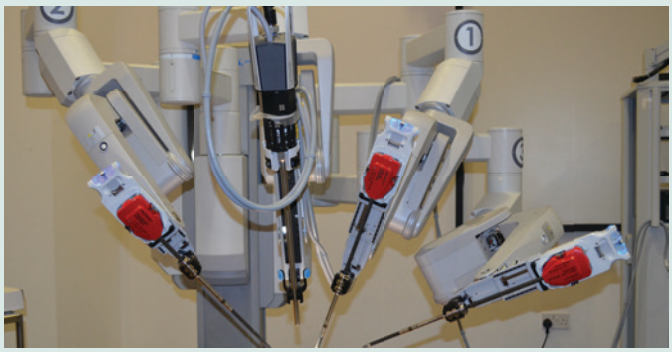
June 2019 - Healthcare managers from Europe experience life at UHCW

UHCW welcomed healthcare managers from two European countries as part of a pioneering exchange programme providing an insight into the inner workings of the NHS.

The Hospitals of EurOPE (HOPE) scheme, designed to give healthcare leaders a glimpse into different approaches and systems in place across the continent, saw Maciej Zagorski and Anette Olsson spend four weeks at the Trust.

Maciej and Anette, from Poland and Sweden respectively, were particularly interested in seeing how UHCW uses evidence based management to care, achieve and innovate.

During their time here, Maciej and Anette observed how improvement methodology has been embraced and implemented across the Trust.



May 2019 – UHCW reaches millennium milestone for surgical robot cases

A surgical robot that transformed the way complex operations are carried out at UNIVERSITY HOSPITAL completed its 1,000th case.

The da Vinci surgical robot allows consultants to see real time 3D/HD images of the patient's surgery. Since its introduction, it has helped to reduce the length of stay for patients and ensure greater accuracy. The 1,000th patient to benefit was Chris Wileman, from Radford, who was admitted to hospital with Jaundice. Investigations found he had a tumour around his pancreas that was blocking the drainage of bile.

Mr Wileman had a fast track Whipple procedure and the tumour was completely removed, allowing him to make a full recovery. The 55-year-old was back at home within six days.

July 2019 – Pioneering procedure at UHCW helps to save mother's sight

A mother's sight was saved after skilled surgeons at UNIVERSITY HOSPITAL performed a pioneering procedure to remove a brain tumour through her nose.

After visiting the Accident and Emergency Department, it was found Jackie Llewellyn-Robinson had a lesion compressing her left optic nerve. Treatment options included a Craniotomy, involving surgical removal of part of the bone from the skull to expose the brain, followedby radiotherapy.

To minimise potential side effects, surgeons instead decided on a two pronged approach that included a Craniotomy to remove part of the tumour and a delicate operation to remove the remainder in pieces through her nostril. The tumour was completely removed, with no radiotherapy required.

August 2019 - Trust launches new guide to help save babies' lives

Alongside NHS England, UHCW launched a new version of a vital guide to try and help reduce the risk of poor outcomes in pregnancy.

The Saving Babies' Lives Care Bundle Version 2 formed part of NHS England's ongoing drive to reduce the rates of stillbirths, neonatal deaths, maternal death and neonatal brain injuries.

The care bundle, available to all expectant parents and healthcare professionals, brings together five elements of care which can contribute to improvements in poor pregnancy outcomes:

- Reducing smoking in pregnancy to improve the chances of having a healthy baby
- Checking your baby's growth and what it means for you
- Raising awareness of reduced foetal movement and providing information on how to act to any changes.
- Information on effective monitoring of your baby's heartbeat during labour
- Information on if you have a preterm birth and what this could mean for you

September 2019 – OSCAs celebration for UHCW staff

UHCW celebrated the remarkable efforts of staff with its 12th annual Outstanding Service and Care Awards (OSCAs).

The Trust received a record-breaking 1,100 nominations in 13 categories, with those shortlisted convening at the Doubletree by Hilton Hotel in Coventry to celebrate their amazing stories and achievements. Nominations were open to staff, patients and relatives. Breaking with tradition, the evening's prestigious Chief Executive Officer's Award was presented to more than one deserving winner. Consultant in Emergency Medicine Chris Turner and the Cardiac Rehabilitation Team at the Hospital of St. Cross, Rugby were honoured by Professor Andy Hardy.

October 2019 - Care at the heart of changes at Rugby Urgent Treatment Centre

Rugby Urgent Care Centre was one of more than 100 sites across the country to become an Urgent Treatment Centre.

This came as part of a national initiative to standardise and improve the care offered in non-life threatening situations, as set out in the NHS Long Term Plan.

Urgent Treatment Centres offer appointment bookings via NHS 111 in addition to the normal walk in appointments, giving local patients more convenient ways to access care for minor injuries and illnesses when they need it most.

The service is open 24 hours a day all year round, including bank holidays, providing advice on sprains, suspected broken limbs and other minor injuries.

November 2019 - Reflection and recognition as Trust signs Armed Forces Covenant

UHCW honoured those who defend our democratic freedoms and way of life during a special ceremony at UNIVERSITY HOSPITAL.

Our Chief Executive, Professor Andy Hardy, signed the Armed Forces Covenant alongside The Lord Lieutenant of the West Midlands, John Crabtree OBE, and Lieutenant Colonel Paul Walkley, of the 11th Signal and West Midlands Brigade.

UHCW joined more than 30 other Acute Trusts to become a member of the Veterans Covenant Healthcare Alliance and become one of 4,000+ organisations committed to actively supporting the Armed Forces.

Our pledge includes delivering the highest quality of care to our Veterans and supporting the Armed Forces as an employer through recognising those who serve as Reservists or as Armed Forces Reserve Cadet Force Adult Volunteers.

The Trust will also assist military personnel leaving the services and transitioning from a military to a civilian career.

December 2019 – Colourful new Theatre hats introduced to improve communication among staff and patients

An abundance of colourful new hats were introduced in Theatres with the aim of improving communication throughout the department. The hats, funded by UHCW Charity, come in a variety of colours specific to certain roles, with each person's name embroidered on them in an effort to increase staff engagement and improve productivity.

Ensuring safety in emergency situations was another factor in introducing the hats, with the ability to see who is available reducing the opportunity for error.

With only a small fraction of patients previously being able to successfully identify at least one physician or trainee in charge of their hospital care, the hats have also proven to be a big step towards further improving patient confidence in their care.

January 2020 - Ruth May officially opens our Centre for Care Excellence

Chief Nursing Officer for England Ruth May officially opened our Centre for Care Excellence - believed to be the first of its kind in the country - for Nursing, Midwifery and Allied Health Professions (NMAHPs).

Led by four jointly appointed professors, the Centre's objectives are to further enhance patient care and academic excellence through research, practice development, education and innovation.

UHCW and Coventry University have a joint strategy around getting more NMAHPs involved in research and it is hoped the centre will make it easier for staff to explore a clinical academic career. As well as Ruth May, who cut a ceremonial cake, special guests at the launch included Dr Jo Fillingham, Clinical Director for AHPs at NHS Improvement and NHS England.

February 2020 - UHCW rated 'Good' by the CQC

Following a formal inspection in October and November 2019, the final inspection report by the Care Quality Commission (CQC) revealed that the Trust's overall rating had been updated from 'requires improvement' to 'Good'.

The CQC inspected Urgent and Emergency Care, Maternity, Medical Care and Neurosurgery at UNIVERSITY HOSPITAL as well as Outpatients at the Hospital of St. Cross, Rugby.

A testament to the improvements made since our last inspection, the new rating came as a result of the impact of our UHCWi programme, the professional way staff support patients and the dedication shown to providing the highest standards of care.

Inspectors complimented the 'very open and transparent' culture of the organisation as well as the high levels of engagement in place with patients, staff, equality groups, the public and partner organisations to plan and manage services.

March 2020

Our operations and emergency planning teams had been preparing the Trust's response to the Coronavirus (COVID-19) in line with national guidelines following the first outbreak in Wuhan, China.

A raft of measures were implemented in March, including assessment pods being established at UNIVERSITY HOSPITAL for those presenting with symptoms and patient visiting being suspended across the Trust to ensure the safety of patients, the public and staff.

A Rapid Discharge Hub was introduced in order for the Trust to be able to discharge all patients as soon as it could be deemed clinically safe to do so. This allowed for acute beds to be freed up for new acutely unwell patients, while keeping our bed capacity at a sustainable number.

UHCW also welcomed 60 final year students from Warwick Medical School at The University of Warwick to deliver vital support to existing medical and clinical staff to help with the response, with the Trust working with other academic partners, volunteers and members of the public who were keen to support our hospitals.

1.1.3 Awards and Successes

We are pleased to report that the Trust has had another award-winning year and has much to celebrate:

- Professor Colin MacDougall was awarded National Teaching Fellowship (NTF) by Advance HE for his contribution to enhancing medical education at the University of Warwick, as well as nationally and internationally.

- Professor Sudhesh Kumar, Non-Executive Director for the Trust, received an Order of the British Empire (OBE) in the Queen's Birthday Honours List in recognition of his contribution and commitment to the public sector.

- Consultant Neurologist Dr Abdullah Shehu was made a Member of the Order of the British Empire (MBE) in the Queen's Birthday Honours List, being recognised for his services to community cohesion across Coventry and Warwickshire.

- Our Orthoptics Team was recognised at the prestigious HSJ Value Awards, winning the Workforce Efficiency Award and being shortlisted for Technology Initiative of the Year.

- UHCW emerged as a double winner at the Association for Respiratory Technology and Physiology (ARTP) Awards. Edward Parkes, Deputy Clinical Service Manager, picked up the Dame Sue Hill Award and Dr Asad Ali, Consultant Respiratory Physician, was awarded the ARTP Special Award.

- Our Research and Development (R&D) team was recognised for its continued excellence at the Pharma Times International Clinical Research of the Year Awards 2019, taking home the Bronze award in the NHS Clinical Research Site of the Year.

- The Clinical Preceptor Support Midwives at UHCW were awarded the Team of the Year Award by the British Medical Journal (BMJ).

- Our Neonatal Unit (NNU) became the first in the Midlands and only the fourth NNU in England to achieve full Baby Friendly Status, receiving Baby Friendly Accreditation from UNICEF as international recognition of its inspirational work to support infant feeding.

- UHCW was awarded Fair Train's Gold Quality Standard for its work experience provision, being recognised for best practice in delivering high quality work experience programmes, including work placements, internships, traineeships and apprenticeships.

- Coventry and Warwickshire's Parkinson's Multi-Disciplinary Team was honoured with the UK Parkinson's Excellence Network Trophy in recognition of the outstanding partnership working that has been developed between local health services.

- The Trust was named a Disability Confident Employer by the Government for its efforts to ensure that barriers to accessing employment and fulfilling potential at the Trust are eliminated.

- Professor Siobhan Quenby and Professor Jan Brosens were named in the top 100 individuals or groups based in universities whose work is saving lives and making a life-changing difference to our health and wellbeing. They were heralded as part of Universities UK's MadeAtUni campaign.

- Coventry Hospital Radio claimed major accolades in two categories at The Hospital Broadcasting Association 2019 Awards. Dan Sambell was awarded with Gold in the category for Male Presenter of the Year. Colin and Annette Gutteridge took home the Bronze award for Best Programme with Multiple Presenters.

- A new Complex Direct Referral (CDR) Audiology clinic has been made available to General Practitioners in the Coventry and Warwickshire area. The clinic, provided by UHCW, aims to support patients with complex hearing issues to access services more quickly.

- The Centre for Reproductive Medicine (CRM) was listed as the top IVF Clinic in the country with a success rate of 43 per cent.

Part 2.2

Performance Report

2.1 Overview

In 2019/20 the Trust continued the journey to be a national and international leader in healthcare and good progress has been made in several areas in line with strategic objectives.

The national context continues to be challenging, both operationally and financially and these challenges will continue. The Trust has continued to utilise UHCWi improvement methodology to work differently to address the rising demand and continuing financial and operational pressures.

The impact of the COVID-19 pandemic on the Trust and its services can be seen in the end of year performance against standards and will continue to be reflected in 2020/21 as the Trust commences a process of elective restoration of services in line with National guidance. We have worked closely with our system partners and have held a series of Multi Agency Discharge Events (MADE) over the year.

The Trust's financial performance in 2019/20 was strong and saw the in-year efficiency target of £36.1m delivered, and an overall surplus of £100k against a target to break-even.

Mandatory training compliance and both Medical and Non-Medical Appraisal rates have shown improvement during 2019/20.

2.1.1 About us

The Trust (formally Walsgrave Hospitals NHS Trust) was established in 1992 under the National Health Service & Community Care Act 1990 and expanded to include the Hospital of St Cross, Rugby in 1998.

The Trust is a major teaching trust and operates from two sites; UNIVERSITY HOSPITAL in Coventry and the Hospital of St Cross, Rugby, and maintains a strong focus on the provision of high quality, safe and effective patient care. We provide both emergency and elective care and specialise in cardiology, neurosurgery, stroke, joint replacements, in vitro fertilisation (IVF) and maternal health, diabetes and kidney transplants. We are also a designated major trauma centre and cancer centre.

We employ over 9,000 staff and deliver acute healthcare to the population of Coventry and Rugby, as well as more specialist services to that population and regionally. Clinical care is delivered by our Clinical Groups that are each led by a triumvirate comprising of a Clinical Director, Group Director of Operations and a Group Director of Nursing and Allied Healthcare Professionals. Support to the Groups is provided by a number of corporate services.

The UNIVERSITY HOSPITAL site is one of the most modern healthcare facilities in Europe with 1,100 beds and 26 operating theatres. We are equally proud of our facility in Rugby which has 130 beds and 6 operating theatres, including one mobile theatre.

We are very proud to be one of five NHS Trusts that are working in partnership with the Virginia Mason Institute, Seattle to become one of the safest hospitals in the country through the adoption of the UHCWi improvement methodology.

2.1.2 Vital Statistics

	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Number of people attending an outpatient appointment	723,574	719,040	665,209	656,191	628,452	608,288
The number of people attending Accident & Emergency (A&E) including those in specialist Children's A&E*	248,614	242,577	190,549	187,792	184,979	183,440
The number of inpatients and day cases (based on admissions)	173,574	176,607	169,028	163,834	158,189	149,949
Number of Births	5,701	5,882	6,174	6,217	6,332	6,223
Patients operated in theatres	40,217	43,601	42,609	42,709	42,786	41,095

Attendances to the Walk in Centre are included from 2018/19 onwards.

2.1.3 Our Strategy

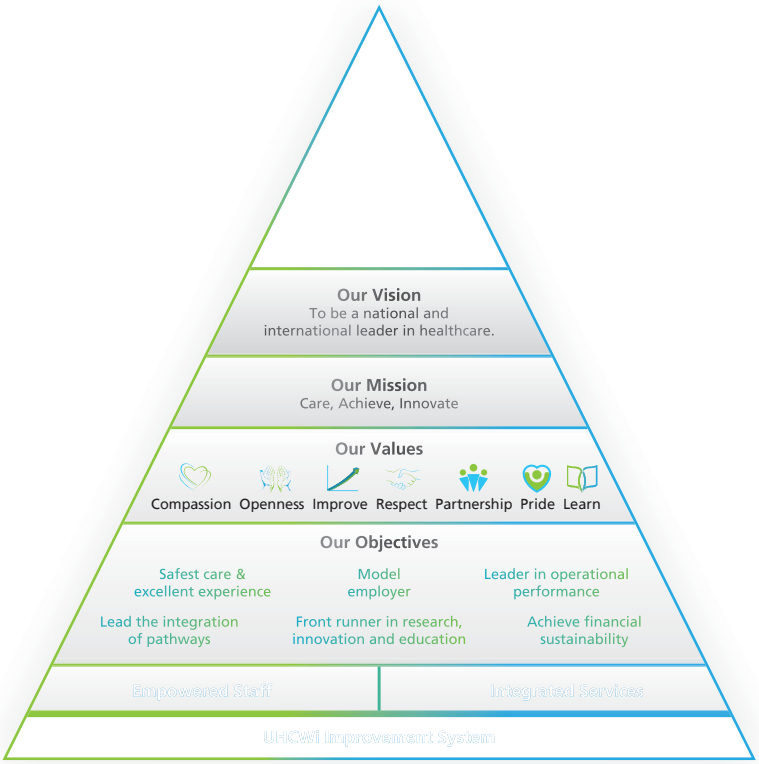
Our strategy was reviewed in 2018 and, following a number of staff engagement events a revised Organisational Strategy for 2018-2021 was approved by our Trust Board in March 2018. Our central focus on putting patients first in everything we do remains and is reflected in our vision, mission and values which have not changed.

Our vision to become a national and international leader in healthcare remains, along with our underpinning mission to 'Care, Achieve and Innovate'. We have also retained our values which have been developed by staff to reflect the culture we want to live.

The strategic solutions in the revised strategy respond to and are consistent with the national long term plan, the local system plans and our own internal challenges. The solutions are threefold:

- **Empowering our staff** – particularly through implementation and spread of our improvement methodology, known as UHCWi
- **Integrating our services** – working with other partners to help people stay well and avoid the need for care in hospital – where care is needed, providing it in the right place, locally where possible, centrally where necessary
- **Building strong foundations** – delivery will be enabled through our clinical services and support functions including organisational development, workforce &innovation, research, quality, digital and mobile technology, estates and facilities and finance

Our strategy triangle, including the objectives to help show whether we are achieving our strategy, is shown below.



We made good progress in meeting our strategic objectives in 2019/20. The rest of the report provides more detail on what we have delivered during the year.

2.1.4 Cultural Transformation and Organisational Development

Transforming our Staff

Transformation at UHCW is at the forefront of supporting the delivery of organisational and cultural change with the intent of having positive impact on patient experience. We do this by supporting and facilitating groups, specialties, departments, teams and staff to improve, innovate and perform at their best in the delivery of their services and patient care.

The Trust is in its final year of the partnership with the Virginia Mason Institute (VMI) Seattle supporting the implementation of the UHCW Management and Improvement System (UHCWi) across our Hospitals and beyond. Virginia Mason have taken learning from Toyota and created a management system called the Virginia Mason Production System to improve the delivery of their healthcare. Learning from them has helped us develop our UHCW Management and Improvement System, referred to as UHCWi. As this method is about engaging our staff in a behaviour and culture change we always link to the three simple but powerful aims of UHCWi as both a management and improvement System:

UHCWi

Putting Patients First
Empowering Our Staff
Delivering Safer Care

Further details on UHCWi can be found in the Quality Account.

2.2 Performance Analysis

The Trust strives towards the provision of high quality care, whilst embracing innovation to ensure that we deliver applicable local and national targets and standards and enhance productivity. To do this, we have a Performance Management Framework embedded within the Trust, which measures and monitors our progress against these targets.

2.2.1 Performance Management Framework

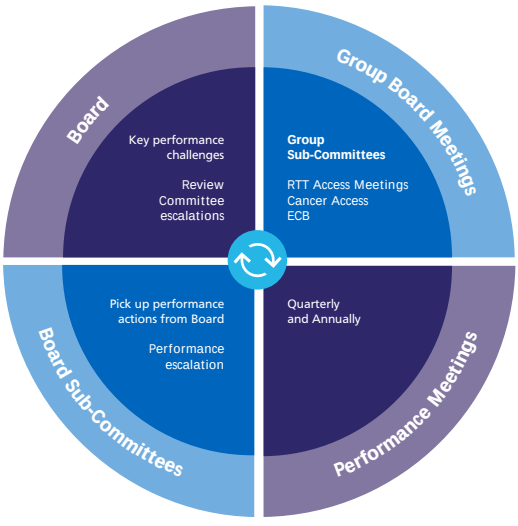
Our Performance Management Framework provides assurance on the performance delivery across the Trust against the strategic objectives aligned to the Trust's Vision and Values. It provides the mechanism for effective monitoring, accountability and escalation ensuring comprehensive performance management.

Performance management is the mechanism for the identification and implementation of data processes to effectively measure performance trends across all services and key performance indicators (KPIs) are utilised to identify service efficiencies, alongside clinical and operational performance. It provides the structure and processes for performance assessments on an annual, quarterly and monthly basis allowing a culture of performance to be embedded within the Trust. The Trust's balanced scorecard as at 31 March 2020 is shown page 13.

The performance management framework supports achievement of all of the Trust's strategic objectives which are to:

- Deliver the safest care and excellence in patient experience
- Be a model employer
- Be a leader in operational performance
- Lead the integration of care pathways for the populations we serve
- Be a front runner in research, innovation and education
- Achieve financial sustainability

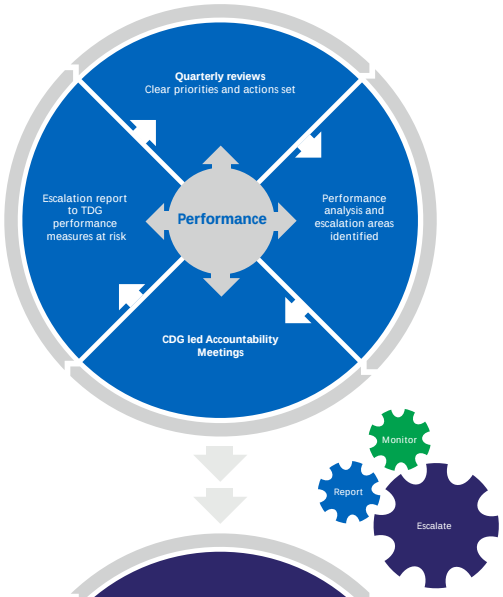
This is achieved through alignment of annual goals and key performance measures which allows effective performance monitoring through key committee meetings feeding into the Trust Board through performance escalation. These metrics and performance reports are reviewed on an annual basis to ensure performance reports remain aligned to both external and local strategic priorities.



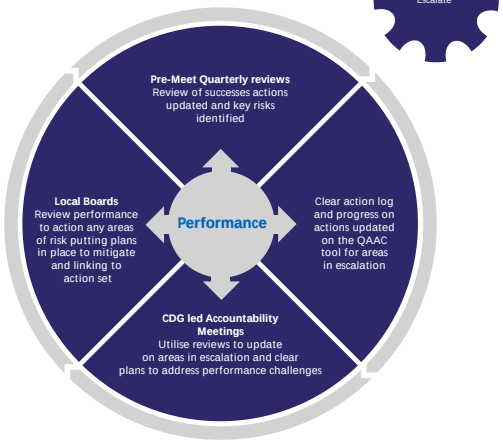
The annual performance management cycle above allows the Trust Board and its committees to receive assurance on the effectiveness of our performance management framework whilst ensuring that the strategic vision, annual goals and objectives are aligned to each core workstream within the Trust. This is reflected through the submission of revised Key Performance Indicators (KPIs) on an annual basis that are aligned to the above.

It also provides an opportunity to reassess the key priorities for the forthcoming year embedding key performance principles with measureable outputs. This allows the Trust to track delivery and non-delivery providing a clear accountability pathway and escalation process through effective meeting structures, performance monitoring and targeted interventions. This aids dissemination of key priorities throughout the Trust meaning greater alignment to UHCWi methodology as engagement, accountability and transparency is clear from Board to ward.

Trust Governance



Group Governance



We also consider our performance against peer trusts and produce regular benchmarking reports using nationally published datasets that are reviewed at relevant committees. These reports outline our position against a suite of KPIs using national averages and individual peer trusts, which allows us to identify areas where improvements can be made, and to highlight where we are performing well.

2.2.2 Performance against 2019/20 Acute Contract Targets

Our 2019/20 acute contract with Clinical Commissioning Groups required delivery against 50 standards that were agreed as part of the contract. In addition to these, the Trust is also required to deliver against the indicators agreed in the Commissioning for Quality and Innovation Schemes (CQUINs). Performance challenges, particularly relating to flow through the hospital have continued throughout 2019/20 as detailed later in this report, but despite this, the Trust has shown improvements in performance around the stroke pathway. The percentage of staff trained in relevant safeguarding competencies has also shown improvement through the year.

2.3 Performance Exceptions and Risks

Key performance indicators are described below. The operational pressures that we are facing have meant that some of these have not achieved target. Performance has seen significant change at the end of the year due to the impact of the COVID-19 pandemic.

2.3.1 Accident and Emergency Wait Targets (A&E)

In 2019/20, all trusts nationally continued to experience significant pressures on A&E services. This including our A&E departments and the statutory 95% target has not been achieved in any month this financial year, with the best reported performance being 88.8% in July 2019.

Our performance against this standard in 2019/20 was 82.5% which equates to 43,083 patients out of a total of 245,756 attendances at A&E being seen outside of the four hour standard. Demand on the Trusts A&E services continued to increase with an overall increase of 3.9% seen between April 2019 and February 2020 in comparison with the previous year. However, in March 2020 attendances were reduced due to the COVID-19 pandemic.

The Trust continued to take a number of actions during the year to improve the A&E performance including the further development of the resilience of the minors pathway to meet a local stretch target of 99% of patients admitted or discharged within four hours and also the further development of both medical and surgical pathways supported by NHS ELECT to provide high quality and efficient care for our ambulant patients. We have also progressed the patient flow work stream which is working to reduce length of stay, improve the number of morning discharges, processes around ward/board rounds and the development of ward production boards.

2.3.2 Referral to Treatment (RTT)

The Trust is part of the National Elective Performance Pilot, and as such is required to meet a 9.5 week average wait time, and alongside this the Trust monitors its performance against the existing 92% standard for the RTT measurement for incomplete pathways. Through 2019/20 the Trust saw a slow deterioration in performance against the 92% standard and achieved 79.9% in February, which has meant that a number of patients have waited longer than 18 weeks for their treatment. Throughout the year, actions have been taken to try to reduce this, including weekly patient level tracking and setting clear targets for each of our Clinical Groups and monitoring performance against these.

In March, performance was significantly affected as elective procedures were cancelled to create capacity and shield vulnerable patients in response to the COVID-19 pandemic. This resulted in an end of year position of 73.4% and the average weeks' wait rising from 10.8 weeks in February to 12.6 weeks at the end of March 2020. The Trust also reported two 52 week breaches, the first such occurrences since November 2018.

2.3.3 Cancer 62 Day Standard

The standard states that 85% of patients will wait a maximum of 62 days for their first cancer treatment from the point of GP referral for suspected cancer.

Performance was achieved for 8 out of 12 months. Breaches of the standard have been primarily due to inadequate theatre capacity in urology and lung for surgery. Actions are being taken to improve urology, head & neck, breast and lung performance.

The Trust has enhanced its weekly patient level tracking meeting with an associated surgical pathway meeting to further support patients on an urgent suspected cancer pathway, resulting in improved patient pathways.

2.3.4 Diagnostic Waiters – 6 Weeks and Over

This standard measures the percentage of patients waiting longer than 6 weeks for one of fifteen specific diagnostic tests. The national target of less than 1% has been achieved for the period April 2019 to February 2020 reflecting the Trust's focus on this key component of the referral to treatment pathway. The Trust performs better than the national average and peer trusts for this performance indicator.

However, March 2020 saw the diagnostic waiters' standard show significant deterioration as a result of the impact of COVID-19 related changes to service delivery. The end of March position was 3.34%.

2.3.5 Average Number of Long Length of Stay (21 days and over) Patients

The NHS has a national ambition to reduce long hospital stays. This is supported by UHCW who monitor and report weekly on numbers of long stay patients on our wards.

The target for 2019/20 is to have no more than 109 over 21 day stay patients in our beds For the month of March 2020 there were on average 178 long stay patients at UHCW.

The Trust is working closely with Emergency Care Improvement Support Team (ECIST), contributing to ECIST videoconferences, conducting data review with the Director of Nursing and the Complex Discharge Team and focussing on Care of the Elderly and Medical reviews to reduce length of stay.

2.3.6 Breaches of the 28 day treatment guarantee following elective cancellation

This indicator measures the number of patients that are not treated within 28 days following last minute cancellation of their surgery. Failure of this indicator is generally a consequence of pressure in the emergency care pathway, which has an impact on the availability of our beds and consequently on our ability to admit patients for elective surgery. In March six breaches related to the Trusts service changes in response to COVID-19. Overall in 2019/20 there have been 85 reported breaches of the 28 day treatment guarantee following an elective cancellation.

2.3.7 Scorecard as at 31 March 2020

Trust Board Scorecard								
Type	Measure	Previous Position	Latest Position	DoT	Currant Target	Annual Target	Executive Lead	Trend
Safest care and excellent experience								
Infection Control								
	Healthcare associated incidents of Clostridioides difficile - Cumulative	64	70	▼	60	60	CNO	
	MRSA Bacteremia - Trust Acquired - Cumulative	0	1	▼	0	0	CNO	
Safe Care								
	Never Events - Cumulative	0.0	1.0	▼	0	0	CMO	
	Serious Incidents - Number	9	9	▶	15	15	CQO	
	HSMR - Basket of 56 Diagnosis Groups (3 months in arrears)	109.36	107.07	▲	RR	RR	CMO	
	SHMI - Quarterly (6 months in arrears)	108.78	109.12	▶	RR	RR	CMO	
	Average Number of Long Length of Stay Patients	210	178	▲	109	109	CNO	
Patient Experience								
	Friends & Family Test - Recommender Targets Achieved	1	1	▶	7	7	CQO	
	Complaints Turnaround <= 25 Days (1 month in arrears)	100%	100%	▶	90%	90%	CQO	
Leader in operational performance								
Patient Flow								
	Emergency Care 4 Hour Wait	82.0%	81.4%	▼	95%	95%	COO	
	Bed Occupancy Rate - KH03 (3 months in arrears)	99.8%	99.8%	▶	93%	93%	COO	
	Delayed Transfers as a Percentage of Admissions	5.2%	4.5%	▲	3.5%	3.5%	COO	
	Breaches of the 28 Day Readmission Guarantee	6	6	▶	0	0	COO	
	Diagnostic Waiters - 6 Weeks and Over	0.18%	3.34%	▼	1%	1%	COO	
RTT								
	18 Weeks Referral to Treatment Time - Incomplete (1 month in arrears)	80.8%	79.9%	▼	92%	92%	COO	
	RTT 52 Week Waits Incomplete (1 month in arrears)	0	0	▶	0	0	COO	
	Last Minute Non-clinical Cancelled Operations - Elective	0.7%	0.9%	▼	0.8%	0.8%	COO	
Cancer								
	Cancer 62 Day Standard plus 31 Day Rare Cancers (1 month in arrears)	86.28%	82.83%	▼	85%	85%	COO	
	Cancer 104+ Day Waits (1 month in arrears)	2.0	7.5	▼	0	0	COO	
	National Cancer Standards Achieved (1 month in arrears)	8	7	▼	8	8	COO	
Model employer								
	Mandatory Training Compliance	95.58%	94.78%	▼	95%	95%	CWIO	
	Appraisal - Non-Medical	86.66%	84.41%	▼	90%	90%	CWIO	
	Appraisal - Medical	95.55%	90.78%	▼	90%	90%	CWIO	
	Sickness Rate	4.43%	5.56%	▼	3.99%	3.99%	CWIO	
	Staff Survey - Recommending as a Place of Work (Quarterly)	N/A	65.30%		70%	70%	CWIO	
Achieve financial sustainability								
	Income & Expenditure Margin Rating	3	2	▲	2	2	CFO	
	Forecast Income & Expenditure - £'000	0	106	▲	0	0	CFO	
	WRP Delivery - £'000	28307	36072	▲	36000	36000	CFO	
Frontrunner in research innovation and education								
	Patients Recruited into NIHR Portfolio-Cumulative (2 months in arrears)	3333	3721	▲	3403	4083	CMO	
	Commercial Income Invoiced £000s - Cumulative (1 month in arrears)	730	807	▲	825	900	CFO	
	NIHR Research Capability Funding (£000s)	246	246	▶	750	1000	CMO	
	Trial Recruitment Income (£000s)	874	874	▶	2363	3150	CMO	
	All Grant Income (£000s)	1489	1489	▶	1650	2200	CMO	

2.4 Forward Look: Main Trend and Factors Likely to Affect Our Future Performance

2.4.1 Overview

Although we continually strive towards realising our vision and providing the safe, high quality care that our patients deserve, we do so in an increasingly difficult environment. The NHS is currently in unprecedented times balancing priorities between pandemic emergency surges, emergency service access, cancer pathways and elective routine care.

Alongside this the financial platform has been altered to adapt to the ever changing current position; however demand for the services we provide continues and we must ensure that we continually strive to improve the quality of care that we provide.

Recruitment and retention has continued to be an area of focus and the trust has actively manage its staffing and recruitment processes to reduce agency spend which finished well below the nationally set ceiling. A new value stream using UHCWi methodologies has targeted the recruitment process to reduce the length of time it takes to recruit.

Despite the national challenges NHS services face at the current time it is important for us to acknowledge the improvements seen in performance throughout 2019/20 with improved governance and embedded innovative methodology (UHCWi) being used to enhance performance outputs. Throughout 2020/21 despite being in an ever-changing situation this governance aligned to clear operational plans and an innovative methodology (UHCWi) will assist us in improving performance continuously with high quality outcomes.

2.4.2 Managing Capacity

The Trust has underperformed against a number of standards set out in the NHS Oversight Framework however when comparing to the previous year we have seen improvement across a number of performance outputs.

We recognise that not meeting the A&E 4-hour standard or the RTT NHS Constitutional standard of patients being treated in 18 weeks falls short of the experience that the Trust would want to offer our patients. Overall volumes of Emergency Department (ED) patients rose again across 2019/20 at around 1.6% in adult ED. Performance of the 4 hour standard was a challenge in early parts of 2019/20 however from December onwards improvement in the standard had been seen.

Our RTT incomplete percentage remains below the 92% national standard however pre COVID-19 we had delivered zero 52 week waits for 16 months and ended the year with only 2 in total showing the robust governance in place on our RTT pathways. In addition we continued to focus on both 40 and 45 week waiters throughout 2019/20 ensuring that we continued to treat our patients based on clinical priority and waiting times

The adoption and expansion of the UHCWi methodology across different clinical areas is delivering good indications of improvements in both our productivity and efficiency. Throughout 2019/20 we continued to explore specific productivity opportunities across the Trust which saw UHCWi methodology being further implemented to support delivery on key outcome measures. In addition to our internal processes we continue to review demand management and delivery of care across Coventry and Warwickshire and had planned to hold our first system wide rapid process improvement week (RPIW) and kaizen events to assist in the development of services in the right place closer to home.

Throughout 2019/20 our 62 day standard has been challenged and we continue to work on improvement plans and strategic patient pathways to ensure the patients across Coventry and Warwickshire receive care within the appropriate time. New cancer governance structures and clear escalation models have been implemented alongside capacity modelling to assist delivery on these pathways with positive impact. Ongoing pathway reviews with the Cancer Networks and our Clinical Commissioning Group (CCG) colleagues continue to ensure we use our capacity productively specifically linked to the use of Independent sector during COVID-19 times.

We will continue to focus on our emergency care pathways through effective planning and governance. In doing so we have:

- Introduced effective processes for streaming patients to the most appropriate emergency pathways
- Created clinical assessment areas outside of ED to support emergency demand throughout the pandemic
- Moved minor injuries off-site to reduce patient footfall into University Hospital site
- Increased hot clinic utilisation through the winter period
- Effective escalation and governance around corridor care and implementation of a golden hour for wards during peaks in demand.

We will continue our efforts to reducing the length of stay (LOS) and improve our discharge performance through:

- Matching capacity to demand and effective winter plans embedding the learning from 2019/20 winter and COVID-19 pressures.
- Increased discharges linked to the national requirements during COVID-19
- Improved 7 day service delivery and discharges
- Reducing the average LOS
- Maintained LLOS position at COVID-19 levels through effective system wide planning
- Principle to have no outliers across the Trust post COVID-19

2.4.3 Meeting Required Target and Standards

As we have described above our ability to meet key national targets such as the A&E 4-hour standard and the RTT target continue to be challenged by operational pressures. All aspects of our performance will continue to be closely monitored internally through our performance management framework and externally by our commissioners through contract performance meetings.

2.4.4 Counter Fraud Arrangements

Fraud, bribery and corruption can result in resources being unintentionally diverted away from their intended purpose and is one of the risks the Trust has to manage. The Trust does not tolerate this and continues to work with our Counter-Fraud Specialist to identify instances where this is taking place and to impose the appropriate level of sanctions where this has been committed and to reduce the possibility of this taking place. They deliver against an approved plan covering the four areas which are:

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

Work undertaken by Counter-Fraud includes professional investigation into cases that are raised with the Trust where possible fraud or corruption may be taking or have taken place. A number of briefings and reports are presented to the Trust which includes professional guidance and advice. The Counter-Fraud Specialist provides introductory information to all new staff to ensure the counter-fraud message is disseminated effectively and uses appropriate media to disseminate fraud awareness materials across the organisation.

2.4.5 Patient Experience and Engagement

The Trust is actively working towards the Patient Experience and Engagement Five Year Delivery Plan that was launched in February 2018. The plan was developed following three co-development events with patients, staff and local stakeholders. The plan follows the priorities set at the co-development events which identified five key objectives for the Trust to deliver:

Objective One Improve the way we listen, respond and use patient feedback to support improvements.

Objective Two Improve the way we develop and manage patient information leaflets.

Objective Three Ensure our staff place the Trust values at the centre of care improvements.

Objective Four Ensure that patient voice is at the centre of care improvements.

Objective Five Improve the patient care environment.

Further details will be available in the Quality Account.

2.4.6 Research and Development

Research is core to the development of new techniques, treatments and therapies in the prevention, diagnosis and treatment of disease. It enables us to provide the highest quality and most effective patient care. It ensures that we are a leader rather than a follower within healthcare provision and enables us to attract and retain highly skilled and motivated staff. As such, one of our Trust objectives is to be a frontrunner in research, innovation and education.

Research activity continues to increase at the Trust with over 100 clinicians leading research. They are supported by research nurses, midwives, allied health professionals and administrators and increasing numbers of staff are undertaking research, clinical academic internships, higher degrees and PhDs. In 2019-20 we recruited over 4,000 patients into research projects and this level of participation demonstrates UHCW NHS Trust's commitment to improving the quality of care we offer and to making our contribution to wider health improvement.

In our latest Care Quality Commission report (February 2020), research featured strongly across the organisation as the CQC saw how we are offering some of the best care through research. The work of our Biomedical Research Unit team and Tommy's Miscarriage Centre was highlighted by the CQC as 'Outstanding'.

Supporting our Staff

In collaboration with healthcare, academic and commercial partners, the Research and Development Department supports and delivers

a wide range of high quality health research for the benefit of our patients. We recently revised our Research Strategy to provide more focus on how the Trust aims to nurture and develop research more widely with all staff encouraged to be actively involved.

The Trust provides free research training for all staff now including a Principal Investigator masterclass, a National Institute for Health Research (NIHR) accredited course. We also have a 'Fellowship' programme for medical staff and a bespoke programme - iCAhRETM (interdisciplinary Clinical Academic health Care Excellence) - to provide an academic pathway for our Nursing, Midwifery, Allied Health Professional and Scientific staff. Nine staff members commenced on the iCAhRETM Bronze (introduction to research) programme in November 2019 and five commenced on the Silver stream in December.

Of the 70 places nationally available, two UHCW staff secured NIHR '70@70' fellowships this year. One of them, Dr Liz Bailey, has also been awarded an NIHR Clinical Entrepreneur award to help her to develop a seated support for midwives when supporting women in labour in the Lucina Centre. Our other fellow, Nic Aldridge, is developing a digital portal and hub in Outpatients to enable both staff and patients to better understand the research opportunities we offer.

Launch of Unique Centre to Embed Research within Clinical Practice

As part of our strategy to have visible research leadership embedded within the Trust, Chief Nursing Officer for England, Ruth May, officially opened our 'Centre for Care Excellence' - believed to be the first of its kind in the country - for Nursing, Midwifery and Allied Health Professions (NMAHPs) in January 2020, committing us to the creation of 4 professorial posts to support Nursing, Midwifery and Allied Health Professional research, innovation and practice excellence jointly with our partners, Coventry University. Through this new project, UHCW and Coventry University have a joint strategy to enable more NMAHPs to get involved in research and it is hoped the centre will make it easier for staff to explore a clinical academic career.

National Centre of Excellence for Artificial Intelligence in Pathology Established

A key award last year was a £14 million government grant to advance the use of artificial intelligence in cancer diagnosis into a consortium led by the Trust as part of the Industrial Strategy Challenge Fund. The consortium, 'PathLAKE', in partnership with University of Warwick and Philips will collaborate on a three year project that will involve experts from NHS hospitals and universities at Belfast, Oxford and Nottingham. The project will be hosted by the new UHCW Institute of Precision Diagnostics and Translational medicine to ensure rapid translation into clinical practice.

Together we plan to revolutionise the future of cancer care by speeding up the detection of some cancers while being more accurate, as well as paving the way for personalised care. This new Centre for Artificial Intelligence (AI) will be based at UNIVERSITY HOSPITAL in Coventry where digital pathology was first used to diagnose cancer and the project will focus on breast, prostate, lung and colon cancers. The funding is also being used to establish a 'data lake' where anonymous patient data will be collected and used in research to look for patterns and trends – helping to further advance cancer care and other treatments.

This year, we were invited to submit an additional bid for £11 million to purchase capital equipment to roll out digital pathology to colleagues within the Midlands, securing our place as a national leader in this area. The project is due to start in January 2021.

Patient and Public Involvement and Engagement and Participation in Research Trials

Recruitment to National Institute for Health Research (NIHR) portfolio adopted trials remains a key priority for us. Over 4,000 patients entered research studies at the Trust. The latest NIHR Research League Tables show that the Trust is now 35th for research activity across all acute NHS Trusts. We have a developing portfolio of complex interventional studies which are funded by the National Institute of Health Research, Association of Medical Research Charities and the pharmaceutical industry.

Patient and Public Involvement and Engagement (PPIE) in research has further expanded this year. Patient and Public Research Advisory Group (PPRAG) membership has increased to 51 patients, carers and members of the public, who use their own experiences and perspectives to advise researchers, ensuring the research conducted at UHCW is relevant to our patients. Member of PPRAG have advised on 23 research projects in the last year, undertaking a variety of activities, including reviewing patient facing documents, attending focus groups, being study co-applicants and sitting on Trial Steering Groups. Members of the Patients in Pregnancy Research (PIPR) group have continued to contribute to Reproductive Health research. Recently renamed nationally as 'Research Champions', we continue to work with seven UHCW patients who raise awareness of research amongst patients, the public and healthcare staff from their own unique perspectives. The Patient and Public Involvement Research Steering Group (PPIRSG) continue to meet each quarter to ensure that PPIE in research is implemented and delivered in line with national standards and in conjunction with the Trust Patient Experience and Engagement Delivery Plan. The Steering Group consists of three public members and Trust staff who have an active involvement in PPIE and reports to the Trust Patient Experience Delivery Group and Research & Development Strategy Committee.

An Open Day in May provided our staff and patients with an opportunity to engage with and understand some of the work that we do. We have an ongoing programme of patient focussed research events.

Publications

Our staff published widely in 2019, recording 179 publications, books and abstracts as well as presentations at national and international meetings and publications in high impact factor journals such as the New England Journal of Medicine Association and the British Medical Journal.

Funding

The Trust cannot carry out research without funding and submits over 125 applications for funding each year. Of these, 20-25% will be funded (depending on funder) which is at, or above, expected success rate. Key awards this year included a £975,000 National Institute for Health Research (NIHR) grant to investigate using a novel diagnostic method to help reduce colonoscopies in those without bowel disease, potentially providing significant costs savings to the NHS, a £1.6 million NIHR grant to compare robotic knee surgery to surgeon-led surgery, £500,000 industrial funding for a study to determine whether a magneto cardiogram

can predict patients who are going to have a sudden cardiac event in the future and £100,000 CRUK funding looking at novel technology for detecting skin cancer from skin grafts. We have also secured a number of small grants to support pilot work and patient and public involvement activities.

The National Institute of Health Research funds patient focussed research and so is a key research funder for the NHS. For every £1 of NIHR income secured, each trust receives additional Research Capability Funding (RCF). In 2019/20, the Trust was 22nd in the country for the amount of RCF received (up from a position of 31st the previous year).

Facilities

UHCW hosts one of only 23 NIHR Clinical Research Facilities (CRF) in England. Our 'NIHR Coventry and Warwickshire' CRF launched on 1st April 2017 and provides researchers with additional support to develop more experimental medicine / translational studies for the benefit of our patients. To maintain our CRF status we are required to increase our portfolio of experimental medicine and translational studies, which we are confident we will achieve. Our first Phase I study commenced in 2019.

Our National Institute for Health Research (NIHR) Clinical Research Facility (CRF) award was favourably reviewed in March 2019 and our designation has been extended for another 3 years. Our Human Metabolic Research Unit (HMRU) is a key part of this and we have received positive feedback about their work, particularly their contribution to international research, such as the research of the impact of the Antarctic crossing by the Ice-Maidens (female army personnel). The HMRU now houses the Global Polar and Altitude Research Registry which will prospectively study individuals before and after extended journeys to these environments.

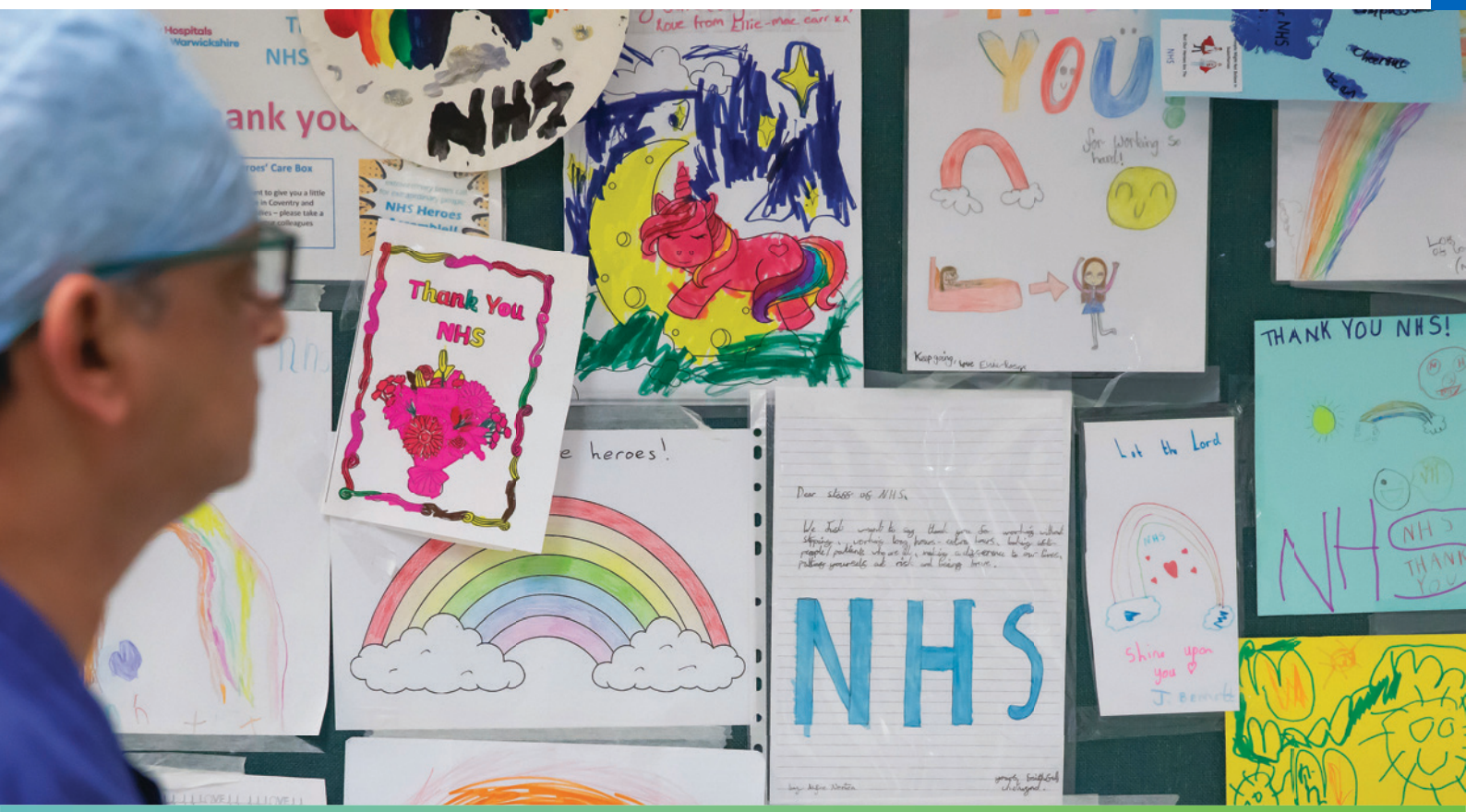
Our Biomedical Research Unit is also integral to our CRF performance and carries out a large amount of translational research and the Trust is working to develop a pipeline of studies. A recent NIHR Efficacy and Mechanism award (detailed in 'National Institute of Health Research Grants Awarded') includes an embedded early phase study that will enable the team to maintain and exceed their significant patient recruitment numbers during 2019/20. Results from our 'SIMPLANT' trial ('Does Sitagliptin Increase Endometrial Mesenchymal Stem Cells in Women with Recurrent Miscarriage?') were published this year and received widespread coverage as it showed that some women who have recurrent miscarriages might benefit from taking a tablet designed to treat diabetes. https://www.bbc.co.uk/news/health-51019978 . Further projects are planned to investigate this further.

Awards

We are establishing our reputation as a leading institution for research. Our Research and Development Team were recognised nationally this year with a 'Bronze' award in the Pharma Times NHS Clinical Research Site of the Year, judged by the NIHR and Association of British Pharmaceutical Industries.

The Trust was also successful in 2 categories of the West Midlands Clinical Research Network awards, 'Improvement Project of the Year' for the development of our bespoke PatientTrackerTM (©2019 UHCW), which provides assurance that study participants are followed up according to protocol, thereby improving quality, data completeness and accuracy and a personal award to Gordon McGregor, Academic Clinical Exercise Physiologist for 'Emerging Investigator of the Year'.

The Trust is extremely proud of our achievements during the year and will continue to build upon our successes in 2020/21.



2.5 Financial Performance Overview 2019/20

Statement from Susan Rollason, Chief Finance Officer

We began our year with a challenging break even plan, backed with £10.852 million of Provider Sustainability Funds (PSF), £13.710 million Financial Recovery Fund (FRF) and £0.835 million Marginal Rate Emergency Threshold funding. The underlying control total for the Trust was therefore a £25.397 million deficit. Finances for the year remained very tight; however, I am pleased to report that we were able to deliver the financial plan, through a combination of clinical engagement and partnership working with the Coventry and Rugby Clinical Commissioning Group.

Whilst the operational impact associated with the COVID-19 pandemic was significant for the organisation during March, the financial implications were mitigated through a NHS reclaim process.

The Trust delivered a £0.106 million surplus for the year after required adjustments for impairments and donated assets and after the receipt of £25.397 million of PSF, FRF and MRET income. We reduced agency costs and over-achieved against the agency reduction control total by £3.1m. Our focus on waste reduction delivered £36.1 million of savings.

This section sets out the key features of the Trust's financial performance in 2019/20.

A full set of accounts is attached including:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Taxpayers' Equity
- Statement of Cash Flows

The delivery of £36.1 million of waste reduction using our UHCWi methodology is a significant achievement that could not have been done without the efforts of all staff groups throughout the organisation, and on behalf of the Trust Board, I would like to place on record our thanks and appreciation for their hard work for this. This focus needs to be maintained into the new financial year.

2.5.1 Key Financial Targets

It is important to understand how performance against the financial performance target is calculated. In its Statement of Comprehensive Income, the Trust recorded a deficit for the year of £2.2 million which the Department of Health requires to be adjusted for the following:

- The impact of the impairment (or reversals of impairments) of non-current assets is excluded from the breakeven duty calculation; and
- HM Treasury guidance on the interpretation of IFRS concerning accounting for donated assets required the removal of the donated assets reserve in 2011/12, however in order to comply with HM Treasury Consolidated Budgeting Guidance, the impact of this accounting change should also be excluded from the financial performance of NHS Trusts. This can result in either a positive or negative adjustment.

The table below reconciles the position reported in the Trust's Statement of Comprehensive Income to its performance against its financial performance target:

Reconciliation of retained surplus to adjusted retained surplus	£'000
Retained surplus/(deficit) for the year	-2,153
Impairments charged to revenue	2,834
Adjustments in respect of donated gov't grant asset reserve elimination	51
Remove 2018/19 post audit PSF reallocation (2019/20 only)	-626
Adjusted retained surplus/(deficit)	**106**

The table below shows the Trust's performance against each of its key financial targets:

Duty	Target	Performance	Target Met
Achievement of the financial performance target (on its Statement of Comprehensive Income) (this requires the Trust to meet the target agreed with NHS Improvement)	**Breakeven**	**£106k surplus (after allowable adjustments)**	✔
Remain within its approved External Financing Limit (EFL) (this requires the Trust to remain within the borrowing limits set by the Department of Health)	**£17.167 million** (this required the Trust to ensure that net borrowing plus decreases in cash balances did not exceed this sum)	**£15.797 million** **£1.370 million undershoot** **Target achieved** (the Trust is permitted to undershoot its EFL)	✔
Remain within its approved Capital Resource Limit CRL) (this requires the Trust to keep its net capital expenditure within the limits set by the Department of Health)	**£21.560 million** (this required the Trust to spend no more than this sum after adjusting for asset disposals and the receipt of donated assets)	**£18.332 million** **£3.228 million under spend** **Target achieved** (the Trust is permitted to under spend against its CRL)	✔

2.5.2 Key Financial Challenges

The Trust commenced 2019/20 with the following major financial challenges:

- To identify and deliver £36.0 million of savings to achieve the underlying control total
- To secure external financing to support the Trust's capital expenditure programme
- To ensure that we delivered the activity outlined in the plan

2.5.3 NHS Financial Framework – Savings Requirement

All NHS organisations are expected to identify and deliver cash releasing efficiency savings each year which given the economic climate and the overall need to reduce public sector expenditure, required the delivery of savings programmes of at least 2% in this financial year. In reality, the level of savings required in any one organisation will vary from the national target dependent upon a number of factors including the differential impact of changes to the national tariff, organisation specific costs pressures (including inflation) and other changes to income resulting from contract negotiations with commissioners.

After taking into account the Trust's specific circumstances, our savings requirement was calculated to be £36.0 million which equates to approximately 5.0% of turnover. The Trust delivered £36.1 million, including £10.3 million of recurrent savings.

2.5.4 Capital Programme – External Financing Requirement

Whilst a significant proportion of the Trust's annual capital investment requirement is covered by the lifecycle replacement programme for equipment provided under the PFI contract, there remains a significant proportion of medical equipment, ICT hardware and software and the reconfiguration or upgrading of hospital buildings that fall outside the PFI contract.

For 2019/20, the Trust's non-PFI capital investment programme exceeded the amount of internally generated funds available and therefore the Trust was reliant upon the receipt of external financing to fund the programme. Mid-year a system capital envelope was issued to release capital finance. The Coventry and Warwickshire system worked to prioritise schemes within the available envelope. The Trust therefore had a loan requirement of £14 million. Due to the late approval in year and the implication of COVID-19 preparedness the Trust only used £7.4 million of this, NHSE/I agreed to slip £3.7m to 2020/21 and there was further slippage of £2.9m at the end of year, re-provision to be confirmed with NHSE/I. In addition, the Trust was successful in bidding for £1.8 million of public dividend capital to finance a number of IT, lighting, pharmacy and COVID-19 spend.

2.5.5 Revenue Financing

The trust required revenue support financing of £12.8m as a result of timing of cash receipts associated with PSF/FRF and the deficit position in the early part of the year.

2.5.6 Improvement of the Trust's Liquidity Position

Under the Single Oversight Framework for 2019/20 the Trusts liquidity metric continued to be poor and stood at (33.7) days; further deterioration of this metric was avoided by the receipt of revenue financing support. Notwithstanding the challenge presented by this, the Trust was able to maintain good performance against the better payments practice code (91% of invoices by value were paid with 30 days of receipt of a valid invoice), met all of its debt servicing commitments and maintained the agreed minimum monthly cash balance of £1 million.

There is no immediate solution for the Trust's poor liquidity position. The long term solution will be reviewed in line with Sustainability and Transformation Plan.

The year saw a continued growth in income and operating expenditure (excluding impairments). Capital investment (on the Trust's estate, medical equipment and IT infrastructure) was greater than the previous year, primarily as a result of the capital loan approval. The summary headline financial information for 2019/20 (compared with 2018/19) is shown in the table below:

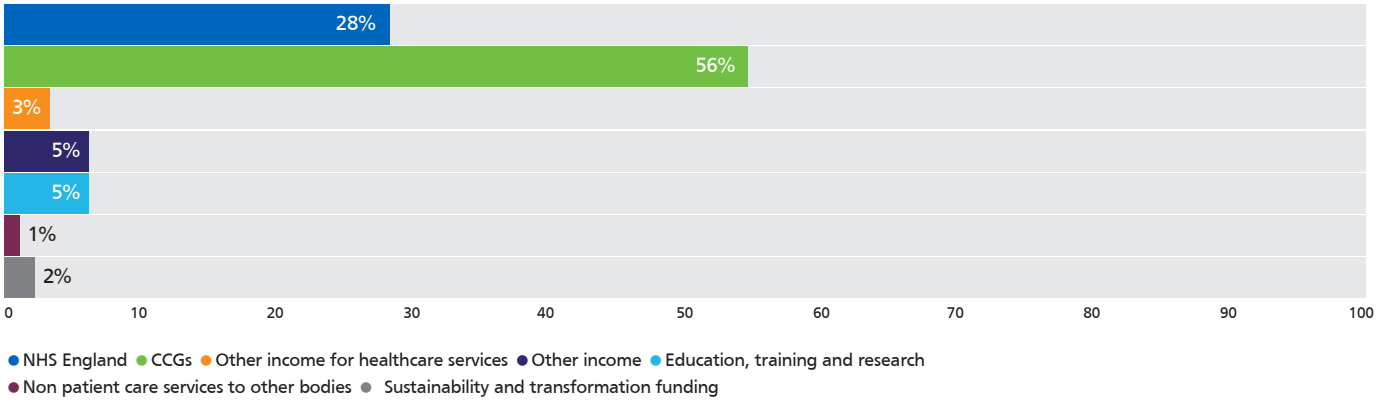
Key figures	2019/20 £'000	2018/19 £'000
Revenue accounts		
Operating income (turnover)	727,084	668,046
Retained surplus / (deficit) for the year	-2,153	-30,143
Breakeven performance (after technical adjustments for impairments, PFI and donated assets)	106	-28,330
Efficiencies achieved	36,072	30,193
Assets		
Total assets	485,885	471,424
Cash and cash equivalents	2,372	1,020
Capital Investment	18,332	12,486
Borrowing		
Long term borrowing – PFI liabilities	237,188	246,464
Long term borrowing – other	3,654	73,645
Short term borrowing – PFI liabilities	9,276	4,275
Short term borrowing - other	113,706	24,001

The movement between short and long term borrowings is as a result of the notification on the 2nd April 2020 by the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement that during 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be replaced with the issue of Public Dividend Capital (PDC). Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers.

2.5.7 Where The Trust's Income Comes From

During 2019/20 the Trust recorded total revenue of £727.1 million. This represents an increase of 8.8% when compared with total revenue of £668.0 million in 2018/19. This increase was driven by an inflationary uplift in tariff and increased activity levels from the previous year.

The chart below shows the key sources of income for the Trust in 2019/20. The combined proportion of income from Clinical Commissioning Groups and NHS England for the provision of care and treatment to patients is 82%.



2.5.8 How Does the Trust Spend the Money it Earns?

The Trust's operating expenditure for 2019/20 totalled £704.0 million and represents a 5.1% increase over total operating expenses of £669.7 million in 2018/19. If impairments (and impairment reversals) are excluded, operating expenses for 2019/20 would be £701.1 million compared with £667.9 million in the prior year – an increase of 5.0%.

The largest cost element continues to relate to salaries and wages with the average number of people employed during the year being 8,405 whole time equivalents at a total cost of £430.9 million, which equates to 61% of total operating expenditure. This compares with 8,179 whole time equivalents at a cost of £396.9 million in 2018/19.

Clinical and general supplies and services (including drugs and other medical/surgical consumables) are also a significant cost element and amounted to £146.4 million which equates to approximately 21% of day-to-day operating expenses. This compares with expenditure of £138.4 million in 2018/19 and represents an increase of 5.8% which can be directly attributed to the increases in both in-patient and out-patient activity seen during the last year, and high cost drugs.

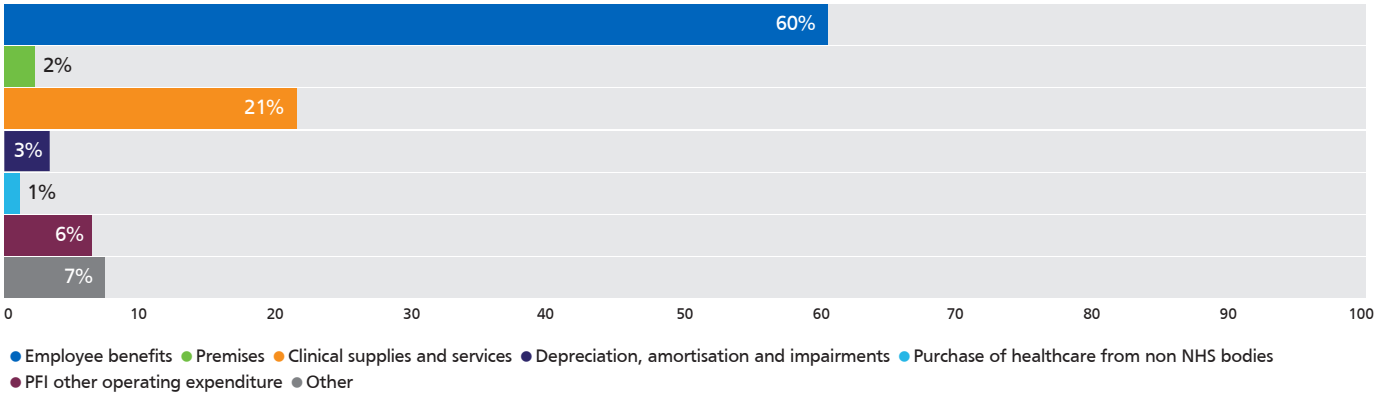
The total charged in year to operating expenditure in respect of the service element of the private finance initiative was £40.8 million and continues to represent around 6% of total operating expenditure.

Charges relating to the depreciation, amortisation and impairment of property, plant and equipment and intangible assets totalled £25.2 million compared with £24.4 million in the previous year. Within this there was a movement in impairments in 2019/20 of £1.1 million. As explained in the section on key financial targets, impairments are excluded from the assessment of the Trust's financial performance.

Other operating expenditure totalled £69.7 million in 2019/20 and included the following key items of expenditure:

- Establishment expenses £9.6 million
- Clinical negligence costs £18.9 million
- Education, training, research and development £16.7 million
- Healthcare purchased from non-NHS organisations £5.4 million
- Premises £16.7 million
- Other costs £2.4 million

The chart below compares expenditure by category – the breakdown of costs remains broadly similar to that in the previous year.



2.5.9 Other Costs

Due to the continuing low interest rates, the Trust continued to earn only very modest levels of interest on its cash balances during the past year (£0.26 million).

The Trust also incurs significant financing costs which totalled £27.5 million in 2019/20 – this represents a decrease of approximately £1.8 million from the previous year. The most significant element of the Trust's finance costs is the interest paid in relation to the PFI contract which amounted to £25.9 million in 2019/20, a decrease of around £2.1 million compared to the previous year. The Trust also paid interest on its loans from the Department of Health – this amounted to £1.5 million during the year.

In addition to the above costs, the Trust is also required to pay a dividend to the Department of Health and Social Care equivalent to 3.5% of the average of its opening and closing net relevant assets for the year. The dividend payable for 2019/20 was £0.01 million.

2.5.10 Capital Expenditure

The Trust is required to contain capital expenditure within its annual Capital Resource Limit (CRL) which is agreed with NHS Improvement. This limit is based upon the net internally generated funds after commitments for repayment of principal on all forms of capital borrowing (including loans and the capital element of PFI and finance lease contracts) plus any additional approved capital expenditure met from external sources (including loans, public dividend capital and leases).

The Trust's CRL for 2019/20 was £21.6 million against which the Trust recorded an outturn of £18.3 million – an underspend of £3.0 million. In addition, the Trust also benefitted from £0.2 million of donated capital assets.

Key capital investments during the year included the following:

- Equipment assets provided through the PFI lifecycle fund - £5.0 million
- Building/engineering works provided under the PFI contract £2.4 million
- Mobile mammography trailers £0.5 million
- Medical and other equipment £1.3 million
- IT hardware/software £6.6 million
- Building/engineering works £2.5 million

2.5.11 Cash and Working Capital

The Trust's cash balance at the year-end was £2.4 million which compares with £1.0 million at the end of the previous year. With the impact of slippage as a result of the COVID-19 outbreak on the capital plan the Trust had indicated to NHS England (NHSE) and NHS Improvement (NHSI) that the cash target would be a challenge. In achieving this position the Trust prepaid Tax and NI by £6 million.

In order to address a cash shortfall arising from the timing of payment of the provider sustainability fund (PSF) and financial recovery fund (FRF), the Department of Health provided the Trust with new revenue loans totalling £12.8 million.

The Trust's management of its cash balances, loans and PDC during the year ensured that the statutory duty to remain within its External Financing Limit (EFL), which had been set at £17.167 million was met. The Trust's outturn against its EFL was £15.797 million which meant that the Trust recorded an underspend of £1.370 million.

2.5.12 Paying Suppliers on Time

In addition to its key financial duties, the Trust is also required to comply with the better payment practice code. This requires the Trust to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust's performance against this target is summarised below:

Better payment practice code	2019/20		2018/19		2017/18	
	Number	£'000	Number	£'000	Number	£'000
Total non-NHS trade invoices paid in year	114,933	419,534	122,100	393,001	120,108	374,349
Total non-NHS trade invoices paid within target	103,497	388,740	112,488	360,505	110,862	343,192
% of non-NHS trade invoices paid within target	90%	93%	92%	92%	92%	92%
Total NHS trade invoices paid in year	4,135	107,181	4,708	114,212	3,570	96,424
Total NHS trade invoices paid within target	1,771	92,786	3,010	107,457	1,990	90,804
% of NHS trade invoices paid within target	43%	87%	64%	94%	56%	94%
% of all invoices paid within target	88%	91%	91%	92%	91%	92%

The Trust's performance is consistent with the previous financial year both in volume and value terms. The volume of invoices processed has remained broadly consistent between years.

2.5.13 Financial Outlook

For the first four months of 2020/21 the NHS will work under an emergency financial regime to adapt to the consequences of COVID-19.
For these months the Trust has a block income payment calculated nationally. Any differential to cost will be addressed via a top up cash allocation. The current assumption is that remainder of the year will revert back to a regime of contract agreements. We had already agreed our main contract with Coventry and Rugby Clinical Commissioning Group (CRCCG) before the COVID-19 crisis.

Pre COVID-19 the Trust had been given a challenging control total underpinned by a large efficiency plan.

Revenue support will be required to underpin any shortfall against control total. As part of the NHS reset response to COVID-19 historic loan debt has been written off and converted to PDC. Any future revenue support will be allocated as PDC.

The Trust continues to have very low levels of internally generated funds in 2020/21 (and thereafter) due to the high levels of PFI payments (principal repayments and contractual lifecycle contributions) this means that the Trust's capital programme is underpinned by a significant PDC requirement.

A system approach to capital funding that was first introduced in 2019/20 will be used again to allocate capital expenditure limits across the STP. This should provide greater clarity and confidence on the level of capital resource available, support system working and discussion on capital priorities, and enable faster access to national capital funding for critical safety issues. This is in line with the reforms set out in the Health Infrastructure Plan, to provide clearer and more transparent links between local spending plans and national spending limits.

The operational landscape as a result of COVID-19 has, and continues to significantly change. Whilst the Trust had set an operational plan and budget for the year 2020/21, this has now been superseded with the emergency framework for the first 4 months of the financial year. Nationally the operational planning process for the 2020/21 was suspended in late March. The Trust has therefore set emergency budgets in line with the prescribed national approach with its Clinical Groups.

It is clear that the financial year 2020/21 will be a year like no other, as the organisation wrestles with both maintaining COVID-19 preparedness and the restoration of services.

We continue to be a very active participant in the Coventry and Warwickshire Health and Care Partnership. The primary focus for the system is that of the restoration and reset of services post the initial COVID-19 response. During the incident response a number of pathways and service delivery models were adapted to ensure continuation of key services. We are looking at how some of the positive transformations emerging from the crisis can be incorporated going forward.

2.5.14 Conclusion

I am pleased to conclude that we delivered a small surplus to our control total. This was driven through clinical leadership, stewardship and system working. The delivery against the planned efficiencies was very positive, but the challenge of finding recurrent savings remains.

It is clear that the Trust and indeed the wider NHS will face some uncertain times as we move through 2020/21. As we start to reshape the new business as usual I am confident that the Trust will continue to build upon the lessons learned through COVID-19, and the benefit of a single waste reduction programme to encompass improvements in quality, performance and efficiency. Although the future remains very challenging, it is clear that there are opportunities to ensure financial sustainability for the future.

2.5.15 Financial Accounts

The full set of accounts is included within this report.

The accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the Trust's accounting policies. Their preparation has been guided by the Department for Health and Social Care Group Accounting Manual.

2.6 Accounting Policies

The Trust's accounting policies are in accordance with directors provided by the Secretary of State for Health and follow International Reporting Standards and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS.

Statement of the Chief Executive's Responsibility as the Accountable Officer

The Statement of the Chief Executive's responsibility as the Accountable Officer of the Trust is printed in full in the 2019/20 Annual Accounts.

Statement of Accounting Officer's Responsibility

The Statement of the Accounting Officer's responsibility is printed in full in the 2019/20 Annual Reports and Accounts.

Annual Governance Statement

The Annual Governance Statement is printed in full in the 2019/20 Annual Reports and Accounts and can be found at page 49.

Disclosure of Information to Auditors

The directors confirm that as far as they are aware there is no relevant audit information of which the NHS body's auditors are unaware nd they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

External Auditor

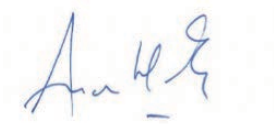
Under the Local Audit and Accountability Act 2014, the Trust was required to appoint its own external auditor for the financial year 2017/18 onwards. Accordingly, the Trust undertook a competitive procurement exercise during 2016 and at this meeting in December 2016; the Trust Board approved the re-appointment of KPMG LLP as the Trust's external auditor. The auditors perform their work in accordance with the National Audit Office Code of Audit Practice and their work compromises two key elements:

- Providing an opinion on the Trust's financial statements. This considers whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction; and
- To satisfy themselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditors' Opinion

Audit opinion is supplied by KPMG LLP and is included within the Financial Statements.

Signed



Chief Executive Officer, 19 June 2020

Part 3

Sustainability Report

3.1 Sustainability Leadership and Engagement

3.1.1 Introduction by Nina Morgan - Executive Lead for Sustainability

This has been another year of sustainable improvement for UHCW, working towards the goals within the Trust Sustainable Development Management Plan (SDMP). Key work in waste management, energy efficiency and active sustainable travel improve environmental, social and economic outcomes, which links with key Trust objectives:

- Deliver the safest care and excellence in patient experience
  Developing low carbon patient pathways and adapting services to consider climate change

- Be a front runner in research, innovation and education
  Developing new ways to educate staff and visitors about the Trust sustainability vision using cutting edge education techniques and innovation

- Achieve financial sustainability
  Ensuring that sustainable development for the Trust delivers efficient buildings and facilities that minimise resource and maximise value for money

- Works are in progress to ensure three energy saving schemes are on schedule to be delivered in 2020:

- Combined Heat and Power at UNIVERSITY HOSPITAL providing low cost electricity and improving resilience.
- The lighting at the Hospital of St Cross, Rugby has been replaced with LED.
- The Building Management System at the Hospital of St Cross, Rugby is being replaced with a newer more efficient system.

All these projects will reduce energy; cost and CO2e helping the Trust achieve financial sustainability, whilst reducing our impact on the environment. UHCW will continue to use innovative ideas to provide a sustainable healthcare fit for the future.

Nina Morgan

Nina Morgan
Chief Nursing Officer
Executive Lead for Sustainability

3.2 Corporate Approach

3.2.1 Developing Sustainably

2019/2020 was a year of sustainability progress for UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust (UHCW), moving closer to being a sustainable healthcare provider.

Sustainability is vital to the Trust and its stakeholders, patients and visitors expect the Trust to be environmentally aware. Our staff are engaged with the sustainability agenda, engaging and challenging the Trust to raise the bar still further.

The Trust is a business with sustainability within its decision making process. In every business engagement the Trust looks to maximise positive environmental and social business impacts alongside financial improvements; providing long term sustainability.

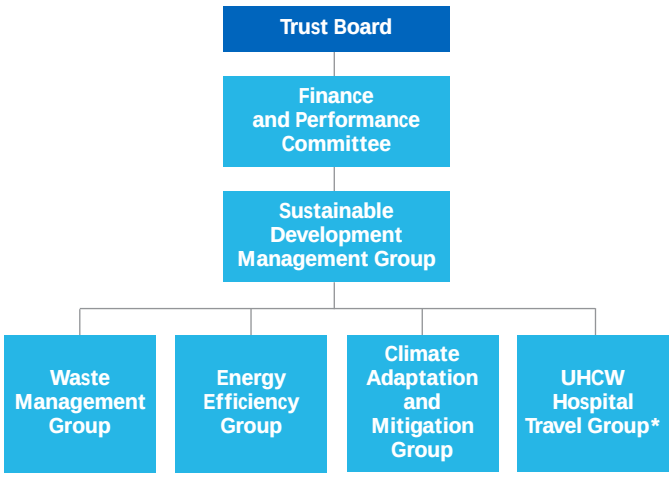
The Trust Sustainable Development Management Plan (SDMP), houses the Trust vision for sustainability, which was developed using guidance from the Sustainable Development Unit (SDU) and the Sustainable Development Assessment Tool (SDAT). The SDMP is being reviewed and developed to form the Trust Green Plan.

The SDMP is reviewed annually and regularly monitored by the Sustainable Development Management Group, which in turn is monitored by the Trust Board. There are mechanisms in place to ensure that the objectives of the SDMP are on target and reviewed to ensure they are still relevant. There is a number of specialist groups that meet regularly to consider key agendas and an overarching Sustainable Development Management Group to oversee them and report up to the Trust Board on the progress of the work. The Trust commitment to sustainability is led by Nina Morgan, Chief Nursing Officer, the executive corporate lead and Clive Robinson, Sustainable Development Manager is the operational lead. The graphical representation of the Trust sustainability gives a snapshot of vision and Trust thinking.

3.2.2 Sustainability Mission Statement

UHCW is committed to a sustainable future through responsible stewardship of a business that offers best value healthcare through environmental connectedness.

Sustainability Organogram-Sustainability reporting within UHCW.



*This group is a partnership group consisting of UHCW, Bus Operators, Councils, Cycle Groups, and the Regional Transport Authorities.

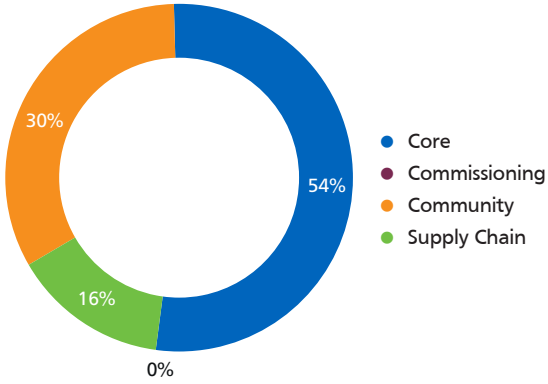
3.3 Carbon Footprint

Within the SDMP are the carbon reduction targets for the Trust, with much work being done to ensure the data behind that calculation is checked and cleansed to improve the accuracy of reporting. The Trust has aligned with the national targets and aims to reduce carbon against a 2007 baseline:

- 2020-34% reduction
- 2025-50% reduction
- 2030-64% reduction
- 2050-80% reduction

There is significant ongoing works to enable the targets to be met in a climate of ever increasing patient activity. There are a number of retrospective works to improve energy efficiency, reduce cost and CO2 emissions. There are also procedures in place to ensure new works; refurbishment and new builds are future fit energy efficient with low CO2. The Trust carbon footprint has been divided into key production areas; as shown in the following graphs associated tables:

The carbon footprint in the pie chart below shows the amount of CO2e released into the atmosphere as a result of the Trust activities, the Trust is working to reduce this by 50% by 2025.



Core	Water and sanitation
	Waste products and recycling
	Business mileage grey fleet
	Fleet pool/cars
	Business mileage public transport
	Fuels fossil and non-fossil
	Electricity
	Anaesthetic gas-other
	Anaesthetic gas Nitrous Oxide and mixes
	Other-Core
Commissioning	Commissioned Health and Social Care Services
Community	Patient and visitor travel
	Staff commuting
	Other community

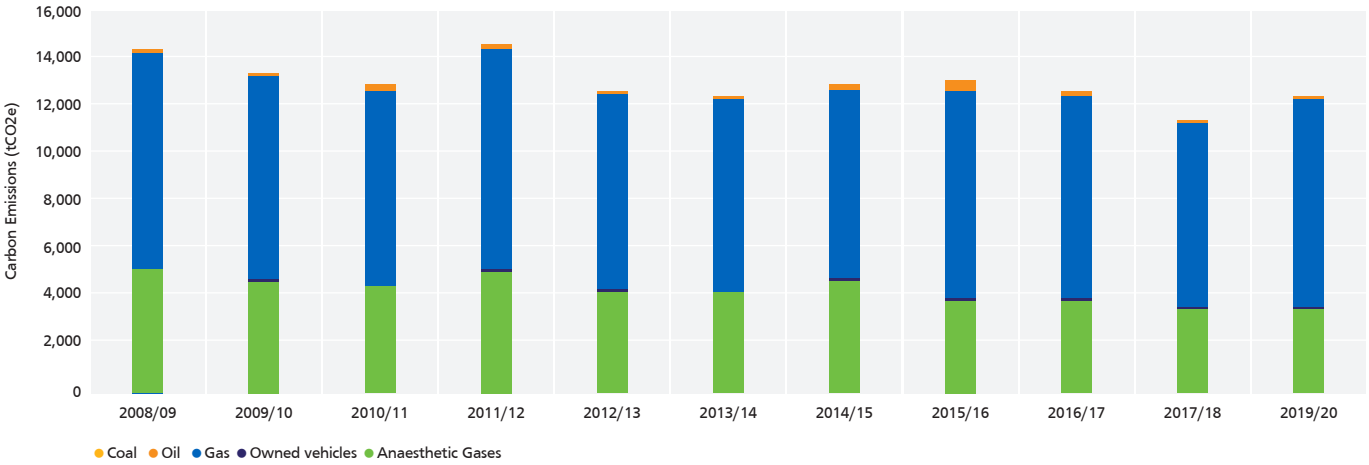
Supply Chain	Pharmaceuticals
	Paper products
	Other procurement
	Other manufactured products
	Medical equipment/instruments
	Manufactured fuels, chemicals and gases
	Information and communication technologies
	Freight transport
	Food and catering
	Business services
	Capital spend construction

3.3.1 Commentary on Carbon Footprint

The carbon footprint for 2019/2020 shows little movement from the previous year, the projects currently in progress will not impact until the 2020/2021 figures as the Combined Heat and Power unit (CHP) will come on line in December 2020 creating cheap electricity and reducing CO2e emissions. Greater reduction will be seen in 2021/2022 as the CHP will have been running for an entire year. The Green Plan will also target business travel which will significantly reduce carbon emissions from the core section of the footprint.

Graphs Showing Carbon Emissions by Scope

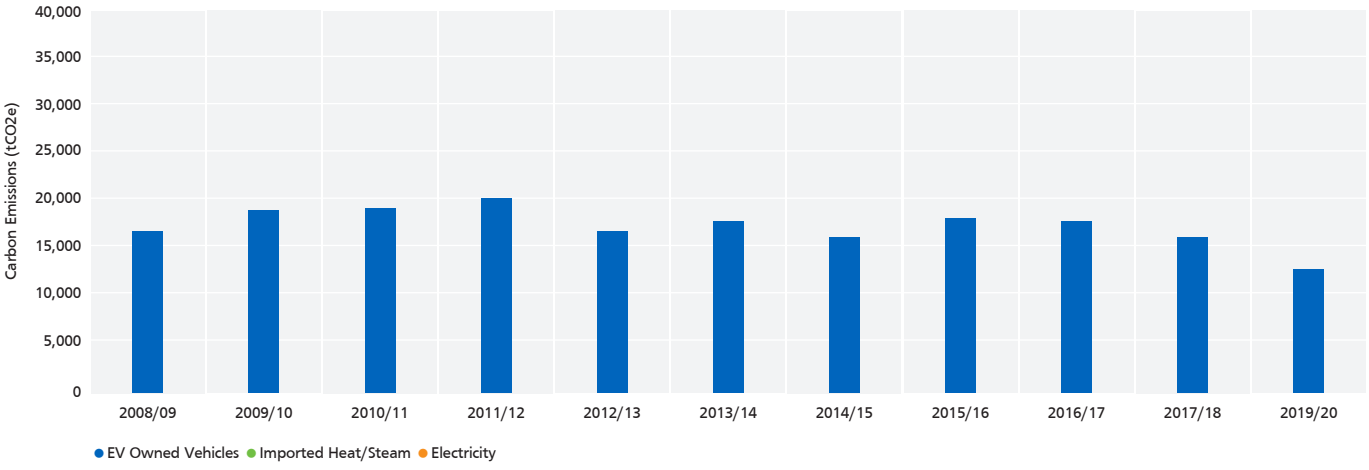
Scope 1 Emissions



Scope 1 – All Direct Emissions from Trust activities or under their control. This includes fuel combustion on site, from owned vehicles and fugitive emissions.

Examples include fleet vehicles, gas emissions from boilers and air-conditioning refrigerant leaks.

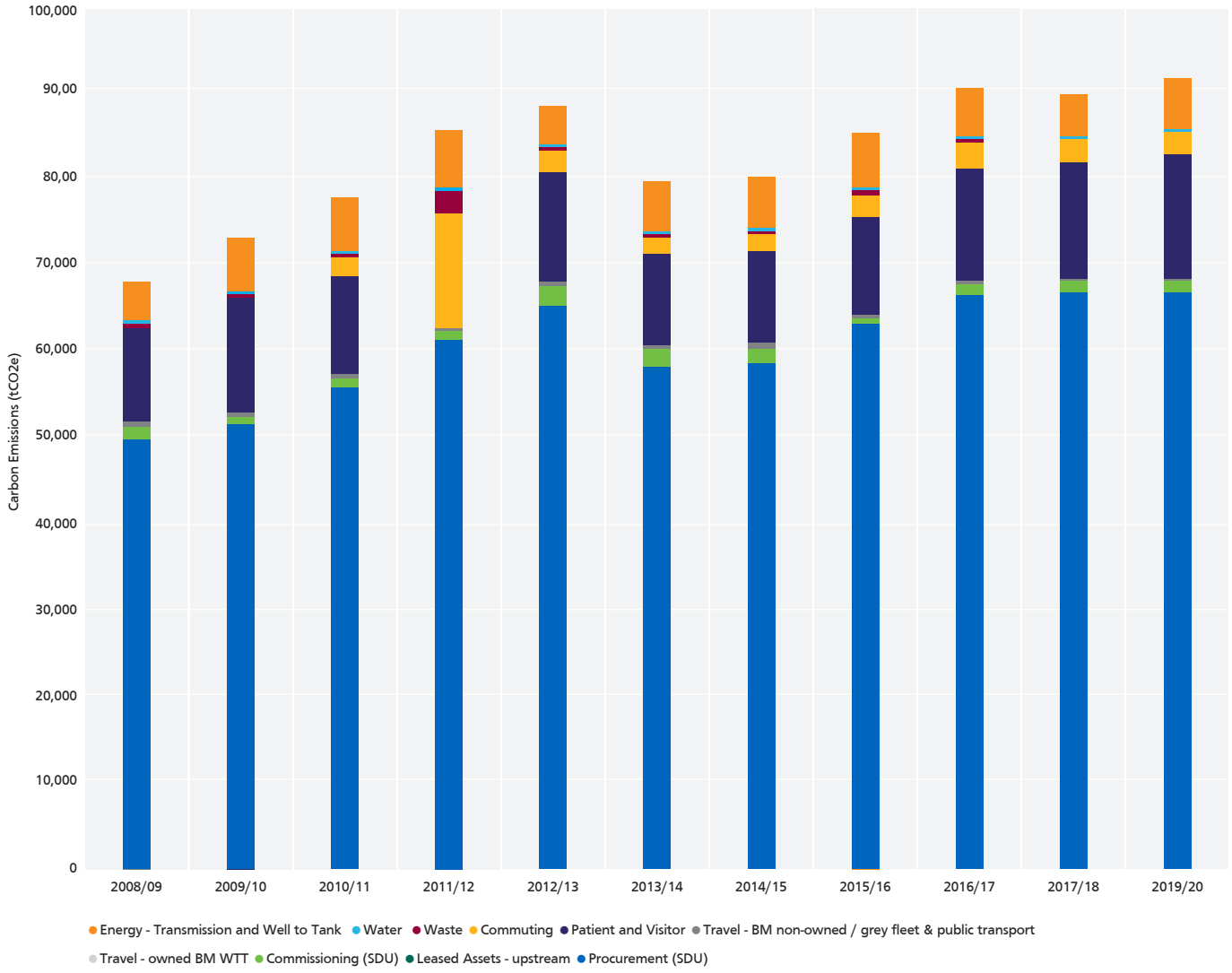
Scope 2 Emissions



Scope 2 – Indirect Emissions from electricity purchased and used by the Trust. Emissions will be created during the production of the energy and eventually used by the organisation.

Examples include electricity from energy supplier to power computers, heating and cooling.

Scope 3 Emissions



Scope 3 – All Other Indirect Emissions from activities of the Trust, but occur from sources that they do not own or control. This is usually the largest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water. Examples include plane travel, shipping of goods and waste disposal.

3.3.2 Treasury Format Yearly Carbon Figures

CO2 emissions (tCO2)		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
HM Treasury	Total	110,734	109,769	113,127	116,003	113,510	93,145
	Scope 1	12,292	13,007	13,051	12,607	11,349	12,235
	Scope 2	18,528	16,417	15,480	14,025	13,132	13,703
	Scope 3	79,914	80,345	84,596	89,371	89,029	67,205
	Aol other	0	0	0	0	0	0

3.3.3 Commentary on Carbon Emissions

Scope 1 emissions have stayed relatively static over the year; this will increase in 2020/2021 as the CHP comes online and consumes more gas, but with a reduction in grid electricity.

Scope 2 emissions have remained static, however with the energy reduction projects, replacing all the lighting at the Hospital of St Cross, Rugby and works in progress to replace the existing building management system with a new state of the art system that will produce better control of plant and equipment, reducing energy consumption and carbon emissions.

Scope 3 emissions are similar to previous years; COVID-19 procurement may have impacted on the final months of this year, there has been a slight increase in travel CO2e emissions; the annual travel survey has shown a slight increase in single car occupancy over the period. However going forward the Trust is increasing partnership work with local public transport companies and cycle groups to reverse this trend.

The Trust has carbon reduction targets in line with NHS guidelines and these are within the SDMP.

The Trust has several energy reduction projects in progress as described previously which will reduce the Trust carbon footprint by 4476 tonnes CO2e which is 16% of the Trust energy related CO2e, this will enable the Trust to get closer to its reduction targets, however more work is needed to hit them.

3.3.4 Sustainable Development Partnerships and Engagement

The Trust has for many years forged partnerships with numerous companies. UHCW is aware that the path to sustainability is complex and requires joint initiatives to meet the challenges before us, which is why since its creation it has worked in partnership with many organisations at all levels of the business to develop sustainably.

The Trust operates within a PFI environment which has challenges, but the engagement on catering sustainability has to be driven by partner company, ISS delivering significant reductions in single use plastics through the use of 'vegware' compostable packaging in retail outlets.

The Trust has worked for many years with National Express and as part of their corporate scheme the Trust is able to offer discounted bus passes. The partnership has provided a number of staff benefits. In 2020 the hope is to provide all new starters with free access to public transport for their first week tempting them to take a healthier more sustainable travel mode.

3.4 Sustainable Development Tool

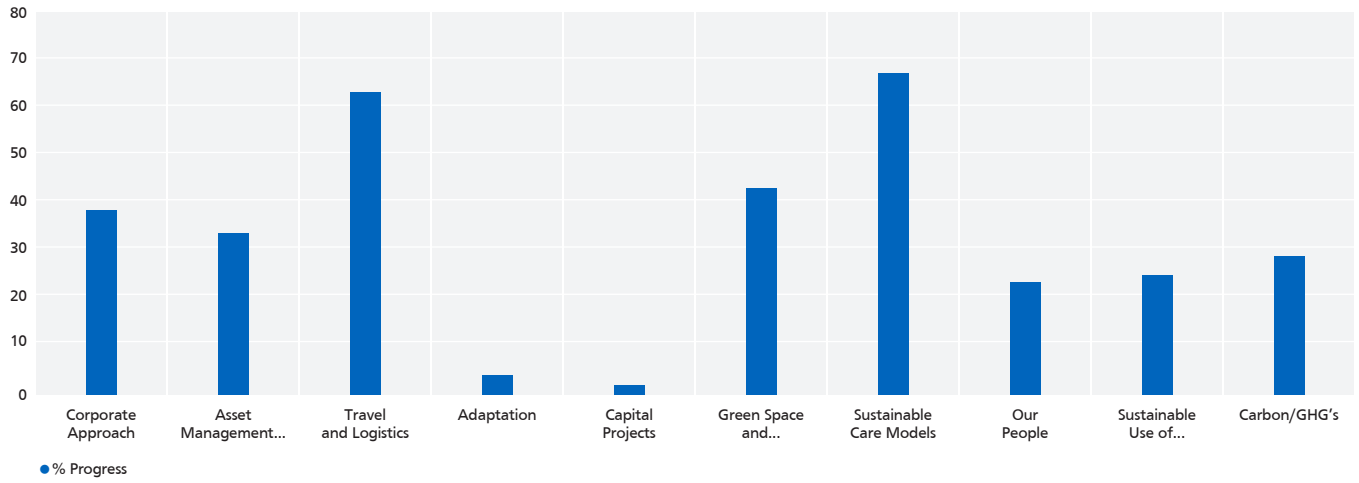
The Trust uses the Sustainable Development Assessment Tool as a KPI to monitor performance in sustainability including Trust progress against the UN Sustainability Goals shown below.

3.4.1 Sustainable Development Assessment Tool Results

The Trust uses SDAT to monitor its progress of its Sustainable Development Management Plan, the results show that the Trust is moving in the right direction with many areas achieving good scores, however there are areas for development next year with capital projects and adaptation being areas of focus in 2020/2021. The new CHP is currently being installed and the partnership working with Cycle Coventry to improve cycle and walking access to the sites will improve further active travel.

Results of the Sustainable Development Tool Assessment:

38% Progress



3.4.2 UN Sustainability Goals

The SDAT tool provides a position statement on the Trust progress towards achieving the 17 UN sustainability goals, so far the Trust has made progress in these three areas, the Trust is working to improve on this over the coming year.

The Trust is starting to contribute to these three SDGs at a local level

3.4.3 Staff Engagement in Sustainability

There are several staff engagement events every year to promote areas of sustainability, such as travel events featuring Dr Bike and the Police providing cycle security advice and health and wellbeing events. The NHS Sustainability Day is supported to engage staff and encourage them to take action.

Employment practices and health and wellbeing are a significant part of the sustainability agenda and there are specialists within Human Resources to work on this area and the details can be found in the Human Resources section of the Annual Report.

3.4.4 Healthy Food

Our current soft services provider, ISS, who manage catering on both sites have looked to the sustainable path alongside health and wellbeing to deliver healthier options in their outlets. Since the start of 2017 all restaurants and coffee shops on the Trust site that are managed by ISS are CQUIN compliant. They do not promote any food high in fats, sugars or salts and healthier options are always promoted before unhealthier options.

3.4.5 Energy Use

Amounts of Thermal Energy Usage

Resource		2015/16	2016/17	2017/18	2018/219	2019/2020
Gas	Use (kWh)	45,264,018	47,920,517	46,972,351	42,718,821	47,536,491
	tCO2e	9,473	10,015	9,959	9,057	10,070
Oil	Use (kWh)	488,876	1,019,298	288,195	245,174	406,972
	tCO2e	156	323	94	80	133
Coal	Use (kWh)	0	0	0	0	0
	tCO2e	0	0	0	0	0
Electricity	Use (kWh)	35,520,331	37,567,794	39,892,948	37,353,871	38,976,759
	tCO2e	20,421	19,415	17,781	16,649	17,373
Green Electricity	Use (kWh)	0	0	0	0	0
	tCO2e	0	0	0	0	0
Total Energy CO2e		30,050	29,753	27,834	25,786	27,584
Total Energy Spend		£4,809,065	£ 4,580,382	£ 4,740,695	5,595,650	5,609,086

3.4.6 Commentary on Energy Usage

The general energy usage has remained fairly static, energy savings from the current initiatives will be seen across the 2020/2021 reporting.

There are several energy reduction projects that will be completed in 2020, which will show reduction in energy in 2020. Combined Heat and Power (CHP) at UNIVERSITY HOSPITAL will be operational in June 2020 providing an annual reduction of 16,021,457 kWh. At the Hospital of St Cross, Rugby the Building Management System (BMS) is being replaced with a projected annual save of 450,504 kWh, the internal lighting has been replaced with LED reducing electricity demand by 1,000,337kWh, this has been achieved via the very generous funding from the Department of Health and Social Care and NHSE/I.

3.4.7 Travel Mileage and Carbon Emissions

Category	Mode	2015/16	2016/17	2017/18	2018/19	2019/2020
Patient and visitor own travel	miles	30,547,276	31,316,714	39,240,512	40,312,504	43,856,783
	tCO2e	11,046.99	11,318.19	13,982.37	14,181,193	15,627.26
Staff commute	miles	6,427,492	6,696,248	6,753,141	6,634,122	7,468,801
	tCO2e	2,324.41	2,420.09	2,406.31	2,312.00	2,661.32
Business travel and fleet	miles	1,177,112	1,002,188	843,445	793,319	868,347
	tCO2e	425.69	362.20	299.94	282	308.87
Active & public transport	miles	0	0	0	0	0
	tCO2e	0.00	0.00	0.00	0.00	0.00
Owned electric and PHEV mileage	miles	0	0	0	0	0
	tCO2e	0.00	0.00	0.00	0	0

3.4.8 Commentary on Travel

The Travel Mileage and Carbon emissions table shows a slight increase in mileage from staff and visitors in their visits to the Trust sites, this in turn gives rise to an increase in CO2e emissions. There has been a slight increase in CO2e which is not reflected in staff commuting habits which continues to be positive with a shift towards more active modes of transport. The challenges for 2020/2021 follow on from the COVID-19 restrictions; the Trust is already working with Cycle Coventry to improve cycling access to UNIVERSITY HOSPITAL and helping staff take up cycling for their daily commute. The Trust is also engaged with bus operators like National Express to ensure bus services are safe and suitable for social distancing.

The table below shows the modal shift in staff commute where there has been a reduction in single occupancy car use since 2010, however a 5% increase in 2019; there is no obvious reason for this, but factors are generally staff from more remote locations with lack of public transport links. The Trust has worked with National Express over many years and that partnership shows in the figures continuing to rise to 25% which is down to the great offers in bus travel tickets the partnership has delivered.

The Trust was successful in securing a grant for £30,000 from Cycle Coventry to improve bicycle infrastructure at UNIVERSITY HOSPITAL Coventry, which was used to provide 5 new covered cycle shelters for staff and visitors. These shelters are already 50% utilised; unfortunately the modal shift data in the table below does not match this, which is down to the cross section of staff taking the survey. The survey data will be the driver for the 2020/2021 active travel campaign to increase the modal shift.

The Trust has restructured the car parking allocation to reduce local CO2 emissions; creating a 2 mile zone around the Hospital, where staff in these areas who could easily take a more sustainable travel option are unlikely to get a car park pass. The Trust provided a discounted bus pass for staff to encourage the use of more sustainable travel options. This year has seen a number of improved bus services to site, as well as additional bus services providing more opportunities for sustainable travel.

Table shows four year comparison of staff commute by modes of transport

Travel Mode	2010	2013	2015	2019	% Change
Solo Driver	75.1%	54%	42%	47%	-28.1%
Car Share	1%	10%	12%	9%	+8%
Bus	13%	17%	18%	25%	+12%
Rail	0.5%	1%	1%	1%	+0.5%
Cycle	7%	5%	9%	6%	-1%
Walk	7%	10%	12%	7%	0%
Park and Ride	0%	0%	1%	-	+1%
Park and Cycle	0%	0%	1%	-	+1%
Other	0%	2%	5%	4%	+4%
Motorcycle	-	-	-	1%	+1%

3.5 Waste Management in 2019/2020

Yearly Waste Figures by Disposal Route

Waste	2015/16	2016/17	2017/18	2018/19	2019/2020	
Recycling	(tonnes)	1832.00	1904.45	2186.61	1816.57	1274.44
tCO2e		36.64	39.99	47.58	39.53	27.72
Other recovery	(tonnes)	1287.00	2669.41	1496.43	1509.09	1817.02
tCO2e		25.74	56.06	32.56	32.84	39.59
High temp disposal	(tonnes)	7.00	0.00	0.00	0.00	0.00
	tCO2e	1.53	0.00	0.00	0.00	0.00
Landfill	(tonnes)	1105.00	0.00	0.00	0.00	0.00
	tCO2e	270.08	0.00	0.00	0.00	0.00
Total Waste (tonnes)		4231.00	4573.86	3683.04	3325.66	3091.00
% Recycled or Re-used		43%	42%	59%	55%	42%
Total Waste tCO2e		333.99	96.05	80.14	72.37	67.26

3.5.1 Commentary on Waste

Waste is a key element of the Trust Sustainable Development Management Plan, to reduce waste and ensure the best possible means of treating that waste. The table above shows that the Trust continues to have 0% waste to landfill and overall the carbon emissions from waste are down; this is due in part to the implementation of a new waste management system. The graph below shows that overall year on year the amount of waste in the system has been reduced.

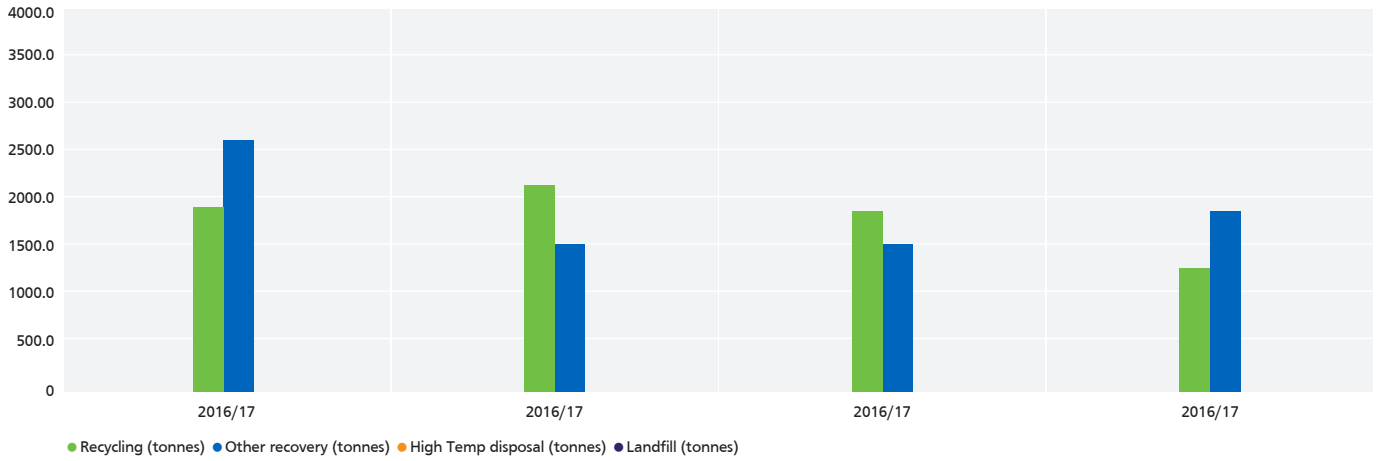
The Trust has implemented a new waste management system in partnership with ISS, which has improved the way that staff can access learning. Using a blended approach to allow detailed e-learning supported by hardcopy, online and virtual reality that provide bite size learning when it is needed with minimal disruption to clinical staff core work. The new system utilizes dynamic QR codes that provide access to information, instruction and training via any smart device. The new training supports a bag to bed system to improve the patient environment and reduce hazardous waste, alongside improved recycling.

Works are continuing to improve the waste compound at UNIVERSITY HOSPITAL; a new bespoke store for Sharpsmart containers has been put in place. Reusable sharps bins have been introduced at the Hospital of St Cross, Rugby and a number of new waste holds have been created to improve segregation and security of wastes.

The Trust has signed up to the NHSE/I pledge to reduce single use plastic, in partnership with Soft FM providers ISS and the first requirement to remove plastic stirrers and straws has already been met. Much of the packaging in our retail outlets are already vegware or wooden making them compostable and sustainable.

The graph shows waste by disposal type.

38% Progress



3.5.2 Water Usage

Water		2015/16	2016/17	2017/18	2018/19	2019/2020
Mains Water	m3	225,224	250,311	296,423	334,623	414,084
	tCO2e	205	228	270	304	377
Water & Sewage Spend	£	575,943	559,486	579,068	629,091	546,334

3.5.3 Commentary on Water Usage

Water usage for the year has increased; this has been due to a series of leaks that have been dealt with and measures put in place and more robust monitoring to speed reaction times to such events. There has been significant work at the Hospital of St Cross, Rugby to improve water management; including new infrastructure and improved monitoring as part of the new Building Management System (BMS).

3.6 Procurement 2019/20

Theatres have been actively seeking out opportunities to be a more sustainable department with all staff playing a part in coming up with ideas and trailing new processes and helping to influence the design of products.

This year out theatres teams have rationalised the use of the waters circuit in recovery, they no longer change out circuit every day and use the one that comes in on the patient, this has reduced the quantity of plastic waste that is being thrown away, this amounts to 5000 masks annually not being thrown away and a cash saving of £14,000.

We also actively approach our suppliers to consider the impact of their plastic usage and have worked with a supplier to remove a small unwanted ring from its facemask. This ring is not needed and has reduced by a small amount the plastic that is being used in theatres.

We have also worked with our supplier to combine the breathing circuit which has reduced the amount of plastic packaging that is being opened and thrown away, reducing waste packaging by two thirds.

We are also looking at reusable or semi reusable instruments, we use some in theatres at the moment, and there are other opportunities like this out there that we are exploring.

We have also been asked to take part in a major supplier's sustainability drive to encourage other trusts to take up the mantle.

It has become a standard part of our supplier review process to ask for their sustainability policy, and when staff are looking at new products we make sure to take into consideration the type and quantity of packaging that it comes in. The whole of the staff are taking this project very seriously and are fully supportive; it's a very exciting time.

We are hoping to role this project out to more areas within the in the Trust during the year 20/21.

3.7 Towards 2021

The Trust is launching its Green Plan in 2020 and the effects of that will really be noticed in 2021. The plan has targets in the main areas of sustainability using the Hospital of St Cross, Rugby as its catalyst for works across the Trust. The lighting has been replaced with LED thanks to a grant from NHSE/I reducing energy, carbon emissions.
As part of the scheme the Trust is trialling an additional sensor in some of the lighting to create a Bluetooth mesh which will make the Hospital building intelligent and has tremendous possibilities for efficiency savings. The Building Management System at St Cross is being replaced which will improve control of heating and cooling again with energy reduction savings. The plan covers further improvements in energy reduction with investigations into solar panels and self-sufficient buildings. The plan also covers improvements to waste management, active travel and improvements to green space areas across the Trust.

3.7.1 Adaptation to Climate Change

The Trust has emergency/resilience plans to deal with severe weather events, this work is led by the Emergency Planning Officer. The Trust has a Climate Adaptation and Mitigation Group which is responsible for the risk assessment and development and implementation of the action plan.

3.7.2 Sustainable Care Models

This is covered in other areas of the annual report by the relevant clinical teams.

3.7.3 Biodiversity and Green Space

The Trust has developed many natural spaces for staff, patients and the community to enjoy. These spaces have improved the biodiversity of the sites and helped endangered species. The Trust is working with local beekeepers to provide access to knowledge and training.

Towards 2021 the future the Trust has aspirations to develop existing green space and create new green spaces to further engage with staff, visitors, patients and the community. To improve health and wellbeing both physically and mentally, integrating art and physical activity into the spaces, both sites now have outdoor gyms which are popular with staff and visitors.

Part 4

Accountability Report

4.1 Corporate Governance Report

It is the responsibility of the Directors of the Trust to prepare the Annual Report and Accounts. The Trust Board considers that the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

4.1.1 Directors report

Disclosure of Information to Auditors

The directors confirm that as far as they are aware there is no relevant audit information of which the NHS body's auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

Members of the Trust Board

In accordance with our NHS Establishment Order, as of 31 March 2020, the Board comprised;

- A non-executive chair (voting)
- A chief executive officer (voting)
- Six non-executive directors (voting)
- Four chief officers (voting)
- One associate non-executive director (non-voting)
- Three chief officers (non-voting)

Details of the membership of the Board can be found in the Annual Governance Statement starting on page 39.

Register of Interests

Details of the register of interests can be found in the Annual Governance Statement starting on page 39.

Trust Board and Board Committees

Detail of the Trust and Board and its committees can be found in the Annual Governance Statement starting on page 39.

External Auditor Remuneration

KPMG LLP is the Trust's appointed external auditor.

The total external audit fees/remuneration recorded in the accounts for 2019/20 is £101,700 excluding VAT. This includes £99,700 excluding VAT for the statutory audit work.

Disclosers

Equality and Diversity

Relevant disclosures regarding disabled employees and equal opportunities and also in relation to how we inform and engage with our staff are included within the Staff Report section of this document.

Employee Consultation

We have provided commentary on how we consult with our staff within the Staff Report.

Sickness Absence Data

We have included this information within the Staff Report.

Cost of Information

We comply with HM Treasury Guidance on setting charges for information. We do not generally make any charge for information requested under the Freedom of Information Act and will generally provide information in hard copy or media e.g. a CD without cost. There is however, provision within the legislation for us to refuse a request if the cost of providing the information is in excess of £450 or the equivalent in staff time that would be needed to retrieve and collate it. For further information please see our website:
http://www.uhcw.nhs.uk/about-us/freedom-of-information-act

4.1.2 Emergency Preparedness, Resilience and Response

The Civil Contingencies Act 2004 and associated statutory regulations and guidance requires us (as a Category 1 Responder) to produce and maintain comprehensive plans that enable us to continue providing its Critical Functions as far as reasonably practical, to a predetermined level, during an 'Emergency' under the Civil Contingencies Act (2004).

The Trust needs to demonstrate that it can effectively respond to emergencies and business continuity incidents while maintaining services to patients. This work is referred to in the NHS as "Emergency Preparedness, Resilience and Response" (EPRR).

For the NHS, incidents/emergencies are classed as either:

- Business Continuity Incident
- Critical Incident
- Major Incident

We are required to respond to critical and major incidents as one of our core capabilities and responsibilities. These incidents may be from either an external or internal stimuli, the end result being the same, essential services must continue. This can be achieved through an effective Major Incident Plan and Business Continuity Plans. Training and exercising is crucial to ensure staff are made aware of their role during such an incident.

Emergency Preparedness

UHCW continues to deliver a formal training programme for on call managers and executives in conjunction with Coventry & Warwickshire NHS partners, based on incident management being linked to national occupation standards. This has enabled participants from all local trusts & CCG to collaborate and learn in partnership together as they would during an incident. UHCW specific in-house incident management training still continues to be delivered to ensure the incident team has the knowledge and confidence to deal with the specific response required from UHCW.

Other internal training continues to be provided in-house and is supplemented by regular exercises, to ensure that the plans and procedures that are in place, deliver services effectively when required under emergency conditions.

UHCW continues to work in collaboration with local and regional partners to ensure robust plans are in place to deal with emerging threats, and major incident/mass casualty events ensuring these are tested.

Resilience

The Trust continues to actively participate in a variety of multiagency exercises in order to test the resilience of our response procedures, such as mass casualty, chemical, biological, radiological and nuclear (CBRN), and business continuity incidents.

Response

During 2019/20, there were no activations of the Major Incident Plan, however during this period UHCW has had two activations of its CBRN plan, and Infectious Diseases plan.

- On 7th August 2019, 5 UHCW staff members entering a waste hold area between on a ward complained of itchy, burning eyes from a spilt unknown clear liquid. Precautions were undertaken and a cordon put in place whilst Fire Services were contacted for support to help identify source, and staff decontaminated and treated by UHCW ED staff. The source was later identified, and appropriately steps taken to clean up.
- On Tuesday 11th June 2019, a patient was transported to UHCW as a Trauma Alert after falling through his corrugated garage roof tiles which contained asbestos. Ambulance and Fire Service attended the scene, and insufficient decontamination was undertaken before the patient was alerted and transferred to UHCW. The patient and ambulance crew had to undergo full wet decontamination before entering the department by clinical staff.

An incident control centre was opened for both incidents and Trust CBRN & HAZMAT plan was enacted until the issue was resolved.

EU Exit

UHCW, along with all other NHS organisations, supported the preparations and response to EU Exit with the Department of Health and Social Care and NHS England and NHS Improvement (NHSE/I). This was a co-ordinated effort across the health and care sector to potential avoid problems in the event of a 'no deal' exit and to ensure there would be a planned response. Specific area of focus included; workforce and securing the supply chains of pharmaceuticals, medical devices and consumables.

The Trust has supported these preparations since December 2018 when the Government announced it would prepare for a no deal EU Exit, focusing on preparing our operational response, aligned to DHSC structures.

The European Union (Withdrawal Agreement) Act 2020 was passed in January, and the Trust continues to prepare, albeit much of this has been affected by the COVID-19 pandemic.

Coronavirus Pandemic (COVID-19)

On Monday 20th January preparations began with the emerging and rapidly evolving situation now known as Corona Virus (COVID-19).

Coronaviruses are a family of viruses common across the world in animals and humans; certain types cause illnesses in people. For example, some coronaviruses cause the common cold; others cause diseases which are much more severe such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS), both of which often lead to pneumonia. COVID-19 is the illness seen in people infected with a new strain of coronavirus not previously seen in humans.
On 31st December 2019, Chinese authorities notified the World Health Organisation (WHO) of an outbreak of pneumonia in Wuhan City, which was later classified as a new disease: COVID-19, which on 30th January 2020, WHO declared the outbreak of COVID-19 a "Public Health Emergency of International Concern".

Working groups were established on Monday 20th January to ensure UHCW was as prepared as we could be for this emerging disease aligning to national guidance, and since have evolved in to larger sub groups which continue to date.

There have been a number of business continuity incidents requiring implementation of corporate and localised clinical group plans. Elements of BCP are invoked frequently to ensure critical services operate with minimal impact.

Comprehensive plans are in place to ensure that the Trust is able to respond to a range of incidents and emergencies. Working both internally and externally with partner organisations, we have tested these plans in exercises and have delivered training to staff involved in the management of incidents.

As a major trauma centre the Trust is heavily involved with local and regional planning and exercises aimed at testing the resilience and preparedness of not only our organisation but also our partner organisations.

The work undertaken in 2019/20 has ensured that we have robust, tested plans and that we have trained and enabled our staff to respond to incidents

Core Standards

The NHS England Core Standards for EPRR set out clearly the minimum EPRR standards, which NHS organisations and providers of NHS-funded care must meet.

The Core Standards also enables agencies across the country to share a common purpose and to co-ordinate EPRR activities in proportion to the organisations size and scope; and provide a consistent and cohesive framework for self-assessment, peer review and assurance processes. The report highlighted UHCW is substantially compliant with only one outstanding action requiring to be addressed. The area that the Trust is not fully compliant sits within Business Continuity, but since our COVID-19 response this gap has been addressed.

Summary

The Trust continues to deliver against the requirements of the Civil Contingencies Act 2004 and the NHS EPRR Framework. Each year NHS England requests a submission against a set of Core Standards that provides guidance on the Emergency Planning Work Programme. The work generated from these assessments along with learning created through internal and external incidents and exercises ensures that UHCW meets regional and national plans, guidance, and best practice.

4.1.3 CQC Registration

The Trust is registered with the CQC to provide nine regulated activities on our two sites and we have maintained registration throughout 2019/20 without any compliance conditions being imposed.

The Chief Nursing Officer is the CQC nominated responsible person for the services.

In order to maintain registration, the Trust is required to demonstrate compliance with the CQC's Fundamental Standards of Quality and Safety. CQC assesses compliance with the standards through various types of inspections.

The CQC continues to make unannounced responsive inspections where they have concerns about quality or safety and thematic reviews to evaluate the quality of a care pathway or a specific area of service provision. They also have a comprehensive inspection programme and quality assurance inspections for high risk areas such as Urgent Care.

During October and November 2019 the CQC undertook a comprehensive inspection of six core services at UNIVERSITY HOSPITAL and Hospital of St Cross, Rugby. They inspected Medicine, Maternity, Neurosurgery, Urgent Care, Outpatients at St Cross and Critical Care. The inspection included follow up unannounced inspections of UNIVERSITY HOSPITAL in Neurosurgery and Urgent Care. An additional inspection was carried out by NHS Improvement for 'use of resources' and a well led review was conducted as part of the comprehensive inspection process. Further detailed information is available in the Quality Account.

4.1.4 NHS Litigation Authority

The NHS Resolution (NHSR) is the operating name of the NHS Litigation Authority (NHSLA) which operates risk pooling schemes to which the Trust pays an annual contribution. In return the NHSLA pays the costs of all clinical negligence claims from the NHS annual budget.
We are a member of the following NHSLA schemes:

- Clinical Negligence Scheme for Trusts (CNST)
- Liabilities to Third Parties Scheme (LTPS)
- Property Expenses Scheme (PES)

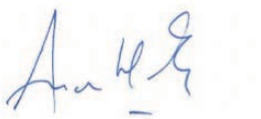
The Trust reported 108 clinical negligence claims to NHSR in the financial year 2019/20. During the year there have been 17 new personal injury claims have been opened in the.

The Trust is committed to minimising the opportunity for harm to patients and staff. In keeping with our open and honest culture staff are encouraged to report adverse events in a timely manner so that they can be investigated to identify opportunities for future learning and improvement.
Action plans are implemented, seeking to avoid similar incidents occurring again. The Trust's Legal Department works closely with the Complaints and Patient Safety departments to identify learning opportunities and mitigate risk.

4.1.5 Principles for Remedy

Patients are at the heart of everything we do and we view complaints as an opportunity to learn and improve treatment, care and services we provide. We have a dedicated Patient Advice and Liaison Service (PALS) which provides a seven day services offering face to face support for patients and carers who have a concern or need advice, information or support. The Complaints Team supports patients wishing to make a complaint and our complaints and PALS policies ensure that any concerns are thoroughly investigated in accordance with the NHS Complaint Handling Regulations.

Signed



Chief Executive Officer, 19 June 2020

4.1.6 The statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

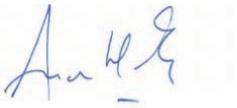
The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust.
The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer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

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

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

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

Signed



Chief Executive Officer, 19 June 2020

4.1.7 Statement of Directors' Responsibilities in Respect of the Accounts

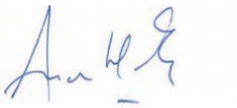
The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, other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

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

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

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts. The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy

By order of the Board.



Chief Executive Officer, 19 June 2020

Chief Finance Officer, 19 June 2020

4.1.8 The Annual Governance Statement

Scope of Responsibility

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

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 UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust NHS Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

I am accountable for risk management across all activities within the Trust and have delegated this responsibility to the Chief Medical Officer, who has overall responsibility at Board level.

A Risk Management Strategy has been implemented, which provides a clear framework for managing risk across the organisation. It sets out a systematic approach to the identification and management of risks in order to ensure that risk assessment is an integral part of clinical, managerial and financial decision making. It also sets out the role of the Board and its standing committees, together with individual responsibilities.

The Trust's Risk Management Policy is in place and this provides guidance on the implementation of the Risk Management Strategy and on operational risk management. Training is provided to all managers to ensure they are aware of their roles and responsibilities within the framework. The two-hour workshop allows managers to review and discuss risks relevant to their area and practice using the risk management software. All staff are informed of the risk management practices in the Trust at induction.

The risk and control framework

Effective risk management requires the involvement of all staff who are expected to identify and manage risk. The risk management team within the Quality Department is responsible for providing risk management training and a programme of training has been rolled out across the organisation during the year to help managers assess and evaluate risk. Staff are also provided with training in incident investigation and in undertaking root cause analyses.

The risk management process starts with risk assessments that are carried out at all levels of the organisation using a 5x5 matrix using a combination of consequence and likelihood; these risks are then documented on the risk register. A risk register is in place and is utilised across the organisation to capture risks at clinical group and corporate level. The risk register is split into the local risk registers (group and speciality level), the corporate risk register and the Board Assurance Framework for reporting and monitoring purposes.

Low scoring risks are managed within the area in which they arise, whilst higher scoring risks are managed at either clinical group level or through the corporate meeting structure commensurate with their score.

The Risk Committee, which I chair, considers whether any individual risk should be escalated to the corporate risk register. The Quality Governance Committee receives a regular report from the Risk Committee. Group leadership teams attend meetings of the Risk Committee on a rotational basis to provide details of the risks in their areas, together with assurance in relation to their management and mitigation. Chief Officers also present the risks relating to their portfolios at the Committee in order that the same assurances can be given.

Risks are discussed at Clinical Group level as part of the Quality Improvement and Patient Safety (QIPS) meetings that take place each month and are also an area of focus in the Trust's performance framework. Information obtained from the QIPS meetings is collated centrally by the Quality Department.

The Board is responsible for the identification and management of risks to the achievement of the objectives that it has agreed and has a Board Assurance Framework (BAF) that is monitored three times per year. The BAF was reviewed in April 2018 to take account of the refreshed organisational strategy and identified six risks to the delivery of the strategic objectives.

The BAF includes:

- Definition of the risk
- Assessment of potential likelihood and impact to give an overall risk rating
- Key controls by which the risk is managed
- The means through which the effectiveness of the controls are assured
- Any gaps in controls or assurance
- Action plans to ensure improvement in controls and assurances

The Audit Committee also has oversight of the BAF in line with its responsibility for assessing the overall system of internal control. The internal audit annual plan is driven by the Board Assurance Framework and provides an independent source of assurance around the effectiveness of the key controls that are in place. The plan is reviewed in light of any changes to the BAF, to assess whether additional audit activity is required. A number of contingency days are held each year to accommodate changes to the risk profile.

The BAF is a dynamic document that is monitored by the Board three times per year; the Board approves proposed changes in risk ratings as mitigating actions take effect throughout the year or as other factors affect the likelihood or consequence of any particular risk.

Independent assurance in relation to the rigour of the BAF is provided by internal audit, who undertake both an interim and full review of the BAF each year and the overall conclusion in 2019/20 was that the BAF met requirements (level A) and provides reasonable assurance that there is an effective system of internal control to manage the risks identified by the Trust. Following the review, further developments have been introduced to provide more detail around the assurance for controls so that these can be assessed by the Audit Committee in order to give further assurance to the Board about the robustness of the BAF.

The Trust has proactively managed patients waiting excessive lengths of time for treatment and since November 2018, when an undertaking was given to NHS England and NHS Improvement, there were no breaches of the 52 week standard, until the end of March 2020 and this was directly due to the cancelling of elective treatment due to the COVID-19 pandemic.

The Trust has not carried a self-assessment against the Well Led framework but this was tested through the CQC inspection process in the autumn of 2019. The rating for the Well Led domain was 'Good' which also included an improvement in the rating for the Hospital of St Cross, Rugby, which had previously been 'requires improvement'.

Quality governance is managed through the various committees and processes that report into the Quality Governance Committee (QGC). These committees are responsible for overseeing key performance and other information in order to gain provide assurance through regular reporting to QGC and to ensure the Trust fulfils its obligations for CQC registration.

During 2019/20 there were two internal audit reviews of patient experience and safety metrics. These were for cardiotocograph (CTG) monitoring in maternity and mental health assessments. These reviews provided moderate assurance regarding the quality of data for these key metrics.

The Counter Fraud Specialist undertakes a programme of work for the Trust which includes awareness and deterrence training; fraud detection and prevention; and investigations. The Audit Committee receives regular reports relating to the Counter Fraud Annual plan and the Trust actively seeks redress and legal sanctions where appropriate.

The major risks that the Trust faced in 2019/20 were as follows:

- COVID-19 – this pandemic started impacting on the Trust during February and March as cases started emerging and the Trust made preparations for the expected surge in cases and the need for additional capacity, especially in relation to critical care.
- Delays in admission to a mental health unit for patients with mental health problems
- UHCW NHS Trust lack of CT scan capacity for ED, major trauma and urgent in-patient referrals
- Overcrowding in the emergency department
- Severe shortage of permanent capacity in mortuary at UHCW

The Trust complies with the 'Developing Workforce Safeguards1, recommendations and regularly assesses its short, medium and long term workforce strategies in order to assure the Board that staffing processes are safe, sustainable and effective. The ways that it does this, include:

- Quarterly reports to the Nursing and Midwifery Committee and six-monthly reports to Trust Board on safe staffing
- Services specified in alignment with Royal College of Physician recommendations for safe staffing, European Working Time regulations and deanery requirements
- Integrated performance report to Trust Board includes workforce information such as, mandatory training, vacancies, agency etc.
- Silver command assesses staffing levels on a daily basis to ensure staffing levels are safe, escalating to chief officers as necessary
- The Guardian for Safe Working provides a report to the Board three times per year to provide assurance about the working hours and staffing levels for junior doctors in training
- Business continuity plans are place to mitigate risks to staffing levels

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

We aspire to the highest standards in corporate governance and our corporate governance framework is set out in our Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation, which was reviewed in May 2019.

The Trust has a Code of Business Conduct policy which includes the requirement for interests to be declared in line with national guidance . The policy applies to all staff but requires 'decision making staff' to make a declaration at least once a year, even if that is a 'nil' declaration. Decision making staff are defined as being the following:

- Board members (Chief Officers and Non-Executive Directors)
- Clinical Directors
- Group Directors of Operations
- Group Directors of Nursing and Allied Health Professionals
- Corporate directors
- Medical consultants
- Other senior managers of band 8d and above

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

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 and the Adaptation Reporting requirements are complied with.

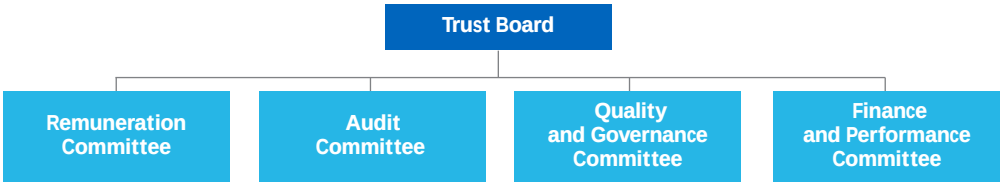
Trust Board and Committee Structures

The COVID-19 pandemic has had and will continue to have an impact governance arrangements at the Trust. At the end of 2019/20 some meetings, including Board committees, were stood down and the Board itself met 'virtually' with most members joining via video link and others not available due to dealing with the impact of the pandemic.

Changes to standing orders have been made to enable virtual attendance to be counted towards quoracy and agendas have been curtailed. Over the coming months, meetings will continue to be held virtually with agendas limited to key issues and other reports deferred or taken 'as read'. Mechanisms for broadcasting and recording the Board meeting are being explored to enable an element of public participation and accountability.

The formal board and committee structure of the Trust is shown overleaf;

[1] Managing Conflicts of Interest in the NHS, NHS England 2018



A review of the Board and its committee structure took place in the final quarter of 2019/20 but its implementation has been delayed due to the COVID-19 pandemic.

Trust Board

The role of our Trust Board is to govern the organisation and ensure that it is well managed. Its primary functions are:

- Setting the overall strategic direction of the organisation within the context of NHS priorities and policy
- Regularly monitoring performance against objectives
- Providing financial stewardship through value for money, financial control and financial planning
- Ensuring high quality, safe and effective services and patient focused service provision through clinical and quality governance
- Ensuring high standards of corporate governance, personal conduct and compliance with statutory duties
- Promoting effective dialogue with the local communities we serve

Attendance at the Trust Board during 2019/20 was as follows;

Name	Position	Possible Meetings	Meetings Attended	Attendance rate
Andrew Meehan	Chairman (until 30 Sep 2019)	3	3	100%
Stella Manzie	Chair (from 1 Oct 2019)	3	3	100%
Barbara Beal	Non-Executive Director (until 15 April 2020)	0	0	0%
Ian Buckley	Non-Executive Director (Vice Chair)	6	6	100%
Guy Daly	Non-Executive Director (from 1 Oct 2019)	3	3	100%
Jerry Gould	Non-Executive Director	6	6	100%
Sudhesh Kumar	Non-Executive Director	6	4	67%
Ed Macalister-Smith	Non-Executive Director	6	6	100%
Jenny Mawby-Groom	Associate Non-Executive Director	6	6	100%
Brenda Sheils	Non-Executive Director	6	6	100%
Andy Hardy	Chief Executive	6	6	100%
Karen Martin	Chief Workforce and Information Officer/ Deputy CEO (except 17 Jun 2019 to 2 Aug 2019)	5	5	100%
Donna Griffiths	Acting Chief Workforce and Information Officer (17 Jun 2019 to 2 Aug 2019)	1	1	100%
Lisa Kelly	Chief Operating Officer (to 31 Jul 2019)	2	1	50%
Laura Crowne	Chief Operating Officer (from 1 Aug 2019)	4	4	100%
Richard de Boer	Chief Medical Officer (until 30 Jun 2019)	1	1	100%
Kiran Patel	Chief Medical Officer (from 1 Jul 2019)	5	5	100%
Nina Morgan	Chief Nursing Officer	6	6	100%
Justine Richards	Chief Strategy Officer	6	6	100%
Su Rollason	Chief Finance Officer	6	6	100%
Mo Hussain	Chief Quality Officer (from 4 Nov 2019)	3	3	100%
Geoff Stokes	Chief Quality Officer (1 Jul 19 to 31 Oct 19)	2	2	100%

Due to the COVID-19 pandemic, the March 2020 meeting was severely curtailed and held 'virtually' with most members attending via video link.

Audit Committee

The Audit Committee is a statutory committee of the Board responsible for overseeing governance and the internal control system. It comprises four non-executive directors and is responsible for:

- Reviewing systems of integrated governance, risk management and internal control
- Approving the annual work plans for the Trust's internal and external auditors and monitoring progress against these
- Monitoring the performance of the Trust's management in responding to agreed actions
- Reviewing the draft Annual Report, draft Quality Account and financial statements before submission to the Trust Board
- Ensuring adequate arrangements in place for counter fraud and security that meet the standards set by NHS Protect
- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process
- Monitoring the integrity of the financial statements of the Trust and any formal announcements relating to its financial performance
- Reviewing the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns and ensure that any such concerns are investigated proportionately and independently; and
- Ensuring that policies, procedures, systems and processes are in place to ensure effective clinical and corporate governance

During the course of the year the Audit Committee has:

- Received several reports from internal audit arising out of the Annual Internal Audit Plan for the year
- Received several follow up audit reports in respect of previous assignments with a limited assurance conclusion
- Received updates from external auditors
- Overseen improvement in the number of outstanding actions arising out of internal audit recommendations
- Approved proposals for the write-off of debt following scrutiny and challenge
- Monitored the effectiveness of the Board Assurance Framework
- Reviewed the Trust's arrangements for Raising Concerns (Whistleblowing)

Attendance at the Audit Committee during 2019/20 was as follows;

Name	Position	Possible Meetings	Meetings Attended	Attendance rate
Jerry Gould	Non-Executive Director (Chair)	5	5	100%
Barbara Beal	Non-Executive Director (until 15 Apr 2019)	1	0	0%
Ian Buckley	Non-Executive Director	5	4	80%
Ed Macalister-Smith	Non-Executive Director	5	5	100%

Remuneration Committee

The Remuneration Committee is a statutory committee of the Board responsible for determining the remuneration and terms of service of the chief officers and a small number of senior managers. It comprises all the non-executive directors of the Trust Board and its principle areas of responsibility are:

- To determine Trust policy on all aspects of salary, including any performance related elements and bonuses
- To review the provision of other benefits including pensions and lease cars; and
- To determine contractual arrangements including severance packages for directors in the event of termination of their employment

During the course of the year the Remuneration Committee has:

- Appointed a new Chief Medical Officer, a new Chief Operating Officer and recruited to the new post of Chief Quality Officer
- Agreed arrangements for the retirement of the current Chief Workforce and Information Officer and replaced that post with a new Chief People Officer role.
- Discussed and agreed interim arrangements for medical consultants and other senior staff affected by the tax implications of their pension contributions.

Attendance at Remuneration Committee during 2019/20 was as follows;

Name	Position	Possible Meetings	Meetings Attended	Attendance rate %
Andrew Meehan	Chairman (until 30 Sep 2019)	3	3	100%
Stella Manzie	Chair (from 1 Oct 2019)	1	1	100%
Ian Buckley	Non-Executive Director (Vice Chair)	4	4	100%
Guy Daly	Non-Executive Director (from 1 Oct 2019)	1	1	100%
Jerry Gould	Non-Executive Director	4	4	100%
Sudhesh Kumar	Non-Executive Director	4	2	50%
Ed Macalister-Smith	Non-Executive Director	4	3	75%
Brenda Sheils	Non-Executive Director	4	4	100%

Quality Governance Committee

The Quality Governance Committee provides a principal source of assurance to the Board that the Trust is delivering high quality, safe services to patients. The Committee comprises four non-executive directors and four chief officers and ensures that the Trust has the appropriate strategies, processes, systems, policies, and procedures in place to deliver the necessary standards of care by:

- Providing a forum for scrutiny of any of the Trust's quality indicators or priorities at the request of the Board
- Providing assurance to the Board that arrangements are in place for identifying, prioritising and managing risk and that risks are escalated to the Board as appropriate
- Promoting safety, quality and excellence in patient care
- Ensuring the effective and efficient use of resources through the evidence-based clinical
- practice;
- Protecting the safety of employees and all others to whom the Trust owes a duty of care;
- Ensuring that effective systems and processes are in place to support high quality care through an effectual training and education and ICT infrastructure
- Ensuring that the Health and Safety Committee has an overarching view of health and safety
- and provide assurance that non-clinical risks are effectively managed on behalf of the Trust

The Committee receives reports from its sub-committees as detailed below on a regular basis:

- Patient Safety and Clinical Effectiveness Committee
- Risk Committee
- Patient Experience and Engagement Committee
- Strategic Workforce Committee
- Information Governance Committee
- Health and Safety Committee
- Quality Standards Committee

During the course of the year the Quality Governance Committee received reports relating to the following:

- CQC action plan and preparation for inspection
- Complaints performance
- National patient safety deep dive
- Sepsis deep dive
- Behavioural contracts
- Ward accreditation programme
- Trust performance
- Governance arrangements for the Hospital of St Cross, Rugby

Attendance at Quality Governance Committee during 2019/20 was as follows;

Name	Position	Possible Meetings	Meetings Attended	Attendance rate
Ed Macalister-Smith	Non-Executive Director (Chair)	11	8	73%
Barbara Beal	Non-Executive Director (until 15 Apr 2019)	1	0	0%
Guy Daly	Non-Executive Director (from 1 Oct 2019)	5	4	80%
Sudhesh Kumar	Non-Executive Director	11	9	82%
Brenda Sheils	Non-Executive Director	11	11	100%
Lisa Kelly	Chief Operating Officer (to 31 Jul 2019)	4	2	50%
Laura Crowne	Chief Operating Officer (from 1 Aug 2019)	7	3	43%
Richard de Boer	Chief Medical Officer (until 30 Jun 2019)	3	2	67%
Kiran Patel	Chief Medical Officer (from 1 Jun 2019)	8	6	75%
Karen Martin	Chief Workforce and Information Officer/ Deputy CEO (except 17 Jun 2019 to 2 Aug 2019)	9	7	78%
Donna Griffiths	Acting Chief Workforce and Information Officer (17 Jun 2019 to 2 Aug 2019)	2	2	100%
Nina Morgan	Chief Nursing Officer	11	6	55%

The March 2020 meeting was cancelled due to COVID-19 pandemic and the consequent availability of chief officers.

Finance and Performance Committee

The Finance and Performance Committee comprises three non-executive directors and three chief officers and plays a key role in supporting the Board in their responsibilities for effective financial management by:

- Monitoring monthly income and expenditure variance to provide assurance to the Board and escalate any emerging issues of concern
- Monitoring delivery of key access targets and operational delivery plans to provide assurance to the Board and escalate any emerging issues of concern
- Providing a forum for scrutiny of any of the Trust's performance indicators at the request of the Board, referring any potential impact on quality to the Quality Governance Committee
- Reviewing the performance management arrangements for each Group, scrutinising the arrangements in place to meet financial and operational targets
- Reviewing the performance of Service Providers within the PFI contract
- Providing effective oversight of all major capital and development projects including associated risks with the projects
- Ensuring adequacy of the Trust's Strategic Financial Planning

The Committee and receives reports from its sub-committees as detailed below on a regular basis:

- Private Finance Initiative (PFI) Liaison Committee
- Sustainability Development Management Group
- Procurement Waste Reduction Group

Key areas of concern for the Committee during 2019/20 included:

- Emergency and elective performance
- Procurement and the establishment of the national procurement programme
- The tendering process for the electronic patient record (EPR) project
- National cost collection outputs
- Trust finances and the waste reduction programme
- Capital planning and programme updates
- Hospital pharmacy transformation plan
- Efficiency and effectiveness within clinical groups

Attendance at Finance and Performance Committee during 2019/20 was as follows;

Name	Position	Possible Meetings	Meetings Attended	Attendance rate
Ian Buckley	Non-Executive Director (Chair)	10	10	100%
Jerry Gould	Non-Executive Director	10	10	100%
Brenda Sheils	Non-Executive Director	10	10	100%
Lisa Kelly	Chief Operating Officer (to 31 Jul 2019)	4	1	25%
Laura Crowne	Chief Operating Officer (from 1 Aug 2019)	6	4	67%
Karen Martin	Chief Workforce and Information Officer/ Deputy CEO (except 17 Jun 2019 to 2 Aug 2019)	8	6	75%
Donna Griffiths	Acting Chief Workforce and Information Officer (17 Jun 2019 to 2 Aug 2019)	2	2	100%
Su Rollason	Chief Finance Officer	10	9	90%

The March 2020 meeting was cancelled due to COVID-19 pandemic and the consequent availability of chief officers

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

We began our year with a break even plan, backed with £10.852 million of Provider Sustainability Funds (PSF), £13.710 million Financial Recovery Fund (FRF) and £0.835 million Marginal Rate Emergency Rule. The underlying control total for the Trust was therefore a £25.397 million deficit. Finances for the year remained very challenging; however I am pleased to report that we were able to deliver the financial plan, through a combination of clinical engagement and partnership working with the Coventry Clinical commissioning Group.

The Trust regularly reviews the economic, efficient and effective use of resources with a range of arrangements in place to set objectives and targets and manage their achievement. These arrangements include;

- Approval by the Board of the Trust's strategy and annual approval of the operational plan
- Regular reviews of performance at the Board through the integrated performance report
- More detailed reviews of performance at the monthly Finance and Performance Committee meetings
- Quarterly performance reviews by the Chief Officers with Group management teams
- Scrutiny of cost improvement schemes
- Internal audit programme

The Trust commenced 2019/20 with the following major financial challenges:

- To identify and deliver £36.0 million of savings to achieve the underlying control total. To secure external financing to support the Trust's capital expenditure programme
- To ensure that we delivered the activity outlined in the plan

The Trust delivered a £0.106 million surplus.

A total of £36.1 million waste reduction was delivered, and the Trust achieved the agency ceiling of £22.8 million, spending £19.7 million.

Under the NHS Oversight Framework for 2019/20, the Trusts liquidity metric continued to be poor and stood at (33.7) days – further deterioration of this metric was avoided by the receipt of revenue financing support. However, notwithstanding the challenge presented by this, the Trust was able to maintain good performance against the better payments practice code (91% of invoices by value were paid with 30 days of receipt of a valid invoice), meet all of its debt servicing commitments and maintain the agreed minimum monthly cash balance of £1 million.

The year saw a continued growth in income, operating expenditure (excluding impairments). Capital investment; (on the Trust's estate, medical equipment and IT infrastructure); was higher than the previous year, primarily driven by the approval of emergency capital loan.

The Trust will continue to be a very active participant in the Coventry and Warwickshire Sustainability and Transformation Plan (STP). Whilst the systems primary focus for the year ahead is likely to be consumed with the response to COVID-19. It is clear that without a number of pathway changes coupled with some service rationalisation it is difficult to see how the local health economy will be able to deliver the required level of provision within the resources available to it over the current planning period.

Control Issues

The Trust is required to meet a 92% standard for the referral to treatment (RTT) measurement for incomplete pathways.

This means that 92% of patients on our total waiting list should be treated within 18 weeks of being referred.

The Trust' performance has been impacted by the demand on emergency services over the winter and by the early impact of the COVID-19 pandemic. Overall, performance against this measure during 2019/20 was 73.4% at the end of March 2020 compared to 85.1% at the end of March 2019. Performance deteriorated slowly during most of the year but was significantly affected in March due to the cancellation of elective procedures due to COVID-19. Further details are provided on page 13.

Throughout the year, actions were taken to improve performance, including weekly patient level tracking and setting clear targets for each of our Clinical Groups and monitoring performance against them. Up until the impact of the COVID-19 pandemic there were no 52 breaches but, sadly, due to the cancellation of much elective work, the Trust had its first two breaches since November 2018 and there are likely to be more as clinical effort is targeted towards dealing with COVID-19.

The Trust's performance against the 4 hour standard in the emergency department was 82.5% at the end of 2019/20 compared with 86.9% last year, against the national target of 95%.

There was one 'Never Event' reported in 2019/2020 which related to a mis-placed naso-gastric tube. This event occurred in March 2020 and prior to this the Trust last reported Never Event was in November 2017. The Trust's incident management framework is well established and robust and includes a Nationally recognised Patient Safety Response team who attend any potential serious incident (Moderate harm or above) to work with staff involved to identify immediate lessons learnt, support the staff and ensure duty of candour is completed with the patient or family. This process helps to ensure that serious incidents are managed within the statutory timescales, maximises learning and ensures patients and their families are always put first.

Information Governance

The Trust was due to submit the assessment of the Data Security and Protection Toolkit (DSPT) to NHS Digital on 31st March 2020 but due to the COVID-19 pandemic, this was deferred. It will now be submitted before the revised date of 30 September 2020 set by NHS Digital. The DSPT is a requirement in the NHS England standard conditions contract that provider organisations undertake a DSPT assessment on an annual basis. Our performance is at 'Standards Met' this year; UHCW has met all 40 of the mandatory assertions.

The Chief Quality Officer is the Senior Information Risk Owner (SIRO) at the Trust supported by the Director of Corporate Affairs who is the Deputy SIRO. The Chief Medical Officer and Director of Quality are joint Caldicott Guardians.

There have been eight Information Governance breaches in 2019/20 that required reporting to the Information Commissioner, as shown in the following table;

Date of incident (month)	Nature of incident	Number affected	How patients were informed	Lessons learned
Apr 2019	An administrative staff member inappropriately accessed the health records of a patient and shared the information with a third party.	1	Verbally and email	Raised staff awareness about how this behaviour is unacceptable.
Jul 2019	An administrative staff member inappropriately accessed the health records of a patient repeatedly.	1	Letter	Raised staff awareness on the Caldicott Principles.
Sep 2019	A doctor in training had inappropriately accessed the health record of a patient and informed the family of the patient about the procedure performed on the patient during the episode of care in hospital.	1	Verbally and email	Case is still ongoing and has been referred to the GMC. Highlighted this case at junior doctor's inductions throughout the year.
Sep 2019	A line manager (a senior nurse) inappropriately accessed the health record of a member of their team (also a nurse), and family members.	3	Verbally	Updated internal ICT Security Policy and disseminated to staff.
Nov 2019	Two copies of a member of staff's Occupational Health (OH) report were sent to an incorrect address.	1	Verbally and email	Internal processes were reviewed to ensure that the correct details of employees are held in OH.
Jan 2020	An administrative staff member inappropriately accessed the health records of another member of staff who was previously related, and other ex-family members.	5	Verbally	Raised organisational awareness – released a new IG newsletter with a focus on in appropriate access.
Feb 2020	Two clinical letters containing the details of a gynaecology patient were sent to another patient in error.	1	Verbally	Administrative processes were reviewed to minimize the risk of this occurrence.
Mar 2020	A staff member had accessed their own record on multiple occasions in a clinical system, and 11 other individuals where there was no legitimate need to do so.	11	To be informed	Investigation is currently underway.

The ICO did not take action as a result of any of these breaches.

Data Quality and Governance

A number of the requirements of the Data Security and Protection Toolkit encompass data quality. To ensure that we meet the required standards, the data quality team provides training and advice to users of the Patient Administration System that is used to record patient information to support the provision of patient care and data submissions.

A suite of data quality reports for data reported both internally and externally are routinely produced. These are reviewed, with areas of concern highlighted and appropriate actions taken to rectify any issues.

The Trust submitted records from 2019/20 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data for April 2019 to December 2019: which included the patient's valid NHS number was:

- 99.5% for admitted patient care
- 99.8% for outpatient care
- 96.5% for accident and emergency care

There are regular reviews of data quality by internal audit and the latest of these took place during 2018/19 into the quality of data for cancer waits, referral to treatment times and 4 hour accident and emergency waits. All these reviews provided conclusions of 'significant assurance' to provide assurance to the Board of the quality and integrity of data reported.

Performance

As set out in the performance analysis there have been some performance challenges for the Trust in 2019/20, particularly in relation to the accident & emergency four-hour target, referral to treatment (RTT) and delayed transfers of care (DTOC). All of these have also been affected (in both positive and negative ways) by the preparation for and reaction to the COVID-19 pandemic.

The Trust has an elective access training strategy which provides a training framework for clinical and non-clinical staff to be fully knowledgeable in national elective care standards, and competent in the application of referral to treatment times (RTT) rules in managing patients along their elective care pathways.

We have an RTT Team whose function is to govern the correct application of the RTT rules and track patient pathways to ensure we have correct data collection and provide validation guidance. There are always risks with data recording accuracy however we have implemented validation reports to identify errors and omissions enabling corrective actions to take place. A monthly audit timetable is undertaken to constantly ensure accurate application of rules and results to drive an action plan for improvements.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. The opinion of the Head of Internal Audit for 2019/20 in relation to the system of internal control is one of significant assurance with only one significant control issue highlighted, relating to the impact of services of the COVID-19 pandemic.

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

The following key processes have been applied to test the effectiveness of the system of internal control on which I base my review.

- The Board Assurance Framework (BAF) provides evidence of the effectiveness of controls to manage risks to the organisation achieving its key objectives. This is reviewed regularly by the Board and is managed by Chief Officers through the Risk Committee. During the year 'deep dives' into BAF risks have been carried out by the Audit Committee to test assurance measures.
- Internal auditors have a risk-based plan of reviews to test the major control systems across the Trust in order to provide assurance about the rest of the internal control system
- External auditors have reviewed the annual accounts and annual report.
- Audit Committee scrutinises the financial and other controls in place as part of their work programme
- Quality Governance Committee reviews clinical governance processes, including the management of serious incidents and clinical effectiveness
- The CQC carried out an inspection during 2019/20 which reviewed the Trust across all five domains and awarded an improved overall rating of 'Good'

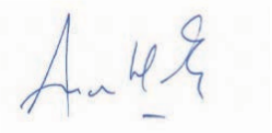
Conclusion

The following significant internal control issues have been identified;

- A&E 4 hour performance
- 18 week referral to treatment

As stated within the control issues there has been one never event during 2019/20.

Signed



Chief Executive Officer, 19 June 2020

4.2 Remuneration and Staff Report

The Chief Executives Officer (as the Trust's accountable officer) has confirmed that those chief officers and non-executive directors who regularly attend Trust Board meetings should be regarded as the Trust's senior managers for the purpose of disclosing r emuneration and pensions in the annual report.

The senior managers' remuneration disclosures for 2019/20 (and 2018/19) and pensions disclosures are included on the next few pages of this report.

4.2.1 Remuneration Policy

The Remuneration Committee, whose membership comprises exclusively of Non-Executive Directors, has reviewed the Remuneration Policy for the Executive Directors and has determined that national benchmarking will be used as a determinant for Executive Pay and that remuneration will, as a principle, be set in the upper quartile to reflect the aspirations of the organisation.

Senior Managers' Remuneration 2019/20

Name	Title	Salary (bands of £5,000) £'000	Expense payments (taxable) and benefits in kind (to nearest £100) £	Performance pay and bonuses (bands of £5,000) £'000	Long term performance pay and bonuses (bands of £5,000) £'000	All pension -related benefits (bands of £2,500) £'000	TOTAL (bands of £5,000) £'000
Andrew Hardy	Chief Executive Officer	230 - 235	7,600	0	0	65.0 - 67.5	305 - 310
Lisa Kelly	Chief Operating Officer (to 31/07/19)	45 - 50	0	0	0	0	45 - 50
Laura Crowne	Chief Operating Officer (from 01/08/19)	80 - 85	0	0	0	42.5 - 45.0	125 - 130
Richard de Boer	Chief Medical Officer (to 30/06/19)	45 - 50	0	0	0	10.0 - 12.5	55 - 60
Kiran Patel	Chief Medical Officer (from 01/07/19)	155 - 160	0	0	0	0	155 - 160
Justine Richards	Chief Strategy Officer	125 - 130	0	0	0	102.5 - 105.0	230 - 235
Susan Rollason	Chief Finance Officer	140 - 145	2,900	0	0	87.5 - 90.0	230 - 235
Karen Martin	Chief Workforce and Information Officer/Deputy Chief Executive Officer	145 - 150	0	0	0	0	145 - 150
Antonina Morgan	Chief Nursing Officer	140 - 145	5,300	0	0	35.0 - 37.5	180 - 185
Geoffrey Stokes	Chief Quality Officer (from 01/07/19 to 31/10/19)	35 - 40	0	0	0	5.0 - 7.5	45 - 50
Mohammed Hussain	Chief Quality Officer (from 04/11/19)	45 - 50	0	0	0	17.5 - 20.0	65 - 70
Andrew Meehan	Chairman (to 30/09/19)	15 - 20	800	0	0	0	20 - 25
Stella Manzie	Chairman (from 01/10/19)	15 - 20	500	0	0	0	20 - 25
Ian Buckley	Non-Executive Director	5 - 10	1,800	0	0	0	5 - 10
Edward Macalister-Smith	Non-Executive Director	5 - 10	1,300	0	0	0	5 - 10
Brenda Sheils	Non-Executive Director	5 - 10	1,000	0	0	0	5 - 10
Barbara Beal	Non-Executive Director (to 16/04/19)	0 - 5	0	0	0	0	0 - 5
Sudhesh Kumar	Non-Executive Director	5 - 10	0	0	0	0	5 - 10
Jeremy Gould	Non-Executive Director (from 01/04/19)	5 - 10	900	0	0	0	5 - 10
Jenny Mawby-Groom	Associate Non-Executive Director (from 01/04/19)	5 - 10	900	0	0	0	5 - 10
Guy Daly	Non-Executive Director (from 01/10/19)	0 - 5	0	0	0	0	0 - 5

NB Information in the above table is subject to audit

1. Sudhesh Kumar is on the payroll of Warwick University and the salary recorded above is an accrued sum which is payable to Warwick University for his services.
2. Richard de Boer's remuneration includes sums payable in respect of clinical duties in addition to his duties as a director of the Trust from 1st April to 30 June 2020.
3. Kiran Patel's remuneration includes sums payable in respect of clinical duties in addition to his duties as a director of the Trust from 1st July to 31 March 2020.
4. In certain circumstances pension related benefits may be negative in which case they are recorded above as nil.

Senior Managers' Remuneration 2018/19

Name	Title	Salary (bands of £5,000) £'000	Expense payments (taxable) and benefits in kind (to nearest £100) £	Performance pay and bonuses (bands of £5,000) £'000	Long term performance pay and bonuses (bands of £5,000) £'000	All pension -related benefits (bands of £2,500) £'000	TOTAL (bands of £5,000) £'000
Andrew Hardy	Chief Executive Officer	225 - 230	6,200	0	0	75.0 - 77.5	305 - 310
Meghana Pandit	Chief Medical Officer/ Deputy Chief Executive Officer (to 31/12/18)	150 - 155	0	0	0	0	150 - 155
Richard de Boer	Chief Medical Officer (from 01/01/19)	45 - 50	0	0	0	400.0 - 402.5	445 - 450
Lisa Kelly	Chief Operating Officer	130 - 135	100	0	0	102.5 - 105.0	235 - 240
Justine Richards	Chief Strategy Officer (from 17/09/18)	60 - 65	100	0	0	35.0 - 37.5	95 - 100
Susan Rollason	Chief Finance Officer	120 - 125	6,000	0	0	122.5 - 125.0	250 - 255
Karen Martin	Chief Workforce and Information Officer/Deputy Chief Executive Officer (Deputy CEO from 01/01/2019)	150 - 155	0	0	0	27.5 - 30.0	180 - 185
Antonina Morgan	Chief Nursing Officer	130 - 135	6,300	0	0	92.5 - 95.0	230 - 235
Andrew Meehan	Chairman	35 - 40	2,100	0	0	0	40 - 45
Ian Buckley	Non-Executive Director	5 - 10	2,300	0	0	0	5 - 10
Edward Macalister-Smith	Non-Executive Director	5 - 10	2,500	0	0	0	5 - 10
Brenda Sheils	Non-Executive Director	5 - 10	1,600	0	0	0	5 - 10
Barbara Beal	Non-Executive Director	5 - 10	0	0	0	0	5 - 10
David Poynton	Non-Executive Director	5 - 10	400	0	0	0	5 - 10
Sudhesh Kumar	Non-Executive Director	5 - 10	0	0	0	0	5 - 10
Jeremy Gould	Associate Non-Executive Director	0 - 5	0	0	0	0	0 - 5
Jenny Associate Mawby-Groom	Non-Executive Director	0 - 5	0	0	0	0	0 - 5

NB Information in the above table is subject to audit

1. The Trust is recharged by Warwick University for the services of Sudhesh Kumar (the amounts shown are the recharged sums)
2. Meghana Pandit's remuneration includes sums payable in respect of clinical duties in addition to her duties as a director of the Trust up to 31st December 2018.
3. Richard de Boer's remuneration includes sums payable in respect of clinical duties in addition to his duties as a director of the Trust from 1st January 2019.
4. Susan Rollason was initially engaged as Chief Finance and Strategy Officer. This role was separated into two separate roles for Chief Finance Officer and Chief Strategy Officer during the current year. Su Rollason's remuneration includes sums payable under both the Chief Finance and Strategy Officer and Chief Finance Officer.
5. The role of Chief Strategy Officer was newly created during the current year.
6. In certain circumstances pension related benefits may be negative in which case they are recorded above as nil.

Senior Managers' Pensions 2019/20

Name	Title	Real increase in pension at pension age (bands of £2,500) £'000	Real increase in pension lump sum at pension age (bands of £2,500) £'000	Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £'000	Cash equivalent transfer value at 1 April 2019 £'000	Real increase in cash equivalent transfer value £'000	Cash equivalent transfer value at 31 March 2020 £'000	Employers contribution to stakeholder pension £'000
Andrew Hardy	Chief Executive Officer	2.5 - 5.0	0.0 - 2.5	75 - 80	165 - 170	1,242	61	1,365	0
Justine Richards	Chief Strategy Officer	5.0 - 7.5	7.5 - 10.0	40 - 45	85 - 90	591	88	712	0
Susan Rollason	Chief Finance Officer	5.0 - 7.5	5.0 - 7.5	35 - 40	75 - 80	481	61	574	0
Karen Martin	Chief Workforce and Information Officer	0	95.0 - 97.5	55 - 60	310 - 315	1,604	0	0	0
Antonina Morgan	Chief Nursing Officer	2.5 - 5.0	0	25 - 30	10 - 15	362	25	415	0
Lisa Kelly	Chief Operating Officer (to 31/07/19)	0	0	0	0	37	0	0	0
Laura Crowne	Chief Operating Officer (from 01/08/19)	2.5 - 5.0	0	15 - 20	0	117	14	165	0
Richard de Boer	Chief Medical Officer (to 30/06/19)	0.0 - 2.5	0.0 - 2.5	80 - 85	125 - 130	1,287	13	1,401	0
Kiran Patel	Chief Medical Officer (from 01/07/19)	0.0 - 2.5	0	45 - 50	120 - 125	882	7	924	0
Geoffrey Stokes	Chief Quality Officer (from 01/07/19 to 31/10/19)	0.0 - 2.5	0	0 - 5	0			67	0
Mohammed Hussain	Chief Quality Officer (from 04/11/19)	0.0 - 2.5	0.0 - 2.5	20 - 25	40 - 45			299	0

NB Information in the above table is subject to audit

Note that prior year CETV figures for Mohammed Hussain and Geoffrey Stokes (normally provided by the NHS Pensions Agency) were unavailable at the time of preparing this disclosure.

Non-Pensionable Directors

Non-executive directors are not in pensionable employment and therefore are excluded from the above disclosure.
Similarly, executive directors not in pensionable employment during their term as a director during the year are also excluded.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report. Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Two areas of change during the year:
(i) NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud Judgement.
(ii) Due to Guaranteed Minimum Pension indexation/equalisation, with effect from August 2019 the method used by NHS Pensions to calculate CETV values was updated. So the method in force at 31 March 2020 is different to the method used to calculate the value at 31 March 2019.
The real increase in CETV will therefore be impacted (and will in effect include any increase in CETV due to the change in GMP methodology).

As a result of these changes, note that the benefits and related CETVs do not allow for a potential future adjustment arising from the McCloud judgment and that the CETV values at 31 March 2019 and 31 March 2020 may have been calculated using different methodologies, and that this change may have impacted the real increase in CETV figure.

4.2.2 Fair Pay Multiples

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

The banded remuneration of the highest paid director/Member in UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust in the financial year 2019-20 was £237,500 (2018-19, £232,500). This was 7.8 times (2018-19, 7.8 times) the median remuneration of the workforce, which was £30,597 (2018-19, £29,956).

In 2019-20, 10 (2018-19, 7) employees received remuneration in excess of the highest-paid director/member. Remuneration ranged from £5,000 to £339,690 (2018-19, £6,157 to £328,723).

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

Total remuneration excludes bank and agency staff for which annualised costs are not readily available.

The pay multiples ratio for 2019/20 has remained the same as 2018/19, although the median annualised remuneration increased by £640 to £30,597. This was due to an increase in the in the average annualised value of salaries compared to 2018/19.

4.2.3 Staff report

Staff Engagement

Improving staff engagement is a key priority for the organisation. We recognise the benefits this brings for increased productivity, better staff health and wellbeing and excellent patient safety/experience and have embedded the role of the Employee Engagement Officer to show our commitment to this. We now have over 150 staff who are active as Change Makers supporting engagement in their local areas.

During the year we held our second Blooming with Pride event take place where staff were invited to share why they were proud to work at UHCW – over 500 pride cards were displayed and staff created a video talking about what made them proud to work here.

Surveys are an effective tool to engage, seek views and, most importantly, respond and make improvements based on feedback.

Exit Packages

There have been no exit packages agreed in 2019/2020

Off Payroll Engagement

In common with most other NHS bodies the Trust engages staff on an "off-payroll" basis. The main reasons for this are as follows:

- Recharges from other bodies (mainly other NHS organisations or universities) for staff who hold joint appointments; and
- Temporary workers to cover vacant positions or staff absences.

With effect from 6th April 2017, the Government introduced new rules for off-payroll working in the public sector which placed the responsibility with the public sector engager rather than the worker to determine whether or not the engagement was captured by the intermediaries regulations (often known as IR35). With the implementation of these new rules, the Trust changed its approach to the engagement of off-payroll workers and ceased contracting directly with personal service companies (PSCs) and set up an outsourced payroll function to pay such workers.

The Trust is required to disclose certain information in connection with such arrangements as set out in the three tables below. The information provided in these tables is not subject to audit and specifically excludes (with the exception of the Trust Board members table) those staff recharged from other bodies captured by the Government's new rules for off-payroll working in the public sector.

Table 1: For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2020	2
Of which the number that have existed:	
for less than one year at time of reporting	0
for between one and two years at time of reporting	1
for between two and three years at time of reporting	1
for between three and four years at time of reporting	0
for four or more years at time of reporting	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months.

Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	3
Of which...	
Number assessed as caught by IR35	2
Number assessed as not caught by IR35	1
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year.	0
Number of engagements that saw a change to IR35 status following the consistency review	0

The table below provides information on board members who have been engaged under an off-payroll arrangement:

Table 3: Off-payroll board member/senior official engagements
For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

	Number
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	1
No. of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements	20

[2] Other NHS bodies and universities are also responsible for seeking assurances around workers engaged on an "off-payroll" basis under the new rules for public sector bodies.

The one "off-payroll" engagements of Trust Board members and/or senior officers with significant financial responsibility during the year related to one of the Trust's non-executive directors - assurance has been received that the individual concerned is employed on the payroll of Warwick University and is subject to PAYE. The arrangement has been reviewed and approved by the Trust's Chief Executive Officer (note this individual is excluded from tables 1 and 2 above on the basis that the University is subject to the public sector off-payroll rules).

Consultancy Services

NHS Improvement operates strict controls over expenditure on consultancy services by NHS Bodies, including the requirement to seek approval before signing contracts for consultancy projects over £50,000.

The Trust spent £110,000 on consultancy services during 2019/20, compared with £99,000 in 2018/19.
Please note that this is not subject to audit and this also applies to sections Staff Sickness, Staff Engagement and Consultation and Equality and Diversity.

Staff Costs

Our pay bill represents the highest proportion of our expenditure and equated to £ 396,361 in 2018/19. Staffing costs are therefore, a key consideration for the Trust Board and each Specialty Group management team. Our workforce is categorised into those that we substantively employ, those that work flexibly through our internal Temporary Staffing Service (TSS) and those engaged through external staffing agencies.

The figures below also include those staff engaged under the Retention of Employment model (ROE) e.g. ISS staff.

Average Staff Numbers 2019/20	Permanently Employed WTE	Other WTE
Medical and dental	1,029	185
Ambulance staff	2	0
Administration and estates	648	40
Healthcare assistants and other support staff	2,369	217
Nursing, midwifery and health visiting staff	2,410	351
Scientific, therapeutic and technical staff	748	29
Healthcare Science Staff	369	8
Total	7,575	830

Staff Costs 2019/20	Permanently Employed £000	Other £000	Total £000
Salaries and wages	294,460	30,405	324,865
Social security costs	28,463	2,412	30,875
Apprenticeship levy	1,623	0	1,623
NHS Pension costs	51,412	2,928	54,340
Other pension costs	66	0	66
Agency staff	0	19,688	19,688
	376,024	55,433	431,457
Recoveries in respect of seconded staff	(600)	0	(600)
Total	375,424	55,433	430,857

The information provided in these tables is subject to audit.

Staff Policies Applied for People with Disabilities

We ensure that people with disabilities are given full and fair consideration in their application for employment and as appropriate provide guaranteed interviews.

The Trust has signed up to the Government's 'Disability Confident' employer scheme which is designed to help support organisations in the recruitment and retention of people with disabilities. We also actively support all disabled employees, providing appropriate training, career development and promotion. Our policies are equally applied to those members of staff that become disabled whilst in our employment.

Our policies of Managing Attendance, Recruitment and Selection, Equality, Diversity and Human Rights and Dignity at Work all set out our commitments in this regard. Our Head of Equality provides a comprehensive range of training, support, advice and initiatives to support disabled people including our Supported Internship programme.

Staff Sickness

The Trust works hard to support staff to become and stay healthy through a comprehensive range of health and wellbeing initiatives. Most recently in January 2020 there has been the launch of the new Employee Assistance Programme inclusive of a free 24 hour confidential helpline for staff to counselling and support on a range of topics including stress, anxiety, lifestyle choices, financial and legal advice. The Trust has also introduced Schwartz Rounds in January 2020 to further strengthen the psychological wellbeing support available to staff.

The Trust set a target to achieve a sickness absence position of 4% by the end of the 2019/20 financial year and is continuing to work towards this. As at 31st April 2020, the Trust sickness absence rate stood 6.65% (this incorporates COVID-19 related absence with a baseline sickness absence figure of 4.34% excluding COVID-19 related absence).

During 2019, the Trust placed a particular focus on baseline absence reporting and now continues to further enhance the business intelligence already made available to Clinical and Corporate Groups in the coming year in order to enable group leadership and management teams to operationalise group and service level action plans to work towards this position.

A dedicated attendance management team has been introduced, as part of our Workforce Department, to further provide specialist advice and guidance to managers enabling them to proactively manage absence at a service level.

In addition to this, the Trust's Occupational Health service also provide a range of services to support staff health and wellbeing with a focus on preventative measures inclusive of healthy lifestyle advice, cholesterol assessments, immunisation and vaccinations, physiotherapy, stress management and psychological support.

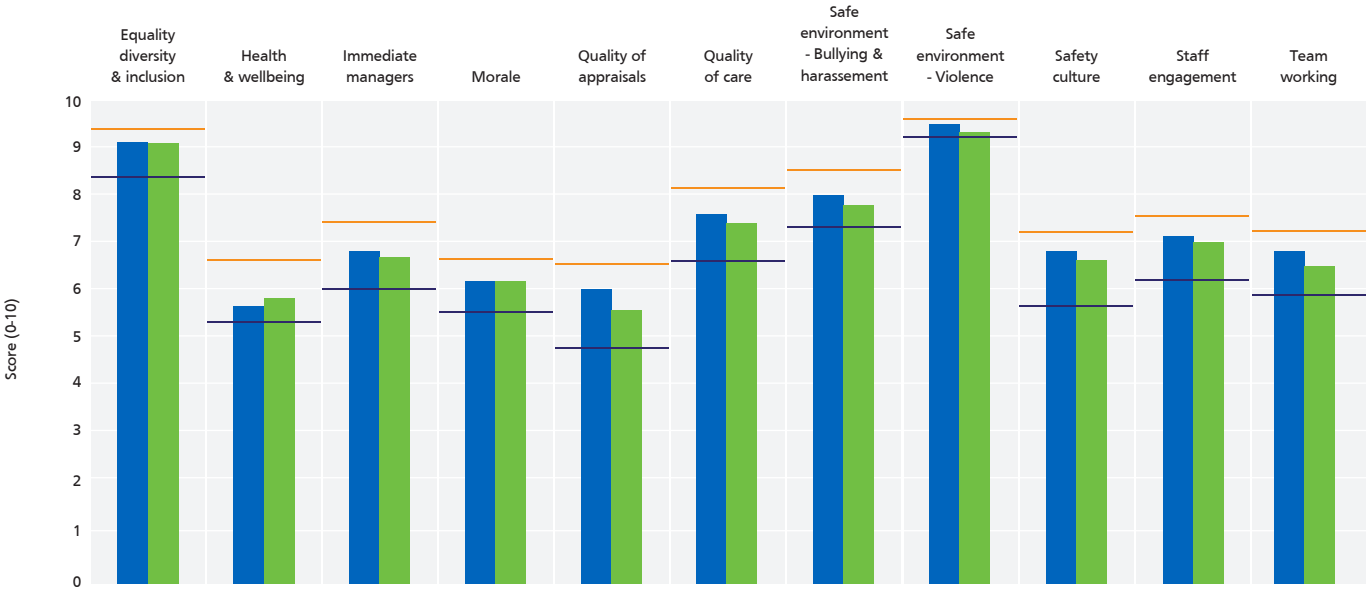
NHS bodies are required to report upon sickness absence figures using measures specified by the Cabinet Office on a calendar year basis.

National Staff Survey

Each year, NHS staff are invited to take part in the NHS Staff Survey, the largest survey of staff opinion in the UK. It gathers views on staff experience at work around key areas including Appraisals and Development, Health and Wellbeing, Immediate Managers, Raising Concerns and Staff Engagement and Involvement. The data is reported under 11 Themes, scored on a scale of 0-10.

The 2019 survey ran 1st October 2018 – 29th November 2018 and we invited all staff to participate. Conducting a full staff census ensured data was gathered across all staff groups, departments and demographic groups led to greater staff engagement and increased trust in the results because everyone had the opportunity to participate. 40% (2018: 37%) of staff completed the survey which was administered online this year and was supported by a series of "One-Stop Clinics where staff could access a computer to complete the survey whilst at the same time getting their flu vaccination. The Survey measures staff engagement which at 7.1 (2018: 7.2) shows a decrease from 2018, although this is not deemed a statistically significant. An overview of our results by theme, against our comparator organisations is presented below.

2019 NHS Staff Survey Results > Theme Results > Overview



	Equality diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassement	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.4	6.7	7.4	6.7	6.6	8.1	8.5	9.6	7.2	7.5	7.2
Your Org	9.0	5.7	6.9	6.1	6.0	7.6	8.0	9.5	6.9	7.1	6.8
Average	9.0	5.9	6.8	6.1	5.6	7.5	7.9	9.4	6.7	7.0	6.6
Worst	8.3	5.3	6.0	5.5	4.8	6.7	7.3	9.2	5.7	6.1	5.9
Responses	3,236	3,266	3,280	3,225	2,965	2,952	3,241	3,247	3,248	3,298	3,243

Staff Friends and Family Test

The Staff Friends and Family Test (SFFT) measures staff recommendations of the Trust as a place to work or be treated. We are required to undertake an SFFT each quarter (with quarter 3 being included in the National Staff Survey). We are required to ask all staff the SFFT questions on an annual basis, with the opportunity to undertaken identified samples in the remaining periods.

The results of the SFFT for 2019/2020 are shown below.

2018/19	April-June 2019	July-Sept 2019	Oct-Dec 2019	Jan-Mar 2020
	Q1	Q2	Q3*	Q4
Recommending as a place of work	70%	67%	65.3%	69%
Recommending as a place of treatment	85%	88%	73.7%	83%

Staff Impressions

Our First Impressions survey is sent to all new starters, to help us as an organisation to understand their recruitment and induction experience. Whereas our Last Impressions survey is sent to all staff who leave the organisation. Results from First and Last Impressions are shared with Clinical Groups each quarter, so that they can identify and areas for improvement and ensure that all new staff are supported appropriately, whilst leaver feedback is used to make improvements where possible and improve our retention levels.

Developing/Empowering our Staff

All staff participate in an annual appraisal where they have an opportunity to discuss their performance, demonstrate how they live our values, have a talent conversation and agree a personal development plan. We provide access to all mandatory training to ensure we staff are safe to work and can deliver the required level of patient care.

We are committed to developing our diverse staff and support them in delivering the best care possible to our patients. This commitment spans the delivery of clinical skills training, CPD and personnel development, and involves supporting newly qualified nurses through dedicated preceptorships programmes and Healthcare Support Workers to undertake a dedicated development programme entitled Effective Care Practice. In 2019/2020 we supported 233 staff to undertake their Care Certificate, whilst also supporting 95 apprenticeships across the organisation.

We are committed to developing leaders at all levels of the organisation and this is supported through a variety of multi-professional programmes. Our in-house leadership programme, Leading Together, has supported approximately 1,000 leaders at all levels to develop their leadership capacity and capability. We have worked collaboratively with partner organisations to deliver a further cohort of BAME Leaders to complete the prestigious Stepping Up programme. We also recognise the importance of developing our future leaders and therefore in November 2019 we launched our new Aspirant Leaders programme. The programme aims to develop participants to progress into a formal management role, equipping them with skills and tools to allow them to thrive and flourish.

As part of our UHCW Improvement System we have supported over 250 leaders through our Lean for Leaders programme, to introduce our lean improvement methodology and provide them with the knowledge and skills to utilise the method in their everyday work. In addition we have seen over 1,000 staff go through the UHCWi Passport Sessions which are designed for all staff to introduce the method and improvement tools.

Recruiting our Staff

Monitoring of job applications shows that 50.5% of applications received in 2019/20 were from black and minority ethnic (BME) applicants. Of those short-listed, 54.5% were BME applicants and of those successfully appointed **37.2% were BME applicants**.

Of the total job applicants 65.8% were female and 33.7% were male; of those short listed **62% were female and 37.6% were male**.

Of the total job applications, 3.7% were from those declaring that they had a disability and 94.6% were from those declaring that they did not have a disability; **1.8% chose not to declare either way**.

Of those short-listed, 3.3% declared that they had a disability against 95.3% who declared they **did not; 1.4% did not declare**.

Of those successfully appointed 3.7% had declared that they had a disability against 89.6% who declared that they did not and 6.8% did not declare.

Valuing and Recognising our Staff

We recognise the contribution that our staff make through our annual OSCA's (Outstanding Care Awards) – this year we had over 1,000 nominations – a record high. Staff are also able to nominate for our World Class Colleague award which is presented quarterly. The annual Long Service Awards are held for those staff achieving 25 years of NHS service. During the year we were proud to add to our recognition offer by introducing the DAISY Award, an international recognition programme that honours and celebrates the skilful, compassionate care Nurses and Midwives provide every day.

Appreciation cards are promoted throughout the year for staff to recognise a colleague's contribution and a chance to say thank you.

Looking After our Staff

We recognise the importance of looking after the physical, emotional and financial health and wellbeing of all our staff and therefore have a comprehensive and well established health and wellbeing programme in place. During 2019/20 we strengthened our approach with the introduction of a range of new interventions and support mechanisms. In March 2019, to coincide with Nutrition and Hydration Week, hydration stations and reusable water bottles were introduced to support staff to remain hydrated, whilst September 2019 saw the launch of a new self-referral fast track physiotherapy for staff experiencing MSK conditions. In January 2020, in collaboration with systems partners, we introduced an Employee Assistance Programme providing staff with 24/7 access to confidential counselling and emotional and financial advice, with further support being offered through the launch of Schwartz Rounds - an evidence-based forum for hospital staff from all backgrounds to come together to talk about the emotional and social challenges of caring for patients.

Partnership Working

We value our staff and take a partnership approach to working with them through our Partnership and Engagement Forum (PEF), Joint Consultative and Negotiating Committee (JNCC) and Medical Negotiation Committee (MNC). These forums are attended by members of our Chief Officers Group and include representatives from our staff side colleagues and trade union representatives. These meetings focus upon consulting with staff in a constructive manner in relation to key service changes across the organisation, as well as discussing and seeking approval of policies and procedures.

Gender Pay Gap

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires employers to report their gender pay gaps for any year where they have a headcount of 250 or more employees with effect from 31 March 2017.

Employers must publish the results on their Trust website and the government website within 12 months. On that basis, results from 31st March 2019 must be published by 30th March 2020.

In is important to note the difference between gender pay gap and equal pay as being:

- Equal pay relates to men and women earning equal pay for the same or similar work.
- Gender pay gap refers to the difference between men and women's average pay within an organisation.
- Medium Average Pay Gap – women's pay is 24.15% lower than men (compared to 25.90% in 2018)
- Median Bonus Pay – women's bonus pay is 54.92% lower than men (compared to 55.75% in 2018)

At 31 March 2019, the position had slightly improved with the medium average pay gap showing that women's pay was 24.15% lower than men (compared to 25.90% in 2018) and the median bonus pay showing women's bonus pay being 54.92% lower than men (compared to 55.75% in 2018).

4.2.4 Internal Communications

We use a number of ways to ensure our staff are kept informed about what is happening within the Trust and other relevant local and national NHS information. Our internal communications approach needs to reach 9,000 UHCW staff and a large number of support staff from partners such as ISS, Vinci and our 800 volunteers. We also have a large number of staff who are based at hospital sites other than our main sites in Coventry and Rugby, such as Burton, Warwick and Nuneaton.

We provide information through a weekly e-newsletter, This Week@UHCW, available to all staff from any digital device (e.g. mobile, tablet) which supports staff wherever they happen to be based. We also operate a staff intranet portal, TrustNav, as well as staff noticeboards and events to raise awareness for particular issues. A corporate team brief, UHCW Brief, ensures that there are effective two way leadership messages reaching the whole organisation with valuable feedback reaching our leadership teams.

During 2019/2020, we have strengthened our clinical engagement by introducing professionally specific bulletins from Clinical Leads with a monthly Chief Medical Officer Bulletin, Chief Nursing Officer Wave and Allied Health Professional Bulletin. This provides a helpful summary of issues affecting particular professional groups such as policies, regulation and supporting training.

A range of engagement events has been facilitated during 2019/20 to provide an opportunity for staff to meet with the leadership team and Trust Board. This has included the monthly Chief Officer's Forum involving nearly 200 senior leaders in UHCW receiving regular information updates and opportunity to ask questions. Regular Trust Board Rounds involve our Chief Officers and Non-Executive Directors spending time on a ward or with a service to find out what is working well and if there are any barriers for improvement.

The Care Quality Commission (CQC) inspections during 2019/2020 required a substantial amount of communications support before, during and after their inspection visits to support staff and share the inspection reports.

The Trust continues to be very active on social media with extensive reach to ensure our patients, residents and staff are informed about what is happening. Our most popular social media posts are the ones which mark the achievements of our teams and individuals.
Our Chief Officers continue to work alongside our staff through our 'Day in the Life of' programme, which involves them working a shift in different areas of the organisation and allows them to engage with staff and experience first-hand what it is like to work in the Trust. The Chief Officers are then encouraged to write a blog about their experiences, which is shared in the weekly newsletter.

Our 'World Class Colleagues' scheme to recognise staff who are performing well or who have gone above and beyond has now been running for over three years. Two colleagues (one clinical and one non-clinical) are chosen each quarter to receive a special badge and certificate at the Trust Board. We are also continuing to recognise our staff and volunteers at our annual Outstanding Service and Care Awards (OSCAs), which have been running for over 10 years. 2019 saw the highest number of nominations ever with over 1,200 total nominations across our nine categories.

This year we have also implemented the DAISY Awards scheme, offering staff an opportunity to say thank you to Nurses or Midwives going above and beyond to make a difference. The monthly awards are presented by our Chief Nursing Officer and are funded and supported by the UHCW Charity.

We continually review our internal communications for improvements to ensure that our staff are kept informed and can contribute to the improvements at UHCW.

4.2.5 Equality and Diversity

The Trust continues to work towards meeting its legal obligations as set out under the Public Sector Equality Duties of the Equality Act 2010.

We recognise the importance of ensuring our services are fair and equitable to all.

Everyone is unique and the Trust values the contribution that individual experiences, knowledge and skills make in delivering quality healthcare and becoming a model employer.

All service users and members of staff inclusive of age, disability, gender, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, sexual orientation and religion or belief are welcomed and celebrated at UHCW.

The relevant equality data is published annually on our website; additionally all policies, business cases and significant changes in the organisation are assessed for impact on protected characteristic groups in accordance with the Equality Act 2010.

Independent Advisory Group (IAG)

The Independent Advisory Group (IAG) acts as a source of expertise and reference point for the Trust on Equality, Diversity and Human Rights related matters.

The IAG continues to monitor progress against the equality agenda for the Trust. This year there has been a focus on developing our workforce, particularly those from the protected characteristic groups. We have continued to provide all our staff with training including mandatory Equality and Diversity, Un-conscious bias and Dignity at work.

NHS England has been instrumental in researching and developing standards and metrics to ensure our workforce is representative of the communities it serves and is able to provide the best care possible by ensuring that the right support and opportunities are available to all.

Workforce Race Equality Standard (RES) Workforce Disability Equality Standard (WDES)

Implementing the WRES and WDES is a requirement for NHS commissioners and NHS healthcare providers including independent organisations. The WRES is designed to address disparities in the number of BAME (Black And Minority Ethnic) people in senior leadership positions across the NHS, as well as lower levels of wellbeing amongst the BAME population.

This year we ran our second Stepping Up Leadership Programme for Black Asian Minority Ethnic (BAME) staff in partnership with South Warwickshire Foundation Trust and George Eliot Hospital Trust. 22 UHCW staff member took part demonstrating the Trust's commitment to addressing the evidenced issues in relation to non-progression and low numbers of very senior BAME staff across the NHS.
The Programme was identified as one of the actions in our Workforce Race Equality Standard (WRES) as a way of ensuring we develop a representative and diverse workforce.

The WDES is designed to help us better understand the experiences of our disabled staff. It allows us to support positive change for existing employees, and enable a more inclusive environment for disabled staff.

The Trust has been named a Disability Confident Employer by the Government for our efforts to ensure that barriers to accessing employment and fulfilling potential at UHCW are eliminated. We have been recognised for our commitment to understanding the complex issues faced by our disabled staff and those with long term conditions, and taking appropriate actions in workplace.

To further support our Equality Standards, and other staff from protected characteristics groups, we have introduced staff networks for BAME, Disabled and LGBT (Lesbian, Gay, Bi-Sexual and Transgender) employees. It is envisaged that these networks will contribute to planning and policy development so that we are able to provide the most appropriate services and recruit staff with a broad range of experience and skills.

Staff Engagement

Other work in support of our diverse workforce has been taking place such as:

- Coffee Morning where staff were able to meet and discuss issues and progress in developing a diverse workforce with attendance from over 300 members of staff
- Distribution of almost 1,000 Rainbow Badges to that show that we are an inclusive Trust where people from the LGBT community can see that that they are able to approach staff with confidence
- Celebrating the International Disabled Persons Day with features spotlighting our staff with disabilities and their stories relating the challenges and the support received whilst working in the NHS. Providing staff with information and guidance to ensure that the correct practices are adhered to.

Diverse Workforce

We endeavour to ensure that our recruitment practices do not unwittingly discriminate against any of the protected characteristics groups for example anonymous shortlisting of applicants. The tables below give an indication of the composition of the organisation at a senior level in terms of ethnicity and gender.

BME				
	Board Members	Band 8+, Clinical Directors & Medical Directors	All Others	Total
Not BME *	14	432	6,084	6,530
BME	1	73	2,167	2,241
Totals	15	505	8,251	8,771

* Includes not stated | Medical Doctors are included in the All Others section

BME Percentage				
	Board Members	Band 8+, Clinical Directors & Medical Directors	All Others	Total
Not BME *	93.33	85.54	73.74	74.45
BME	6.67	14.46	26.26	25.26
Totals	100	100	100	100

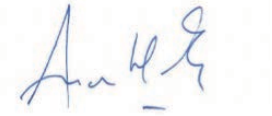
* Includes not stated | Medical Doctors are included in the All Others section

GENDER				
	Board Members	Band 8+, Clinical Directors & Medical Directors	All Others	Total
Female	8	341	6,573	6,922
Male	7	164	1,678	1,849
Totals	15	505	8,251	8,771

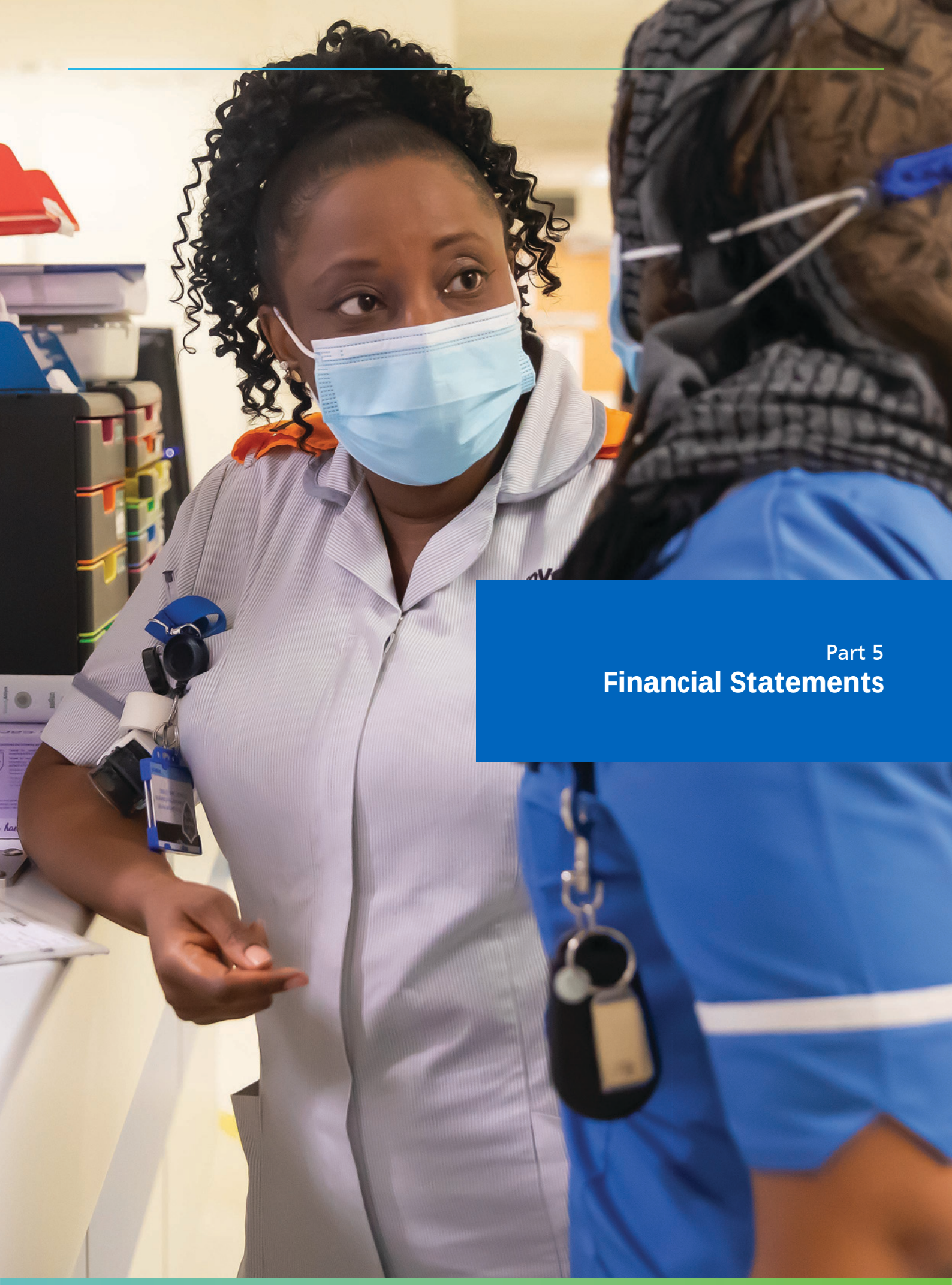
Medical Doctors are included in the All Others section

GENDER PERCENTAGE				
	Board Members	Band 8+, Clinical Directors & Medical Directors	All Others	Total
Female	53.33	67.52	79.66	78.92
Male	46.67	32.48	20.34	21.08
Totals	100	100	100	100

Signed



Chief Executive Officer, 19 June 2020



Part 5

Financial Statements

5.1 External Auditors Report

Independent auditor's report to the board of directors of University Hospitals Coventry and Warwickshire NHS Trust.

Report on the audit of the financial statements

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Director's conclusions we considered the inherent risks to the Trust's operations and analysed how these risks might affect the Trust's financial resources, or ability to continue its operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Other information in the Annual Report

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

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

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. We have nothing to report in this respect.

Remuneration and Staff Report

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 48, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on Page 47 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

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

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

Report on the other legal and regulatory matters

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

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

Qualified conclusion

Subject to the matters outlined in the basis for qualified conclusion paragraph below we are satisfied that in all significant respects University Hospitals Coventry and Warwickshire NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

In considering the Trust's arrangements for securing sustainable resource deployment, we identified the following matters:

- The Trust reported a surplus of £0.1m in 2019/20 against a plan to breakeven. However, this reflects a reported underlying deficit of £41.2m at 31 March 2020 as the Trust's reported performance is underpinned by a number of non-recurrent measures.
- These non recurrent measures included £25.8m (71%) of non recurrent cost improvement programmes as part of the attainment of £36.0m in 2019/20 and the receipt of £25.6m of PSF, FRF and MRET funding.
- The Trust has not achieved core operational targets including achievement of 82.5% against the national 95% A&E target, 79.9% against the national 92% referral to treatment target to treat patients within 18 weeks, 82.8% against the national 85% cancer 62 day standard.
- The Trust remains in scope of undertakings issued by NHS Improvement in November 2018 in respect of its A&E and 52 week wait performance. We note that the Trust reported no 52 week breaches in the period until March 2020.

These issues are evidence of weaknesses in the Trust's arrangements for Sustainable Resource deployment.

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

As explained in the statement set out on page 47, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in December 2019 and updated in April 2020 as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Other matters by which we report by exception – referral to the Secretary of State

We have a duty under the Local Audit and Accountability Act 2014 to refer the matter to the Secretary of State if we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

On 25 June 2020 we referred a matter to the Secretary of State under section 30(1)(a) of the Local Audit and Accountability Act 2014 as we had reason to believe that the University Hospitals Coventry and Warwickshire NHS Trust is, taking into account the Department of Health's Guidance on Breakeven Duty and Provisions, in the financial year ending 31 March

2020, in breach of the 'breakeven duty' set out at paragraph 2(1) of Schedule 5 to the National Health Service Act 2006.

The Trust reported a surplus of £0.1m in 2019/20 and had a cumulative deficit of £36.3m at 31 March 2020, and has not therefore recovered its cumulative deficit within the five year breakeven period ending 31 March 2020

The purpose of our audit work and to whom we owe our responsilities

This report is made solely to the Board of Directors of University Hospitals Coventry and Warwickshire NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, 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 Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Certificate of completion of the audit

We certify that we have completed the audit of the accounts of University Hospitals Coventry and Warwickshire NHS Trust for the year ended 31 March 2020 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Andrew Bostock
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH
23 June 2020

5.2 Annual Accounts

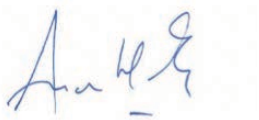
Statement of comprehensive income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	620,258	576,609
Other operating income	4	106,826	91,437
Operating expenses	6, 8	(702,340)	(669,694)
Operating surplus/(deficit) from continuing operations		**24,744**	**(1,648)**
Finance income	11	256	148
Finance expenses	12	(27,449)	(29,217)
PDC dividends payable		(19)	(568)
Net finance costs		**(27,212)**	**(29,637)**
Other gains / (losses)	13	315	1,142
Surplus / (deficit) for the year from continuing operations		**(2,153)**	**(30,143)**
Surplus / (deficit) for the year		**(2,153)**	**(30,143)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(3,900)	(162)
Revaluations	15, 17	10,332	11,776
Total comprehensive income / (expense) for the period		**4,279**	**(18,529)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(2,153)	(30,143)
Remove net impairments not scoring to the Departmental expenditure limit		2,834	1,776
Remove I&E impact of capital grants and donations		51	37
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(626)	
Adjusted financial performance surplus / (deficit)		**106**	**(28,330)**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets	14	5,167	5,607
Property, plant and equipment	15	342,363	342,151
Investment property	18	10,010	9,695
Receivables	20	36,760	29,625
Total non-current assets		**394,300**	**387,078**
Current assets			
Inventories	19	13,409	14,261
Receivables	20	75,804	69,064
Cash and cash equivalents	21	2,372	1,020
Total current assets		**91,585**	**84,345**
Current liabilities			
Trade and other payables	22	(60,008)	(58,138)
Borrowings	24	(122,982)	(28,276)
Provisions	26	(4,056)	(12,332)
Other liabilities	23	(6,999)	(7,648)
Total current liabilities		**(194,045)**	**(106,394)**
Total assets less current liabilities		**291,840**	**365,029**
Non-current liabilities			
Borrowings	24	(240,842)	(320,109)
Provisions	26	(2,393)	(2,363)
Total non-current liabilities		**(243,235)**	**(322,472)**
Total assets employed		**48,605**	**42,557**
Financed by			
Public dividend capital		67,354	65,585
Revaluation reserve		55,203	48,895
Income and expenditure reserve		(73,952)	(71,923)
Total taxpayers' equity		**48,605**	**42,557**

The notes on pages 89 to 136 form part of these accounts.



Professor Andrew Hardy
Chief Executive Officer
'19 June 2020

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

	Public dividend capital	Revaluation reserve	Income and expenditure	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**65,585**	**48,895**	**(71,923)**	**42,557**
Surplus/(deficit) for the year	-	-	(2,153)	(2,153)
Impairments	-	(3,900)	-	(3,900)
Revaluations	-	10,332	-	10,332
Public dividend capital received	1,769	-	-	1,769
Other reserve movements	-	(124)	124	-
Taxpayers' and others' equity at 31 March 2020	**67,354**	**55,203**	**(73,952)**	**48,605**

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

	Public dividend capital	Revaluation reserve	Income and expenditure	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**65,092**	**37,370**	**(41,869)**	**60,593**
Prior period adjustment	-	-	-	-
Taxpayers' and others' equity at 1 April 2018 - restated	**65,092**	**37,370**	**(41,869)**	**60,593**
Surplus/(deficit) for the year	-	-	(30,143)	(30,143)
Impairments	-	(162)	-	(162)
Revaluations	-	11,776	-	11,776
Public dividend capital received	493	-	-	493
Other reserve movements	-	(89)	89	-
Taxpayers' and others' equity at 31 March 2019	**65,585**	**48,895**	**(71,923)**	**42,557**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

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

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		24,744	(1,648)
Non-cash income and expense:			
Depreciation and amortisation	6.1	22,407	22,623
Net impairments	7	2,834	1,776
Income recognised in respect of capital donations	4	(249)	(249)
(Increase) / decrease in receivables and other assets		(4,854)	(10,463)
(Increase) / decrease in inventories		852	(815)
Increase / (decrease) in payables and other liabilities		2,809	7,210
Increase / (decrease) in provisions		(8,253)	7,911
Net cash flows from / (used in) operating activities		**40,289**	**26,345**
Cash flows from investing activities			
Interest received		256	148
Purchase of intangible assets		(1,263)	(483)
Purchase of PPE and investment property		(27,521)	(18,959)
Sales of PPE and investment property		-	22
Receipt of cash donations to purchase assets		249	249
Net cash flows from / (used in) investing activities		**(28,279)**	**(19,023)**
Cash flows from financing activities			
Public dividend capital received		1,769	493
Movement on loans from DHSC		19,728	29,720
Capital element of finance lease rental payments		(72)	(117)
Capital element of PFI, LIFT and other service concession payments		(4,276)	(7,988)
Interest on loans		(1,489)	(1,090)
Other interest		-	(2)
Interest paid on finance lease liabilities		(10)	(12)
Interest paid on PFI, LIFT and other service concession obligations		(25,883)	(28,020)
PDC dividend (paid) / refunded		(425)	(758)
Net cash flows from / (used in) financing activities		**(10,658)**	**(7,774)**
Increase / (decrease) in cash and cash equivalents		**1,352**	**(452)**
Cash and cash equivalents at 1 April - brought forward		**1,020**	**1,472**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**1,020**	**1,472**
Cash and cash equivalents at 31 March	21.1	**2,372**	**1,020**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

The Trust's annual report and accounts have been prepared on a going concern basis.

International Accounting Standard (IAS) 1 requires management to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. The Government Financial Reporting Manual advises that the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. An assessment of the Trust's position under the HM Treasury's Financial Reporting Guidelines (FReM), issued for the interpretation of paragraphs 25 to 26 of IAS1 for the public sector context, has been undertaken. It is the Trust's view under this guidance that these accounts can be prepared on a going concern basis.

The Board of Directors has carefully considered the principle of 'Going Concern' in the context of the Trust continuing to operate under the HM Treasury's Financial Reporting Guidelines (FReM). For the year ending 31 March 2020, the Trust is reporting a surplus of £106k on an adjusted financial performance (control total) basis, against a target of break-even. In order to address the cash shortfall arising from the timing of provision of cash payment of Provider sustainability fund (PSF) and Financial recovery fund (FRF) from he Department of Health and Social Care the Trust drew new revenue support loans of £12.7 million.

For the first four months of 2020/21 the NHS will work under an emergency financial regime to adapt to the consequences of COVID-19. For these months the Trust has a block income payment calculated nationally. Any differential to cost will be addressed via a top up cash allocation. The current assumption is that remainder of the year will revert back to a regime of contract agreements. UHCW had already agreed it's main contract with CRCCG before the COVID-19 crisis.

Pre COVID-19 the Trust had a challenging control total underpinned by a large efficiency plan.

Revenue support will be required to underpin any shortfall against control total. As part of the NHS reset response to COVID-19 historic loan debt has been written off and converted to PDC. Any future revenue support will be allocated as PDC.

The Trust continues to have very low levels of internally generated funds in 2020/21 (and thereafter) due to the high levels of PFI payments (principal repayments and contractual lifecycle contributions) which means that the Trust's capital programme is underpinned by capital investment loans requirement of £26.8m (which includes £3.7m of loans approved in 2019/20 which hasn't been spent and will be provided in 2020/21).

A new approach to capital funding is being introduced in 2020/21, the main purpose of which is the allocation of a capital envelope for each STP/ICS. This will provide greater clarity and confidence on the level of capital resource available, support system working and discussion on capital priorities, and enable faster access to national capital funding for critical safety issues. This is in line with the reforms set out in the Health Infrastructure Plan, to provide clearer and more transparent links between local spending plans and national spending limits, every ICS/STP will receive a 2020/21 capital spending envelope derived from the system-level allocation. This is still to be confirmed as at the date of the accounts to understand the impact of this upon the Trust's capital plans.

The Directors have concluded that whilst the financial position for 2020/21 is very challenging, based upon enquiries with NHS Improvement and the Department of Health and Social Care, they have a reasonable expectation that the Trust will have access to adequate resources (as in previous years) to continue in operational existence for the foreseeable future and continue to provide services to its patients. For this reason, the Trust continues to adopt the going concern basis in preparing the accounts.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £112,388k interim loan principal and £332k interest accrual (capital £20,053k principal and £25k interest and revenue support £92,335k principal and £307k interest) are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

Note 1.3 Interests in other entities

The Trust has no interests other entities, associates or joint ventures.

Note 1.4.1 Revenue from contracts with customers

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

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

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

- The Trust does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- The Trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue from NHS contracts

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

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld or where significant commissioner affordability issues exist, the Trust reflects this risk as a credit loss.

Where the Trust is aware of a potential penalty based on contractual performance (including Commissioning for Quality and Innovation (CQUIN), the Trust reflects this as a provision for liabilities and charges.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. At contract inception, the Trust assesses the outputs promised in the research contract to identify as a performance obligation each promise to transfer either a good or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer. The Trust recognises revenue as these performance obligations are met, which may be at a point in time or over time depending upon the terms of the contract.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments

provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

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

Note 1.4.2 Other forms of income

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

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

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

Note 1.5 Expenditure on employee benefits

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

Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the NHS Pensions Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State in England and Wales.

The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to the Trust of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

Note 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 recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.7 Property, plant and equipment

Note 1.7.1 Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure
Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part

replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Note 1.7.2 Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale. Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

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

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

The Trust engaged Avison Young, a professional property valuer to undertake a desktop revaluation of its land, buildings, residences and investment properties as at 31st March 2020 in order to reflect current valuations of those assets. The valuer used national BCIS cost and tender price indices. Whilst this resulted in a net overall increase in asset values, some individual assets incurred impairment losses. The impact of the revaluation is reflected as appropriate in the Statement of Comprehensive Income including gains on investment assets, asset impairments (in excess of balances held in the revaluation reserve) and reversals of previous impairments charged to the Statement of Comprehensive income. The balance of the revaluation gain was credited to the revaluation reserve.

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

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

Depreciation

Freehold land is considered to have an infinite life and is not depreciated, assets under construction or development 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 and assets held for sale cease to be depreciated upon the reclassification.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight-line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Revaluation gains and losses

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

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

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

Impairments

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

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the

impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Note 1.7.3 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met.

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.: management are committed to a plan to sell the asset
- an active programme has begun to find a buyer and complete the sale
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
- the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

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

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

Note 1.7.4 Donated and grant funded assets

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

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

Note 1.7.5 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

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

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

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

The contributions to the lifecycle replacement of of components of the asset are initially recorded as a prepayment. Subsequently, as components of the asset are replaced, the cost is transferred from prepayments and recognised in property, plant and equipment.

Note 1.7.6 Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	3	62
Dwellings	5	38
Plant & machinery	3	35
Information technology	4	25
Furniture & fittings	5	25

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

Note 1.8 Intangible assets

Note 1.8.1 Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, 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.

Note 1.8.2 Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value 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 lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful lives of intangible assets

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

	Min life Years	Max life Years
Software licences	4	7

Note 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.

Note 1.10 Investment properties

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

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

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Note 1.12.1 Recognition

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

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

Note 1.12.2 Classification and measurement

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

Financial assets 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.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

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).

Further information on the basis for calculation of credit losses is provided at note 20.3.

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

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

Note 1.12.3 Derecognition

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

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

Note 1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Note 1.13.1 The trust as a lessee

Finance leases

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income. 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 in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

Note 1.13.2 The trust as a lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

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

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 26.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 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 27 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 27, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

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

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

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

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

Note 1.17 Value added tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is

not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.18 Corporation tax

The Trust has determined that it has no corporation tax liability on the basis that it is an exempt health service body as provided for by sections 985 and 986 of the Corporation Tax Act 2010.

Note 1.19 Foreign exchange

The functional and presentational currency of the trust is sterling.

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

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

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

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

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

Note 1.20 Third party assets

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

Note 1.21 Losses and special payments

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

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

Note 1.22 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.23 Early adoption of standards, amendments and interpretations

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

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases.

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

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

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

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

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

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

Other standards, amendments and interpretations

IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 1.25 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:
The most significant judgement around accounting policies has been the decision to account for the Trust's PFI hospital in the Statement of Financial Position. The key accounting standards used in assessing this were IFRIC 12, IFRIC 4, IAS 16 and IAS 17.

Note 1.26 Sources of estimation uncertainty

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

- Valuation of property, plant and equipment (see notes 7 and 15) is based upon an assessment undertaken by professional property valuers which by its nature includes an element of subjectivity. It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period;
- Accrued income for partially completed spells at the end of the financial year (see note 3) is based upon an estimate of income receivable at the completion of an episode of care apportioned between activity completed and activity to be completed in the next financial year;
- Provision for the impairment of receivables (see note 20.3) is estimated on a risk based assessment of the likelihood of non-payment which by its nature includes an element of subjectivity; and
- The calculation of provisions (see notes 26.1 and 27) which by their nature have an inherent nature of uncertainty.

Note 2 Operating Segments

The Trust Board is considered to be the chief operating decision maker of the organisation. The Trust Board is of the view that whilst it receives limited financial information broken down by division, the information received does not show the full trading position of that division. Furthermore the activities undertaken by these divisions have a high degree of interdependence and therefore the Trust Board has determined that is appropriate to aggregate these divisions for segmental reporting purposes.

The rationale for determining the chief operating decision maker and for aggregating segments is as follows:

Chief operating decision maker

International Financial Reporting Standard 8: Operating Segments; states that the chief operating decision maker will have responsibility for allocating resources and assessing the performance of the entity's operating segments.

For the UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust, responsibility for these functions is set out in the Trust's Scheme of Reservation and Delegation. This document includes (amongst others) the following key decisions which are reserved to the Trust Board:

- The approval of strategies, plans and budgets;
- The agreement of the organisational structures, processes and procedures to facilitate the discharge of business by the Trust; and
- The monitoring and review of financial performance.

Consequently it has been determined that the Trust Board is the chief operating decision maker.

Operating segments

IFRS 8 sets out the criteria for identifying operating segments and for reporting individual or aggregated segmental data.

The Trust Board has considered the requirements of IFRS 8 and whilst it does receive budgetary performance information at a specialty group level based upon groups of services (including for example medical specialties, surgical specialties etc.), this information is limited in that:

- Income is not currently regularly reported by specialty;
- Costs associated with any one specialty or service provided by the Trust are split across several specialty groups;
- Cross-charging for services between specialty groups is not widely undertaken; and
- Many services provided by the Trust are not operationally independent.

In addition to the above key factors, consideration has also been given to the principles around aggregation of operating segments set out in IFRS 8 which concludes that segments may be aggregated if the segments have similar economic characteristics, and the segments are similar in each of the following respects:

a) The nature of the products and services: The services provided are very similar in that they represent the provision of healthcare to ill/vulnerable people. Furthermore many of the services are interconnected with care for an individual being shared across different specialties and departments.

b) The nature of the production processes: Services are provided in very similar ways (albeit to differing extents) to the majority of patients including outpatient consultations, inpatient care, diagnostic tests, medical and surgical interventions.

c) The type or class of customer for their products and services: The Trust's customers are similar across all services in that they are ill/vulnerable people – whilst certain patient groups may be more susceptible to different healthcare needs, most services are provided to customers of all ages, gender etc.

d) The methods used to distribute their products or provide their services: The majority of services are delivered to customers through attendance at hospital as outpatients, day cases or inpatients.

e) If applicable, the nature of the regulatory environment: The regulatory environment in which the Trust's services are provided is NHS healthcare.

The Trust Board has therefore concluded that further segmental analysis is not appropriate and that the specialty financial information should be aggregated for the purpose of segmental reporting.

Financial Performance Reporting

The Trust Board receives reports on the Trust's financial performance based upon the Statement of Comprehensive Income (or Net Expenditure) which is adjusted in accordance with HM Treasury rules on measuring financial performance. These adjustments are set out below the Statement of Comprehensive Income (or Net Expenditure) and in note 37, 38 relating to breakeven performance.

Income Sources

The Trust's main sources of income continue to be from NHS service commissioners as follows:

- Clinical Commissioning Groups (CCGs) from which £390 million (£372.5 million in 2018/19) was received; and
- NHS England from which £215.6 million (£186.3 million in 2018/19) was received

There are no other sources of income which exceed 10% of the Trust's total revenue.

All income derives from services provided in England, although the source of a small part of this income will come from NHS bodies in other parts of the United Kingdom, the Isle of Man or from overseas visitors who are treated in the Trust's hospitals. However, income from such sources is not material.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.1

Note 3.1 Income from patient care activities (by nature)

	2019/20	2018/19
	£000	£000
Elective income	100,203	101,123
Non elective income	167,275	155,477
First outpatient income	49,261	47,953
Follow up outpatient income	43,823	37,588
A & E income	34,377	27,421
High cost drugs income from commissioners (excluding pass-through costs)	61,815	46,040
Other NHS clinical income	133,427	145,638
All services		
Private patient income	1,150	1,087
Agenda for Change pay award central funding*		5,202
Additional pension contribution central funding**	16,859	
Other clinical income	12,068	9,080
Total income from activities	**620,258**	**576,609**

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

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

Note 3.2 Income from patient care activities (by source)

	2019/20	2018/19
Income from patient care activities received from:	**£000**	**£000**
NHS England	215,634	186,283
CLINICAL COMMISSIONING GROUPS	390,029	372,519
Department of Health and Social Care	77	5,407
Other NHS providers	4,770	3,065
NHS other	181	93
Local authorities	129	-
Non-NHS: private patients	1,180	1,087
Non-NHS: overseas patients (chargeable to patient)	1,559	693
Injury cost recovery scheme	4,881	4,136
Non NHS: other	1,818	3,326
Total income from activities	**620,258**	**576,609**
Of which:		
Related to continuing operations	620,258	576,609
Related to discontinued operations	-	-

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

	2019/20	2018/19
	£000	£000
Income recognised this year	1,559	693
Cash payments received in-year	412	323
Amounts added to provision for impairment of receivables	930	(456)
Amounts written off in-year	1,618	1,077

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	8,677	-	**8,677**	6,675	-	**6,675**
Education and training	23,597	-	**23,597**	24,826	-	**24,826**
Non-patient care services to other bodies	36,243		**36,243**	33,095		**33,095**
Provider sustainability fund (PSF)	11,478		**11,478**	13,275		**13,275**
Financial recovery fund (FRF)	13,710		**13,710**			**-**
Marginal rate emergency tariff funding (MRET)	835		**835**			**-**
Income in respect of employee benefits accounted on a gross basis	3,763		**3,763**	3,509		**3,509**
Receipt of capital grants and donations		249	**249**		249	**249**
Charitable and other contributions to expenditure		517	**517**		221	**221**
Rental revenue from operating leases		1,279	**1,279**		1,242	**1,242**
Other income	6,478	-	**6,478**	5,718	2,627	**8,345**
Total other operating income	**104,781**	**2,045**	**106,826**	**87,098**	**4,339**	**91,437**
Of which:						
Related to continuing operations			**106,826**			**91,437**

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

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,003	2,341
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March	31 March
Revenue from existing contracts allocated to remaining performance obligations	2020	2019
is expected to be recognised:	£000	£000
within one year	1,001	2,000
after one year, not later than five years	-	1,004
after five years	-	-
Total revenue allocated to remaining performance obligations	**1,001**	**3,004**

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

Note 6.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,180	1,241
Purchase of healthcare from non-NHS and non-DHSC bodies	5,431	3,915
Staff and executive directors costs	421,771	388,546
Remuneration of non-executive directors	147	88
Supplies and services - clinical (excluding drugs costs)	81,954	78,034
Supplies and services - general	2,270	2,640
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	62,188	57,719
Consultancy costs	110	99
Establishment	9,566	10,570
Premises	16,688	14,219
Transport (including patient travel)	1,865	1,113
Depreciation on property, plant and equipment	21,125	21,099
Amortisation on intangible assets	1,282	1,524
Net impairments	2,834	1,776
Movement in credit loss allowance: contract receivables / contract assets	1,735	641
Increase/(decrease) in other provisions	(8,597)	8,462
Change in provisions discount rate(s)	167	(41)
Audit fees payable to the external auditor		
audit services- statutory audit *	100	114
other auditor remuneration (external auditor only)	2	52
Internal audit costs	104	99
Clinical negligence	18,880	18,588
Legal fees	576	780
Insurance	342	421
Research and development	9,354	7,796
Education and training	5,701	6,039
Rentals under operating leases	1,367	2,082
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	40,836	40,428
Losses, ex gratia & special payments	561	-
Other	1,801	1,650
Total	**702,340**	**669,694**
Of which:		
Related to continuing operations	702,340	669,694

*Auditor remuneration for the statutory audit in 2019/20 was £99,700 excluding VAT (£95,415 in 2018/19 which includes £12,200 for extra work performed on the 2017/18 audit). The sums disclosed above include irrecoverable VAT.

Note 6.2 Other auditor remuneration

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services *	2	11
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above **	-	41
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	**2**	**52**

* Audit related assurance services relate to review of the Trust's Quality Account (and include irrecoverable VAT)

** Taxation advisory services in 2018/19 include £40,969 for specific VAT advice provided in connection with the recovery of overpaid VAT. This work was initiated in 2008 and concluded in 2018 following resolution of the Trust's claim once HMRC had resolved to no longer oppose the claim. This work commenced and was substantially complete, prior to NAO Auditor Guidance Note One requirements in respect of non audit services coming into effect and was therefore permissable to conclude in line with that guidance.

Note 6.3 Limitation on auditor's liability

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

Note 7 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence *	218	2,388
Loss as a result of catastrophe	-	-
Changes in market price **	2,616	(612)
Other	-	-
Total net impairments charged to operating surplus / deficit	**2,834**	**1,776**
Impairments charged to the revaluation reserve	3,900	162
Total net impairments	**6,734**	**1,938**

* This relates to equipment assets removed from operational use in 2019/20 and building and IT assets removed from operational use in 2018/19

** The Trust engaged a professional property valuer to undertake a desktop revaluation of land, buildings, residences and investment properties as at 31 March 2020 in order to reflect current valuations of those assets. This resulted in an increase in a net increase in values part of which was credited to the Statement of Comprehensive Income as a reversal of previous impairments charged there. The balance of the revaluation gain was credited to the revaluation reserve.

Note 8 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	324,865	307,772
Social security costs	30,875	29,261
Apprenticeship levy	1,623	1,588
Employer's contributions to NHS pensions	54,340	35,123
Pension cost - other	66	48
Temporary staff (including agency)	19,688	23,149
Total gross staff costs	**431,457**	**396,941**
Recoveries in respect of seconded staff	(600)	(580)
Total staff costs	**430,857**	**396,361**
Of which		
Costs capitalised as part of assets	1,097	639

Note 8.1 Retirements due to ill-health

During 2019/20 there were 2 early retirements from the trust agreed on the grounds of ill-health (4 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £106k (£101k in 2018/19).

The cost of these ill-health retirements will be borne by the NHS Pension Scheme.

Note 9 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.

National Employment Savings Scheme (NEST)

NEST is a defined contribution scheme and as such, the cost to the Trust of participating in the NEST scheme is equal to the contributions payable into the scheme in the relevant accounting period (see Note 8 Employee benefits).

Note 10 Operating leases

Note 10.1 UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust as a lessor

This note discloses income generated in operating lease agreements where UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust is the lessor.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	1,279	1,242
Total	**1,279**	**1,242**

Operating lease revenue relates to the lease of land to the operator of a private hospital and the lease of facilities to a medical school.

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	1,306	1,267
- later than one year and not later than five years;	2,441	2,353
- later than five years.	51,640	38,949
Total	**55,387**	**42,569**

Note 10.2 UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust is the lessee.

The majority of the Trust's operating leases are short term fixed price leases and include:

- Lease cars
- Equipment (including medical and office equipment)
- Premises

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	1,367	2,082
Total	**1,367**	**2,082**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,423	739
- later than one year and not later than five years;	4,161	1,215
- later than five years.	5,999	378
Total	**11,583**	**2,332**

Note 11 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	256	148
Total finance income	**256**	**148**

Note 12.1 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,550	1,173
Finance leases	10	12
Interest on late payment of commercial debt	-	2
Main finance costs on PFI and LIFT schemes obligations	14,115	14,514
Contingent finance costs on PFI and LIFT scheme obligations	11,767	13,506
Total interest expense	**27,442**	**29,207**
Unwinding of discount on provisions	7	10
Total finance costs	**27,449**	**29,217**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	-	2

Note 13 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	-	22
Total gains / (losses) on disposal of assets	**-**	**22**
Fair value gains / (losses) on investment properties	315	1,120
Total other gains / (losses)	**315**	**1,142**

The gains on investment properties resulted from a desktop revaluation undertaken by a professional property valuer as at 31 March in each year.

Note 14.1 Intangible assets - 2019/20

	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**11,327**	**-**	**11,327**
Valuation / gross cost at start of period for new FTs	-	-	-
Transfers by absorption	-	-	-
Additions	842	-	**842**
Valuation / gross cost at 31 March 2020	**12,169**	**-**	**12,169**
Amortisation at 1 April 2019 - brought forward	**5,720**	**-**	**5,720**
Provided during the year	1,282	-	1,282
Amortisation at 31 March 2020	**7,002**	**-**	**7,002**
Net book value at 31 March 2020	**5,167**	**-**	**5,167**
Net book value at 1 April 2019	**5,607**	**-**	**5,607**

14.2 Note 14.2 Intangible assets - 2018/19

	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**11,002**	**-**	**11,002**
Valuation / gross cost at 1 April 2018 - restated	**11,002**	**-**	**11,002**
Additions	325	-	325
Valuation / gross cost at 31 March 2019	**11,327**	**-**	**11,327**
Amortisation at 1 April 2018 - as previously stated	**3,060**	**-**	**3,060**
Amortisation at 1 April 2018 - restated	**3,060**	**-**	**3,060**
Provided during the year	1,524	-	1,524
Impairments	924	-	924
Reclassifications	212	-	212
Amortisation at 31 March 2019	**5,720**	**-**	**5,720**
Net book value at 31 March 2019	**5,607**	**-**	**5,607**
Net book value at 1 April 2018	**7,942**	**-**	**7,942**

Note 15.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**20,883**	**274,396**	**1,162**	**4,845**	**151,998**	**663**	**41,525**	**160**	**495,632**
Additions	-	5,524	-	756	6,624	-	4,835	-	**17,739**
Revaluations	1,484	8,809	39	-	-	-	-	-	**10,332**
Reclassifications	-	3,619	-	(4,147)	663	(663)	528	-	**-**
Disposals / derecognition	-	-	-	-	(3,036)	-	-	-	**(3,036)**
Valuation/gross cost at 31 March 2020	**22,367**	**292,348**	**1,201**	**1,454**	**156,249**	**-**	**46,888**	**160**	**520,667**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**15,124**	**796**	**-**	**104,690**	**268**	**32,458**	**145**	**153,481**
Provided during the year	-	8,603	23	-	11,579	-	919	1	**21,125**
Impairments	-	8,883	6	-	218	-	-	-	**9,107**
Reversals of impairments	-	(2,373)	-	-	-	-	-	-	**(2,373)**
Disposals / derecognition	-	-	-	-	(3,036)	-	-	-	**(3,036)**
Accumulated depreciation at 31 March 2020	**-**	**30,237**	**825**	**-**	**113,719**	**-**	**33,377**	**146**	**178,304**
Net book value at 31 March 2020	**22,367**	**262,111**	**376**	**1,454**	**42,530**		**13,511**	**14**	**342,363**
Net book value at 1 April 2019	**20,883**	**259,272**	**366**	**4,845**	**47,308**	**395**	**9,067**	**15**	**342,151**

Note 15.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**20,883**	**256,620**	**807**	**6,898**	**149,241**	**202**	**39,209**	**160**	**474,020**
Prior period adjustments	-	-	-	-	-	-	-	-	-
Valuation / gross cost at 1 April 2018 - restated	20,883	256,620	807	6,898	149,241	202	39,209	160	**474,020**
Additions	-	3,553	-	1,517	4,961	461	1,669	-	**12,161**
Revaluations	-	11,732	44	-	-	-	-	-	**11,776**
Reclassifications	-	2,491	311	(3,570)	121	-	647	-	**-**
Disposals / derecognition	-	-	-	-	(2,325)	-	-	-	**(2,325)**
Valuation/gross cost at 31 March 2019	**20,883**	**274,396**	**1,162**	**4,845**	**151,998**	**663**	**41,525**	**160**	**495,632**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**7,448**	**34**	**-**	**95,370**	**202**	**30,709**	**142**	**133,905**
Prior period adjustments	-	-	-	-	-	-	-	-	-
Accumulated depreciation at 1 April 2018 - restated	**-**	**7,448**	**34**	**-**	**95,370**	**202**	**30,709**	**142**	**133,905**
Provided during the year	-	8,050	35	-	11,450	66	1,495	3	**21,099**
Impairments	-	867	727	-	407	-	254	-	**2,255**
Reversals of impairments	-	(1,241)	-	-	-	-	-	-	**(1,241)**
Reclassifications	-	-	-	-	(212)	-	-	-	**(212)**
Disposals / derecognition	-	-	-	-	(2,325)	-	-	-	**(2,325)**
Accumulated depreciation at 31 March 2019	**-**	**15,124**	**796**	**-**	**104,690**	**268**	**32,458**	**145**	**153,481**
Net book value at 31 March 2019	**20,883**	**259,272**	**366**	**4,845**	**47,308**	**395**	**9,067**	**15**	**342,151**
Net book value at 1 April 2018	**20,883**	**249,172**	**773**	**6,898**	**53,871**	**-**	**8,500**	**18**	**340,115**

Note 15.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	22,367	32,253	376	1,414	17,508	-	13,475	14	**87,407**
Finance leased	-	-	-	-	177	-	-	-	**177**
On-SoFP PFI contracts and other service concession arrangements	-	228,174	-	-	24,193	-	-	-	**252,367**
Owned - donated	-	1,684	-	40	652	-	36	-	**2,412**
NBV total at 31 March 2020	**22,367**	**262,111**	**376**	**1,454**	**42,530**	**-**	**13,511**	**14**	**342,363**

Note 15.4 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	20,883	25,258	366	4,845	20,712	358	9,067	15	81,504
Finance leased	-	-	-	-	249	-	-	-	249
On-SoFP PFI contracts and other service concession arrangements	-	232,387	-	-	25,520	-	-	-	257,907
Owned - donated	-	1,627	-	-	827	37	-	-	2,491
NBV total at 31 March 2019	**20,883**	**259,272**	**366**	**4,845**	**47,308**	**395**	**9,067**	**15**	**342,151**

Note 16 Donations of property, plant and equipment

The Trust receives grants from Charities for the purchase of donated capital assets - mainly medical and surgical equipment.

Note 17 Revaluations of property, plant and equipment

The Trust engaged Avison Young (UK) Ltd, a professional property valuer to undertake a destop valuation of its land, buildings, residences and investment properties as at 31 March 2020 in order to reflect current valuations of those assets. The valuer used national BCIS cost and tender price indices. This ressulted in a net increase in values, part of which was credited to the Statement of Comprehensive Income , as a reversal of previous impairments. The balance of the revaluation gain was credited to the revaluation reserve.

The valuation exercise was carried out with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.

The Valuer has noted the following in the final report:
The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is a disclosure, not a disclaimer.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Note 18.1 Investment Property

	2019/20	2018/19
	£000	£000
Carrying value at 1 April - brought forward	**9,695**	**8,575**
Carrying value at 1 April - restated	**9,695**	**8,575**
Movement in fair value	315	1,120
Carrying value at 31 March	**10,010**	**9,695**

Note 18.2 Investment property income and expenses

	2019/20	2018/19
	£000	£000
Direct operating expense arising from investment property which generated rental income in the period	(321)	(299)
Direct operating expense arising from investment property which did not generate rental income in the period	(24)	(20)
Total investment property expenses	**(345)**	**(319)**
Investment property income	364	355

Note 19 Inventories

	31 March 2020	31 March 2019
	£000	£000
Drugs	4,431	3,824
Consumables	8,978	10,437
Total inventories	**13,409**	**14,261**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £120,114k (2018/19: £111,313k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

As a result of the COVID-19 outbreak the annual end of year stock take was limited to Pharmacy, Theatres and Cardiac & Respiratory.

Note 20.1 Receivables

	31 March 2020	31 March 2019
	£000	£000
Current		
Contract receivables	61,352	59,596
Allowance for impaired contract receivables / assets	(5,009)	(5,191)
Prepayments (non-PFI)	4,508	3,167
PFI lifecycle prepayments	13,404	11,039
PDC dividend receivable	456	50
VAT receivable	523	171
Other receivables	570	232
Total current receivables	**75,804**	**69,064**
Non-current		
Contract assets	6,634	5,749
PFI lifecycle prepayments	30,126	23,876
Total non-current receivables	**36,760**	**29,625**
Of which receivable from NHS and DHSC group bodies:		
Current	53,276	49,581
Non-current	-	

Note 20.2 Allowances for credit losses

	2019/20 Contract receivables and contract assets	2018/19 Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**5,191**	**-**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018		6,602
New allowances arising	4,940	3,319
Reversals of allowances	(3,205)	(2,678)
Utilisation of allowances (write offs)	(1,917)	(2,052)
Allowances as at 31 Mar 2020	**5,009**	**5,191**

The Trust's policy for the impairment of receivables is as follows:

- Injury cost recovery income: subject to a provision for impairment of receivables of 21.79% as per DHSC guidance.
- Overseas visitors: invoices from 1/4/15 are subject to a 50% provision
- NHS commisssioner receivables: individually assessed and an appropriate provision made where a risk of non-payment (due to disputes/queries/affordability) exists.
- Other receivables: future credit losses are estimated by calculating historic one year recovery rates for other categories of receivables by age profile

Note 20.3 Exposure to credit risk

The majority of the Trust's revenue comes from contracts with other public sector bodies and therefore the Trust would normally have low exposure to credit risk. However, in the challenging financial environment in which the NHS is currently operating, significant risks exist to the recoverability of receivables due to disputes and queries raised on invoices and issues concerning affordability to NHS commissioners.

Therefore the Trust has provided for these risks based upon an assessment of the risk for its main NHS commissioners.

In addition, the Trust charges significant sums to overseas patients who have received urgent care, however, the income from such patients is in effect underwritten by its local CCG commissioner and therefore the maximum exposure to risk is 50% and, given the high risk of non-recovery from overseas patients where charges are not collected at the time of treatment, the Trust provides for 50% of these receivables.

Injury cost recovery income is subject to a provision for impairment of receivables of 21.79% as per DHSC guidance.

For other receivables, future credit losses are estimated by calculating historic one year recovery rates for specific categories of receivables by age profile. The level of provisions for receivables as at 31 March 2020 are based on the following average percentages for outstanding invoices by age category:

Outstanding invoices aged 0 - 30 days:	6%
Outstanding invoices aged 31 - 60 days:	3%
Outstanding invoices aged 61 - 90 days:	5%
Outstanding invoices aged 91 - 180 days:	7%
Outstanding invoices aged over 180 days:	4%

Note 21.1 Cash and cash equivalents movements

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

	2019/20	2018/19
	£000	£000
At 1 April	**1,020**	**1,472**
Net change in year	1,352	(452)
At 31 March	**2,372**	**1,020**
Broken down into:		
Cash at commercial banks and in hand	28	50
Cash with the Government Banking Service	2,344	970
Total cash and cash equivalents as in SoFP	**2,372**	**1,020**
Total cash and cash equivalents as in SoCF	**2,372**	**1,020**

Note 21.2 Third party assets held by the trust

UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020 £000	31 March 2019 £000
Bank balances	47	40
Total third party assets	**47**	**40**

Note 23 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	6,999	7,648
Total other current liabilities	**6,999**	**7,648**

Note 24 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from DHSC *	113,634	23,929
Obligations under finance leases	72	72
Obligations under PFI, LIFT or other service concession contracts	9,276	4,275
Total current borrowings	**122,982**	**28,276**
Non-current		
Loans from DHSC	3,560	73,479
Obligations under finance leases	94	166
Obligations under PFI, LIFT or other service concession contracts	237,188	246,464
Total non-current borrowings	**240,842**	**320,109**

* On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £112,388k interim loan principal and £332k interest accrual (capital £20,053k principal and £25k interest and revenue support £92,335k principal and £307k interest) are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC.

Note 22.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	12,333	14,179
Capital payables	1,766	3,354
Accruals	36,911	25,709
Social security costs	1,525	4,434
VAT payables	160	805
Other taxes payable	1,524	4,145
Other payables	5,789	5,512
Total current trade and other payables	**60,008**	**58,138**
Of which payables from NHS and DHSC group bodies:		
Current	10,310	7,051

Note 22.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2020 £000	31 March 2020 Number	31 March 2019 £000	31 March 2019 Number
- to buy out the liability for early retirements over 5 years	-		-	
- number of cases involved		-		-

Note 24.1 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC £000	Finance leases £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2019	97,408	238	250,739	348,385
Cash movements:				
Financing cash flows - payments and receipts of principal	19,728	(72)	(4,276)	15,380
Financing cash flows - payments of interest	(1,489)	(10)	(14,114)	(15,613)
Non-cash movements:				
Application of effective interest rate	1,547	10	14,115	15,672
Carrying value at 31 March 2020	**117,194**	**166**	**246,464**	**363,824**

Note 24.2 Reconciliation of liabilities arising from financing activities - 2018/19

	Loans from DHSC £000	Finance leases £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2018	**67,391**	**210**	**258,727**	**326,328**
Cash movements:				
Financing cash flows - payments and receipts of principal	29,720	(117)	(7,988)	21,615
Financing cash flows - payments of interest	(1,090)	(12)	(14,514)	(15,616)
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018214	-	-	214	
Additions	-	145	-	145
Application of effective interest rate	1,173	12	14,514	15,699
Carrying value at 31 March 2019	**97,408**	**238**	**250,739**	**348,385**

Note 25 Finance leases

Note 25.1 UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020	31 March 2019
	£000	£000
Gross lease liabilities	**176**	**249**
of which liabilities are due:		
- not later than one year;	77	78
- later than one year and not later than five years;	99	171
- later than five years.	-	-
Finance charges allocated to future periods	(10)	(11)
Net lease liabilities	**166**	**238**
of which payable:		
- not later than one year;	72	72
- later than one year and not later than five years;	94	166
- later than five years.	-	-
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as expense in the period	-	-

Note 26.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	**1,222**	**1,334**	**169**	**11,970**	**14,695**
Change in the discount rate	**36**	**131**	**-**	**-**	**167**
Arising during the year	**30**	**32**	**106**	**3,597**	**3,765**
Utilised during the year	(128)	(61)	(18)	(58)	**(265)**
Reversed unused	**(11)**	**(2)**	**(74)**	**(11,833)**	**(11,920)**
Unwinding of discount	**3**	**4**	**-**	**-**	**7**
At 31 March 2020	**1,152**	**1,438**	**183**	**3,676**	**6,449**
Expected timing of cash flows:					
- not later than one year;	135	62	183	**3,676**	**4,056**
- later than one year and not later than five years;	-	-	-	-	**-**
- later than five years.	1,017	1,376	-	-	**2,393**
Total	**1,152**	**1,438**	**183**	**3,676**	**6,449**

- Early departure costs are pensions relating to former staff are based upon actuarial estimates and are reviewed annually. Payments are made quarterly to the NHS Pensions Agency in respect of the Trust's liability.
- Injury benefits are payable by the NHS Pensions Agency and recharged to the Trust.
- Legal claims relate to employers'/third party liability claims. Cost estimates and timings are provided by the NHS Litigation Authority.
- Other provisions include: other employee related claims and contractual disputes.

Note 26.2 Clinical negligence liabilities

At 31 March 2020, £141,663k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust (31 March 2019: £153,388k).

Note 27 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	83	107
Gross value of contingent liabilities	**83**	**107**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**83**	**107**
Net value of contingent assets	**-**	-

Note 28 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	2,667	1,225
Intangible assets	92	152
Total	**2,759**	**1,377**

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

The Trust has entered into a PFI contract for the construction, operation and maintenance of a major acute hospital along with the provision of a significant proportion of medical and other equipment required for use in the hospital. The PFI contractor is also responsible for the provision of a number of services including estate maintenance, certain equipment maintenance and the provision of hotel / soft services to a required Trust specification. These services include catering, domestic, laundry / linen, portering, transport, switchboard, help desk, car parking and security. In addition as part of the PFI contract these services are also provided to the existing Hospital of St Cross, Rugby.

The PFI consortium includes:

1. Principal contract party with the Trust, is Coventry & Rugby Hospital Company (CRHC)
2. Coventry & Rugby Hospital Company have contracts with:
   a. Hard FM – Vinci Facilities
   b.Soft FM – ISS Mediclean whose current contract is market tested under the PFI contract every seven years
   c. Equipment – GE Medical Systems

The PFI contract terminates on 31st December 2042 at which point ownership of the buildings and equipment provided under the contract passes to the Trust for no additional consideration.

The PFI contract is a tripartite contract involving the provision of a UNIVERSITY HOSPITAL for UHCW NHS Trust, and also incorporates a Mental Health facility for Coventry and Warwickshire Partnership NHS Trust, all of which are on the same NHS PFI site and jointly contracted with CRHC. Inflation on the PFI Unitary Payment is twofold. All costs except Soft FM pay are based upon the movement in the Retail Prices Index (RPI) over the previous 12 months on a February to February basis. Soft FM pay uplift is based mainly on Agenda for Change as a result of the Retention of Employment model being used, where the majority of staff are in effect seconded by the Trust to the soft services provider but remain on NHS conditions of service.

Note 29.1 Imputed finance lease obligations

UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2020 £000	31 March 2019 £000
Gross PFI, LIFT or other service concession liabilities	**444,971**	**463,361**
Of which liabilities are due		
- not later than one year;	23,079	18,390
- later than one year and not later than five years;	74,680	76,714
- later than five years.	347,212	368,257
Finance charges allocated to future periods	(198,507)	(212,622)
Net PFI, LIFT or other service concession arrangement obligation	**246,464**	**250,739**
- not later than one year;	9,276	4,275
- later than one year and not later than five years;	23,247	23,938
- later than five years.	213,941	222,526

Note 29.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2019 £000	31 March 2020 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**1,940,552**	**2,072,986**
Of which payments are due:		
- not later than one year;	85,299	83,757
- later than one year and not later than five years;	341,196	335,028
- later than five years.	1,514,057	1,654,201

Note 29.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2019/20 £000	2018/19 £000
Unitary payment payable to service concession operator	**85,146**	**83,718**
Consisting of:		
- Interest charge	14,115	14,514
- Repayment of balance sheet obligation	4,275	7,988
- Service element and other charges to operating expenditure	40,836	40,428
- Contingent rent	11,767	13,506
- Addition to lifecycle prepayment	14,153	7,282
Total amount paid to service concession operator	**85,146**	**83,718**

Note 30 Financial instruments

Note 30.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS organisation has with commissioners and the way those commissioners are financed, the NHS organisation is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS organisation 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 UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors rather than being held to change the risks facing UNIVERSITY HOSPITALS Coventry And Warwickshire NHS Trust in undertaking its activities.

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

TheTrust's operating costs are incurred under contracts with clinical commissioning groups anf NHS England, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 30.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	63,062	63,062
Cash and cash equivalents	2,372	2,372
Total at 31 March 2020	**65,434**	**65,434**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	60,343	60,343
Cash and cash equivalents	1,020	1,020
Total at 31 March 2019	**61,363**	**61,363**

Note 30.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	117,194	117,194
Obligations under finance leases	166	166
Obligations under PFI, LIFT and other service concession contracts	246,464	246,464
Trade and other payables excluding non financial liabilities	51,009	51,009
Provisions under contract	3,417	3,417
Total at 31 March 2020	**418,250**	**418,250**

Carrying values of financial liabilities as at 31 March 2019	Held at amortisedcost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	97,408	97,408
Obligations under finance leases	238	238
Obligations under PFI, LIFT and other service concession contracts	250,739	250,739
Trade and other payables excluding non financial liabilities	48,754	48,754
Provisions under contract	12,139	12,139
Total at 31 March 2019	**409,278**	**409,278**

Note 30.4 Maturity of financial liabilities

	31 March 2020	31 March 2019
	£000	£000
In one year or less	177,407	89,169
In more than one year but not more than two years	12,743	29,305
In more than two years but not more than five years	14,159	64,130
In more than five years	213,941	226,674
Total	**418,250**	**409,278**

Note 31 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	16	6	27	55
Bad debts and claims abandoned *	581	1,641	448	1,110
Stores losses and damage to property	1	30	-	-
Total losses	**598**	**1,677**	**475**	**1,165**
Special payments				
Compensation under court order or legally binding arbitration award	1	1	3	25
Ex-gratia payments in respect of losses of personal effects	18	4	23	3
Extra-statutory and extra-regulatory payments	1	3	-	-
Total special payments		**20**	**8**	**26**
	28			
Total losses and special payments	**618**	**1,685**	**501**	**1,193**
Compensation payments received		32		26

* The bad debts recorded above mainly relate to the provision of urgent/emergency care to overseas visitors and cases range from £24 to £120k

Note 32 Related parties

The Department of Health and Social Care is regarded as the Trust's parent department. During the year UNIVERSITY HOSPITALS Coventry and Warwickshire NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

Those entities with which the Trust has had material transactions are listed below:

- Coventry And Rugby CCG
- West Midlands Specialised Commissioning Hub
- Warwickshire North CCG
- Health Education England
- South Warwickshire CCG
- Midlands Regional Office
- South Warwickshire NHS Foundation Trust
- NHS England Core
- Department of Health
- NHS Resolution
- West Leicestershire CCG
- Nene CCG
- George Eliot Hospital NHS Trust
- UNIVERSITY HOSPITALS of Derby and Burton NHS Foundation Trust
- East Leicestershire And Rutland CCG
- Coventry and Warwickshire Partnership NHS Trust
- North West Regional Office
- NHS Blood and Transplant
- East Midlands Specialised Commissioning Hub
- The Royal Wolverhampton NHS Trust
- Birmingham and Solihull CCG

In addition, the Trust also undertakes transactions with other government/public sector bodies and those with material transactions are listed below:

- HM Revenue and Customs
- National Health Service Pension Scheme
- Coventry City Council

"Professor Kumar, Non-Executive Director of the Trust holds the position of Dean of Warwick Medical School which is part of the University of Warwick. He is also a non-executive director and vice chair of NHS Digital.

Professor Guy Daly is Deputy Vice-Chancellor (Education and Students) at Coventry University which provides training for nursing and other healthcare professionals.

Two directors of the Trust and two senior managers of the Trust were also trustees of UNIVERSITY HOSPITALS Coventry and Warwickshire Charity during 2019/20. The charity is independent from the Trust which has the right to appoint four of the nine trustees of the charity. During the course of 2019/20, Trust appointed trustees of the charity have remained in the minority of the charity's trustees."

Revenue and expenditure with other bodies outside Whole Government Accounts (WGA) includes the University of Warwick and the UNIVERSITY HOSPITALS Coventry and Warwickshire Charity are as follows:

	Revenue with Related Party	Expenditure with Related Party
	2019/20	2019/20
	£000s	£000s
University of Warwick	1,611	3,760
UNIVERSITY HOSPITALS Coventry and Warwickshire Charity	466	0

Note 33 Events after the reporting date

DHSC loans

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £112,388k interim loan principal and £332k interest accrual (capital £20,053k principal and £25k interest and revenue support £92,335k principal and £307k interest) as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Note 34 Better Payment Practice code

	2019/20	2019/20	2018/19	2018/19
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	114,933	419,534	122,100	393,001
Total non-NHS trade invoices paid within target	103,497	388,740	112,488	360,505
Percentage of non-NHS trade invoices paid within target	90.0%	92.7%	92.1%	91.7%
NHS Payables				
Total NHS trade invoices paid in the year	4,135	107,181	4,708	114,212
Total NHS trade invoices paid within target	1,771	92,786	3,010	107,457
Percentage of NHS trade invoices paid within target	42.8%	86.6%	63.9%	94.1%

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

Note 35 External financing limit

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

	2019/20	2018/19
	£000	**£000**
Cash flow financing	15,797	22,560
Finance leases taken out in year		
Other capital receipts		
External financing requirement	**15,797**	**22,560**
External financing limit (EFL)	17,167	22,625
Under / (over) spend against EFL	**1,370**	**65**

Note 36 Capital Resource Limit

	2019/20	2018/19
	£000	**£000**
Gross capital expenditure	18,581	12,486
Less: Donated and granted capital additions	(249)	(249)
Charge against Capital Resource Limit	**18,332**	**12,237**
Capital Resource Limit	21,560	12,546
Under / (over) spend against CRL	**3,228**	**309**

Note 37 Breakeven duty financial performance

	2019/20
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	106
Add back income for impact of 2018/19 post-accounts PSF reallocation	626
IFRIC 12 breakeven adjustment	8,443
Breakeven duty financial performance surplus / (deficit)	**9,175**

Note 38 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		10,234	4,162	1,465	1,916	214	(16,900)	(9,129)	703	(15,713)	(25,011)	9,175
Breakeven duty cumulative position	2,558	12,792	16,954	18,419	20,335	20,549	3,649	(5,481)	(4,778)	(20,491)	(45,502)	(36,327)
Operating income		465,211	472,923	484,816	509,163	528,881	550,196	585,157	608,790	630,651	668,046	727,084
Cumulative breakeven position as a percentage of operating income		**2.7%**	**3.6%**	**3.8%**	**4.0%**	**3.9%**	**0.7%**	**(0.9%)**	**(0.8%)**	**(3.2%)**	**(6.8%)**	**(5.0%)**

The amount in the above table in respect of financial year 2008/09 (and earlier) has not been restated to IFRS and remains on a UK GAAP basis.

The Trust has breached its 5 year break even duty at 31 March 2020
Trust plans to recover this will be linked to the control total mechanism and future development of system plans.

NHS

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NHS Trust

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