

# University Hospitals of Morecambe Bay NHS Foundation Trust

## Annual Report and Accounts 2019-20





**University Hospitals of Morecambe Bay NHS Foundation Trust**

**Annual Report and Accounts 2019-20**

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In light of pressures caused by the public sector response to COVID-19, the format and content of the Annual Report and Accounts for 2019/20 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 2019/20 in April 2020.

## Chair's and Chief Executive's Welcome

Welcome to our Trust's Annual Report for 2019/20. This is our opportunity to reflect on the year and share the many highlights but also talk about some of the challenges we've faced across our hospitals and community services.

We'd like to start by acknowledging our previous Chair, Ian Johnson, who retired from his role at the end of November 2019. Ian had been in post since 1 April 2018 and we'd like to offer our thanks for his contribution to the Trust and Council of Governors. We'd also like to thank Liz Sedgley who stepped in as Interim Chair until our new Chair, Mike Thomas, joined the Trust in January 2020.

It has been a year in which we have seen our community services expand with the addition of the Speech and Language and Occupational Therapy team, previously employed by Blackpool Teaching Hospitals NHS Foundation Trust, who joined our hospital and community colleagues in July 2019. This further strengthened our commitment to having truly joined up services for patients across Morecambe Bay.

We received good news this year in relation to our ageing estate. In October, we were successful in securing £34 million of investment to improve our buildings and infrastructure. The money, which will be paid as a loan over the next two years, is recognition that some of our buildings and facilities need urgent attention. It will help us upgrade our operating theatres, invest in our radiology facilities and upgrade our heating systems. We have already started this work with the refurbishment and upgrade of theatres at the Royal Lancaster Infirmary (RLI) and Westmorland General Hospital and x-ray rooms at the RLI and Queen Victoria Hospital in Morecambe.

This announcement came just a few weeks after the Government told us we were named on the list for receiving 'seed funding' to develop plans for new 'state of the art hospitals' - as part of a new Health Infrastructure Plan. We were informed that we will be receiving £5 million funding to help us continue to work in partnership with our local health and care partners, including primary care, to produce a business case to look at how the future of healthcare in Morecambe Bay will look. This is very exciting for our Trust, the local NHS and our local populations. It's a real chance for us to shape the future of our services and fully supports our vision to create a great place to work and a great place to be cared for.

We couldn't discuss this last year without mentioning coronavirus (COVID-19). The pandemic has proven to be a huge challenge for our Trust and the entire NHS. Despite the unprecedented pressures and uncertainty, our teams across the Trust and the wider system have worked exceptionally hard to ensure that we continue to offer safe and effective care for not just our coronavirus patients, but also those that needed care and treatment for other reasons. Whilst we did sadly lose a number of patients to the virus – including a much loved and valued colleague from Furness General Hospital, we also saw a large number of patients recover and be discharged home.

As a Trust and a wider system, we were able to come together and make changes at incredible pace, including increasing intensive care capacity sevenfold based on the Imperial College COVID-19 forecasts, as well as creating rehabilitation areas for patients – all on top of continuing to care for emergency patients. Whilst, at the time of writing, we were still dealing with the pandemic, we'd like to offer our sincere thanks to our workforce and partners for their continued support through an incredibly difficult time.

Like with any incident, we're sure there will be future opportunities locally and nationally to look at lessons learned and put them into practice. However, we all know we are learning lessons as we go along, so let's not lose them.

There is a lot on the horizon for 2020/21 - not least welcoming the Care Quality Commission back for our next inspection which is an important opportunity for us to test our progress. We will also be refreshing our Trust's strategy and vision and values to ensure they meet the aims of the Healthier Lancashire and South Cumbria Integrated Care System and our more local plans - with Bay Health and Care Partners very much remaining the cornerstone.

To give you a flavour of what has happened at our Trust over the last year, we have grouped our activities based on our Trust values and the themes used in our strategy – patients, performance, people, partnerships and progress.

## Patients

Patient experience is our most important measure of achievement. To help us develop our new Patient Experience Strategy, we held patient stories and listening events such as Maternity Matters and Breast Care Matters and ran a number of patient and staff engagement events (for people with learning disabilities, children and young people, and people with dementia) to understand what is important and how we might measure progress. The feedback we receive has enabled us to really listen, change our own views of what is important for good patient experience and to develop a real 'patient experience' strategy.

Our patients told us that their experience links to a range of interactions they have with our staff and services. The timeliness and quality of clinical care is vital to them, however, as important are their interactions with us before, during and after their treatment. Patients are looking for kindness, compassion, respectful and responsive care and simple, effective communication with them, their families and with other care givers/services. This feedback helped us to develop a vision of the way we aim to deliver patient experience in the future.

National targets, such as the Accident and Emergency 4 Hour Standard and the Referral to Treatment Standard are very important in giving our organisation and others assurance on how we are performing. However, they aren't the only measures that matter. We also monitor the number and level of harm patients come to while they are in our care. It's a good measure of the quality of the care we offer our patients, and the figures demonstrate increasing numbers of reports with decreasing levels of severity - this indicates we are learning from harms and that we are providing continuous improvements to quality of care. Our mortality rates have been below or at the national average for a number of years, and we have seen reductions in the severity of patient falls, or hospital acquired infections.

Targets are important as they give us an overview of how we are doing, however, the reality is that behind all these figures are real people - someone's much loved family member or friend and we will do all that we can to provide the care and support they need.

During 2019/20, concerns were raised by former patients and Trust employees about our urology services. As a result of the initial enquiries, we asked NHS England/Improvement to commission an independent external investigation into the service and the allegations that had been made across a range of media. NHS England/Improvement asked Niche Health and Social Care Consulting to carry out the investigation and this work is ongoing. Our Trust Board welcomes the investigation and is fully committed to supporting its work. We believe it will be an opportunity to understand where things could and should have been better, and hope it will provide answers to the questions of those affected by any failures.

## Performance

This last year has been another year where our teams have worked tremendously well under increasing pressures. We continue to work hard to ensure that patients do not wait longer than they need to - either in one of our Emergency Departments, for their first outpatient appointment or for their chosen treatment. Whilst we have not met all the national standards, we do have plans in place to keep our patients safe and improve our performance over the coming year.

Finances remain a concern for us. However, we are delighted that we achieved our Control Total for 2019/20 and were awarded provider sustainability funding and financial recovery funding in excess of £20.5 million. There is no doubt this is a great achievement for the Trust. However there are significant risks that will move forward into 2020/21 that need urgent attention in order to halt further deterioration and to make progress in reducing the underlying deficit of the Trust.

The link between finance and quality and safety is of paramount importance to us – we are clear that they are not to be seen in isolation; they go hand in hand. All of our cost saving schemes go through a strict quality impact assessment to ensure that anything we do will not be detrimental to patient safety or quality of care. This programme has not been about just cutting away at what we have all worked so



hard to build over recent years; it's focused on reducing waste and doing things differently which often improves care for our patients and/or the experience of our staff, whilst also saving money.

We have continued to work closely with our partners across health and social care to transform local health services - not just in the hospital but across primary, community and social care as well. We have made good progress and this is against a backdrop of extreme pressure for the whole system. This is testament to the entire workforce who continue to go over and above, day in, day out, to deliver the best possible care to our patients.

## People

Our people remain our most valuable asset. They are on the front line caring for our patients, working hard behind the scenes to improve services, preparing food for thousands of people each year, and quite literally keeping the lights on.

In March 2020, the 2019 National Staff Survey results were released and we were pleased to see that 3,411 (52%) colleagues took part which made it the most comprehensive survey of colleague experience that we have ever undertaken. The responses are benchmarked against all other acute and community NHS Trusts nationally against 11 themes - we were ranked above average in seven, average in one and below average in three.

There were some examples of where the hard work of our teams has led to improved scores, such as:

- Acting fairly with regard to career progression / promotion, regardless of ethnic background; gender, religion, sexual orientation, disability or age (up to 86.4% from 85.8%);
- Getting clear feedback on work from immediate manager (up to 63.5% from 60.5%);
- Being able to meet all the conflicting demands on time at work (up to 48.3% from 47.7%);
- There are enough staff for them to do their job properly (up to 36.3% from 33.6%); and
- The support staff get from immediate line manager (up to 71.7% from 70.9%).

The primary areas where we need to focus on in 2020/21 once again relates to bullying and harassment. In response to feedback in last year's survey, we launched a new suite of resources in November 2019 to help us eradicate negative behaviours – particularly long standing issues - including a new Early Resolution (Behaviours at Work) Policy, a 72 hour response time for concerns raised about behaviours, a dedicated intranet site and a skills development portal. In addition, over 1,800 colleagues have also attended our Inclusive Behaviours Programme. We need to build on this now and truly bring our Behavioural Standards Framework to life, including having the processes in place to support staff when behaviours fall short.

There was an emerging theme in this year's survey on safety culture where it is important to re-emphasise that colleague and patient safety remains our first priority, and we need to do more as a learning organisation to support people in raising their concerns, feeding back outcomes and embedding learning.

It has been four years since the launch of our Health and Wellbeing Flourish Strategy. Since then, we have moved forward a number of wellbeing initiatives and improved the overall offer to colleagues. We are committed to continuing to work with our colleagues to promote good physical and mental health and wellbeing, and in September 2019, we launched our refreshed Health and Wellbeing Flourish Strategy for 2019-2024. As with the previous strategy, it focuses on four key elements - Move More, Nourish, Healthy Heart and Mental Health Matters. We have also identified a primary theme that cuts across all four areas - Take a Break - which is the need to support colleagues to achieve their basic rest and rejuvenation needs whilst in work.

Once again, we were named in the top ten of the UK's most inclusive employers for the fourth year running and we were very proud to be recognised as the most inclusive NHS organisation in the country. Our Disability Staff Network was also shortlisted in the 'Diversity Network of the Year' category.

Significant work has taken place over the last few years to help improve the experience of our workforce including the development of our Disability, Black Minority Ethnic (BME), Forces, Lesbian, Gay, Bisexual, Transsexual (LGBT), Gender Equality, Disability and other staff networks. We have also continued the work to embed our Behavioural Standards Framework into the UHMBT culture as well as

ensuring that all staff are aware how they should be treating colleagues and how they should expect to be treated. We were also awarded Disability Confident Employer status for a further two years, and work is underway to move us towards being a Disability Confident Leader in 2020/21.

We now hope to build on these successes and develop even more opportunities for staff to contribute to policies and working practices.

Colleagues came out in force to protect themselves and their loved ones against flu this year. We ended the national flu vaccination campaign having protected 84% of our frontline staff (and 81% of all staff). We continually achieve and exceed the national targets, and are aiming for even better results in 2020/21.

Another year of hard work means another year of awards and recognition for colleagues across the Bay. Some of the accolades our teams have received this year include:

- Allison Bayliff, Ward Manager, was awarded the Cavell Star Award;
- Shortlisted in the Diversity Event of the Year category for our Towards Inclusion conference at the Diverse Cumbria Awards;
- The Sepsis Team was shortlisted for the Deteriorating Patients & Rapid Response Systems Award as part of the national HSJ Patient Safety Awards;
- Shortlisted for the Facilities and Estates Management Award for the Electronic Patient Meal Ordering System at the national HSJ Value Awards;
- Andrea Jennings, District Nurse, was a finalist for the RCNi Patient's Choice Award 2019;
- The Catering Department won Catering Service of the Year Award for their Community Meals/Electronic Patient Ordering System and Hospital Caterer of the Year at the Hospital Catering Association's 2019 Awards;
- Awarded the Employers Network for Equality and Inclusion (ENEI) TIDE Silver Award for the second year running;
- Awarded the Excellence in HR Through Technology award at the Personnel Today Awards for the development of Ask Sami;
- Nicole Schofield, Health and Wellbeing Maternity Assistant, won the South Cumbria Breastfeeding Support's 'Breast Friend Award 2019' for supporting mothers with breastfeeding; and
- Grange and Lakes Integrated Care Community were shortlisted in the Clinical Improvement Award at the General Practice Awards for their falls prevention clinics.

As with every year, our teams across the Bay have made us extremely proud with their hard work, dedication and unwavering passion for continuously improving.

## Partnerships

Over the last year, we have continued to work in partnership with our Bay Health and Care Partners (BHCP) to deliver our joint vision: "To see a network of communities across Morecambe Bay enjoying great physical, mental and emotional wellbeing, supported by a health and care system that is recognised as being as good as it gets."

As a system, we truly believe that care is better when delivered together – which is exactly why we named our strategy 'Better Care Together' when it was launched in 2014. Things have moved on since then and in 2020/21, we will launch a refreshed strategy that builds on the successes so far, focuses on the integration of services and the need to take a population health approach, responds to the priorities and challenges in NHS Long Term Plan, and supports the development of a Long Term Plan for Lancashire and South Cumbria.

Some recent successes of our BHCP partnership include:

- We have worked with our integrated care communities to support a number of community-based health events, such as the Lancaster Healthfest and St Mary's Living Well Centre which offers a range of free activities enabling more people to enjoy a better quality of life;
- As part of the National Atrial Fibrillation (AF) programme, we identified patients on GP registers who are at risk of a stroke and would benefit from anti-coagulation. Because of this, the number of high risk patients on AF treatment rose by 594;

- Our Integrated Musculoskeletal Service, where patients can get enhanced physiotherapy as an alternative to more invasive surgery, has reduced outpatient referrals by 50%;
- We have piloted a new respiratory model in Lancaster and Morecambe, with enhanced care planning and management of the condition in a community setting, led by GPs with support from consultants. This has reduced outpatient appointments by 60%;
- We are investing in additional community mental health services to support people before they reach crisis point. For example, we have expanded Improving Access to Psychological Therapies (talking therapies to help people with conditions such as anxiety and depression). We are also working with third sector organisations such as the Well and Richmond Fellowship to support people with a mental health crisis in the community as an alternative to A&E;
- We are working with children and young people on a 'thrive' model for wellbeing and resilience. We have also been accepted as a 'trailblazer' to pilot new Mental Health Support Teams for early intervention on mental health and emotional wellbeing issues within school and college settings;
- Nearly 16,000 patients who previously travelled to hospital for eye care have instead been seen at their local opticians. This reduces travel and associated costs for patients, means less waiting time, and frees up appointments for people with more complex conditions that can only be managed in a hospital;
- Patient Initiated Follow Up has expanded to cover 1,466 patients in four specialities: rheumatology; respiratory; gynaecology; and diabetic medicine. This means that more patients can now choose whether they are coping well with their condition and feel they don't need a follow up appointment - which frees up clinical time; and
- More than 44,000 people across Morecambe Bay now book and cancel GP appointments, receive appointment reminders and order repeat prescriptions using the myGP iPlato app.

As part of the development of our new BHCP strategy, we held sessions with our local communities as part of our Public Assemblies in Autumn and Winter 2019. Facilitated by volunteers, the Assemblies are intended to provide a focus for discussion around changes in health and care services and a forum for 'co-production' of future services. These Assemblies are a signal of intent for us in terms of how we want to involve the public in the future of our services, and more sessions will be held over the next year.

In September 2019, we held our first ever joint Annual Members' Meeting (AMM) / Annual General Meeting (AGM) with Morecambe Bay Clinical Commissioning Group (CCG). The meetings were held jointly following public feedback that they'd like to attend the separate meetings but weren't able to. The event included stalls from different health and voluntary sector organisations, a video about the work taking place in the local NHS, and a moving presentation from Wise Up - a locally based well-being organisation that offers art workshops for confidence building. Feedback was very positive and we look forward to holding our next joint AMM / AGM in 2020/21 - the first with Mike as our new Chair.

We have been strengthening our relationships with our key stakeholders, including our Council of Governors. Our Governors are a vital part of our organisation and act as the link between the Trust and our communities. It is important that our Governors are kept up to date on key issues affecting the Trust and are given the opportunity to hold us to account and ask questions.

There is still work to do to in developing relationships and we want to continue to work with our staff side colleagues to openly discuss issues that will affect our workforce. Some of these discussions can be difficult and even if union colleagues do not agree with the direction of travel, we appreciate them coming to the table to hear us out and discuss their thoughts and concerns.

## Progress

This year saw a huge piece of work undertaken by our i3 teams. At the end of 2019, they worked to transfer just under 9,000 users and 800 shared mailboxes from Microsoft 2010 to Microsoft 365. This was by no means an easy task. Our i3 teams worked tirelessly to ensure the impact on staff was as little as possible and they were on hand to support 24/7 - along with 650 specially trained Microsoft 365 champions. This change not only ensures our IT systems are as secure as possible but also allows us to become more innovative in the way we work, such as sharing documents, having instant conversations and online meetings - cutting down on unnecessary travel expenses and associated costs.

Sticking with technology, this last year also saw a number of developments led by our i3 teams, working with colleagues across the Trust. We launched a new maternity app aimed at empowering pregnant

women to make informed decisions about their maternity care. Around 550 women have access to the app, and it allows them to have access to information about classes and events, screening, pregnancy care tips, and specialist advice for managing conditions such as diabetes.

Our electronic patient food ordering system - eMeals - reached new heights with over 500,000 meals ordered on it since it was launched in 2017. The system not only saves colleagues valuable time, it also reduces food wastage and saves the Trust money.

We have also had some great successes from our Research and Development teams this year, including being one of the top three highest recruiters to the international 'Add-Aspirin' research study. The study tests to see if taking aspirin regularly after treatment for early stage cancer stops or delays the cancer coming back, and in October 2019, we had recruited 123 patients against a target of 50.

We'd like to end this by offering our sincere thanks to our entire workforce, our Governors, volunteers, fundraisers, and partners for their incredible support and hard work to support the Trust to continually improve our services for the local communities.



Mike Thomas  
Chair

Date: 24 June 2020



Aaron Cummins  
Chief Executive

Date: 24 June 2020

## Performance Report

The purpose of the Performance Report is to give you a brief introduction to University Hospital of Morecambe Bay NHS Foundation Trust. This includes a glimpse back at our history, its purpose and activities and a brief description of how we work as part of a wider system of health and social care. In addition we summarise our priorities and the key risks to the achievement of its objectives and how we have performed during the year.

### An introduction to University Hospitals of Morecambe Bay NHS Foundation Trust

University Hospitals of Morecambe Bay NHS Foundation Trust was established on 1 October 2010, as a public benefit corporation authorised under the Health and Social Care (Community Health and Standards) Act 2003.

We are a provider of acute hospital and community services from three main hospital sites:

- Furness General Hospital (FGH), Barrow;
- Royal Lancaster Infirmary (RLI), Lancaster; and
- Westmorland General Hospital (WGH), Kendal.

In addition, we provide outpatient services at Queen Victoria Hospital (QVH) in Morecambe, Ulverston Community Health Centre (UHC) as well as a number of community healthcare premises including Millom Hospital and GP Practice.

On 1 April 2018, adult community services in South Cumbria transferred to the Trust from Cumbria Partnership NHS Foundation Trust. On 1 October 2018 adult community services in North Lancashire transferred to the Trust from Blackpool Teaching Hospitals NHS Foundation Trust. Community Children's Speech and Language Therapy and Occupational Therapy services transferred in July 2019.

We serve a dispersed population of around 365,000 covering South Cumbria, North Lancashire and surrounding areas, with services commissioned by Morecambe Bay Clinical Commissioning Group.

Furness General Hospital is situated on the outskirts of Barrow with around 260 beds. It provides a wide range of services including Accident and Emergency, surgery, maternity, outpatients, critical care, oncology and a special care baby unit.

Westmorland General Hospital is located on the edge of the stunning Lake District. It has around 45 beds and provides a midwifery-led unit, elective surgery, chemotherapy unit, Urgent Care Treatment Centre and a wide range of outpatient services. It is also home to GP led medical wards, mental health wards and a renal unit, all of which are provided by other NHS Trusts.

Royal Lancaster Infirmary is situated in the centre of the historic city of Lancaster and has around 425 beds. It provides a wide range of services including Accident and Emergency, surgery, maternity, critical care, oncology, outpatients and a special care baby unit.

Ulverston Health Centre, situated between Barrow and Kendal provides a range of outpatient services.

Queen Victoria Hospital is a few miles from the main hospital in Lancaster and is home to a range of outpatient services.

A CQC Unannounced Core Service Inspection of the Trust took place mid November 2018. This was followed by a Use of Resources Assessment late November 2018. This was led by NHS Improvement and consisted of a day of interviews with members of the Board and senior operational teams. There was an announced CQC 'Well-led' inspection in December 2018. The final CQC Quality Report was published in May 2019 and rated the Trust as Requires Improvement overall. The overall rating for Royal Lancaster Infirmary also fell to Requires Improvement, whilst Furness General Hospital and Westmorland General Hospital remained rated as Good overall.

During December 2019, there was unannounced focused inspection in Women and Children's including maternity and services for children and young people. This was a focussed inspection so the ratings in the CQC Quality Reports are not ratings from this review, but held over from the previous full inspection. A number of outstanding practices were noted together with areas for improvement. The recommendations of this report have been included in the overall CQC Improvement Plan.

One enforcement undertaking is now attached to the Provider Licence by NHS Improvement. This relates to finance and sustainability. A revised enforcement notice in respect of financial sustainability was received in May 2018. The Board of Directors approved the Bay Health and Care Partners' five year financial recovery plan at their meeting in October 2018, which provided the foundation to address the enforcement notice. The Trust has continued to work with its partners and NHS England and Improvement and in 2019/20 the Trust agreed a control total which it achieved

The Board of Directors is not complacent and there are still significant challenges facing not only the Trust but the wider health economy. Through Lancashire and South Cumbria Integrated Care System and Bay and Health Care Partners, plans have been made to respond to the risks around health inequalities, patient safety and financial and workforce sustainability.

### System Leadership and Integrated Models of Care

The NHS is now under more pressure than ever because of people living longer and the growing population of the country. In the Five Year Forward View, NHS England has asked primary care, community health, mental health and hospital services to work together better.

At a regional level we are part of the Lancashire and South Cumbria Integrated Care System (ICS). This is known as Healthier Lancashire and South Cumbria <https://www.healthierlsc.co.uk/>



Healthier Lancashire and South Cumbria is a partnership of organisations working together to improve services and help the 1.7 million people in Lancashire and South Cumbria live longer, healthier lives.

The Lancashire and South Cumbria ICS covers a region made up of five local areas (Central Lancashire, West Lancashire, Pennine Lancashire, Fylde Coast, and Morecambe Bay). These areas are called Integrated Care Partnerships or ICPs as the basis for local organisations and groups involved in health and care to join up their priorities and resources. The partnership is known as the Lancashire and South Cumbria ICS and has a clinical leader in Dr Amanda Doyle, a GP from Blackpool with significant national and local leadership experience. As Chief Officer, Amanda is working with the support of senior clinicians and managers from every part of Lancashire and South Cumbria.

The vision for Lancashire and South Cumbria is that communities will be healthy and local people will have the best start in life, so they can live and age well.

At the heart of this are the following ambitions:

- to have healthy communities;
- to have high quality and efficient services; and
- to have a health and care service that works for everyone, including our staff.

The following illustration shows the added value of the ICS:





The priorities for the ICS are as follows:

- Maximise the benefits of work in neighbourhoods;
- Deliver an integrated health and social care workforce for the future with the capacity and capability; to provide sustainable care and support to local communities;
- Strengthen the resilience and mental health of people and communities;
- Establish a group model for all hospital services in Lancashire and South Cumbria;
- Reinvigorate strategic partnerships across the public sector;
- Establish a public sector enterprise and innovation alliance with ICS partners, including academic partners and Local Enterprise Partnerships to deliver inward investment and support job creation;
- Bring the entire health and social care system back into financial balance; and
- Consolidate commissioning so that arrangements for planning and prioritising resources improve the population's health and the outcomes of health and social care.

The following infographic illustrates that the intent of the ICS to:

- Support communities and staff;
- Strengthen partnerships/relationships to improve care and promote innovation; and
- Plan to improve the population's health and use of resources.



## Developing a Five Year Strategy for Lancashire and South Cumbria

Partners have worked together to produce a document entitled “Our Next Steps” to support the development of a five year partnership strategy.

Our Next Steps is a strategic document which has been developed as part of the ICS response to the NHS Long Term Plan (published in January 2019). Firstly, the strategy sets out the vision for a healthier Lancashire and South Cumbria. Then, it explains how working in partnership helps the ICS respond to the challenges in communities and front line professionals experience and how resources can be used better. The strategy commits to building stronger alliances between organisations to realise the ambition that Lancashire and South Cumbria becomes a great place to live and work.

Our Next Steps strategy has been developed for system leaders and senior clinical / programme leads and has been developed through discussions with more than 200 individuals from partner organisations. Leaders have been asked to endorse the priorities set out for the Lancashire and South Cumbria ICS and lead the process of sharing the thinking with the public, staff and local representatives, which is currently underway. Work is taking place with partners to listen to feedback on Our Next Steps for working together and delivering safe and sustainable services. The ICS is committed to involving local people, staff and partners in the development of the shared five year strategy. To improve joint working between providers, the ICS has established a Provider Collaborative Board, of which the Trust is a member.

## Bay Health and Care Partners



With our system partners, we have established Bay Health and Care Partners (BHCP) to improve the delivery and outcomes of health and care for our communities. This is the Integrated Care Partnership (ICP) for Morecambe Bay. BHCP is also part of the Lancashire and South Cumbria Integrated Care System. More information on Bay Health and Care Partners can be accessed via <http://www.bettercaretogether.co.uk>

Bay Health and Care Partners developed a shared strategy for our population called ‘Better Care Together’ in 2014. It set out a bold ambition for the future of the local NHS and care services. The ambition was to make integrated care a reality for the communities of North Lancashire and South Cumbria. This strategy identified many of the opportunities set out at the same time by national leaders in the NHS Five Year Forward View.



Bay Health and Care Partners (BHCP) set out a clear vision for the future:

*“To see a network of communities across Morecambe Bay enjoying great physical, mental and emotional wellbeing, supported by a health and care system that is recognised as being as good as it gets.”*

The delivery of this vision is through the “triple aim”:

- Better Health – we will improve population health and wellbeing and reduce health inequalities;
- Better Care – we will improve individual outcomes, quality and experience of care; and
- Delivered Sustainably – we will create an environment for motivated, happy staff and achieve our control total.

Much has been achieved since then: the development of Integrated Care Communities; the bringing together of disparate community and mental health teams; the implementation of new models and pathways of care, such as frailty, musculoskeletal and respiratory; the development of new ways of working, such as Patient Initiated Follow Up and Advice and Guidance. But there is recognition that there is so much more that BHCP still need to do: to address health inequalities, achieve national standards, improve quality and tackle our financial deficit.

### **Better Care Together Strategy refresh 2019-2024**

In 2019/20 work has been done to refresh the Better Care Together Strategy for improving Health and Care in Morecambe Bay. The updated Strategy sets out how locally BHCP will deliver the national NHS Long Term Plan commitments and support the delivery of the Lancashire and South Cumbria Integrated Care System Plan.

As part of the refreshed strategy development, Morecambe Bay Clinical Commissioning Group (CCG), on behalf of Bay Health and Care Partners (BHCP), sought public feedback on the system challenges and proposed priorities. The draft strategy was circulated to partners, and an online survey went ‘live’ on 21 August. A news release was issued to the media and the strategy and accompanying survey were also promoted via social media channels (Facebook and Twitter). The views of CCG, UHMB and other partners’ staff were sought through workshops and discussions. More than 40 community groups were contacted, alongside elected representatives from both county councils and district councils, including those with a broad health and care focus (such as children’s wellbeing, youth justice, scrutiny committees). In addition, more than 100 parish councils were contacted, alongside housing associations from the Health and Wellbeing group for the North West. Information was circulated to 300 recipients of the Cumbria Council for Voluntary Service newsletter, as well as via the Better Care Together (BCT) newsletter.

A Morecambe Bay needs assessment was also undertaken, drawing information from a range of sources including the Lancashire and Cumbria Joint Strategic Needs Assessment (JSNA) and Health and Wellbeing Strategies. This indicated a number of challenges within four themes.

### **Integration of Community Services**

The Trust, as a key partner within the BHCP partnership, has been instrumental in taking forward the integration of services within Morecambe Bay, by facilitating the transfer of community services – which is a key enabler to move the BCT Strategy direction for integration forward to deliver sustainable health and care services in the future.

In 2019/20 this has meant BHCP has combined services from Blackpool Teaching Hospital Trust NHS Foundation Trust, Cumbria Partnership Foundation Trust (CPFT) and University Hospitals Morecambe Bay Trust into one organisation and mental health services from CPFT were combined into Lancashire and South Cumbria Foundation Trust (LSCFT) to support integration and ensure consistent approaches to our pathways of patient care.

## Engagement

BHCP engagement with the general public is improving and further work was done in 2019/20 to support this. This included the development of the Public Assemblies as well as listening and responding to questions and comments, and providing transparent information on progress.

Public assemblies were set up in June 2019 and are an opportunity for staff and members of the public to help shape local health and care services. Meetings were held in Barrow, Lancaster and Kendal which were supported by Healthwatch and the CVS.

## Progress to date

BHCP priorities for 2019/20 focused around four key areas: population health, Integrated Care Community and Primary Care, national priorities and financial recovery. Key achievements in 2019/20 are detailed below:

### Population Health

BHCP has set out a population health framework and strategy for population health with partners on a clear set of initiatives for the next five years. Some key achievements in year have included:

- Worked with our integrated care communities to support a number of community-based health events, such as the Lancaster Healthfest and St Mary's Living Well Centre which offers a range of free activities enabling more people to enjoy a better quality of life;
- Joined the National Atrial Fibrillation programme: meaning that patients on GP registers who are at risk of a stroke and would benefit from anti-coagulation are being identified. This will reduce strokes and unnecessary hospital admissions; and
- Developed a diabetes pathway aimed at drastically reducing the number of people with type 2 diabetes and supporting those who have diabetes to manage their own condition better.

### Integrated Care Community and Primary Care

Integrated Care Communities (ICCs) and Primary Care Networks (PCNs) have been set up to address some of the fundamental challenges we have in today's care system. ICC's were first set up in Morecambe Bay in 2014, and most are now into year 4 of a 10 year journey to localise care and ensure the provision is aligned with communities.

There are now nine Integrated Care Communities (ICCs) within the Bay. The ICCs are fundamental in integrating primary and community care (such as district nurses, social workers and physiotherapists) closer to home, particularly working with patients with complex needs and reducing the need for hospital admissions. Progress to date includes:

- Started to make radical improvements in long term conditions pathways, such as respiratory, diabetes and frailty;
- Piloted a new respiratory model in Lancaster and Morecambe, with enhanced care planning and management of the condition in a community setting, led by GPs with support from consultants. This has reduced outpatient appointments by 60%. The model is being rolled out across the Bay with enhanced community nursing rapid response support; and
- Developed a new frailty pathway with 'risk stratification' by GP practices and ICCs to help to identify older people who may need earlier support (both health and social care) to maintain their independence in their own home.

### National Priorities – Emergency Care, Cancer, Mental Health

BHCP partners have worked closely within the following areas:

- Working with other providers (such as high street opticians and the independent sector) to ensure there is sufficient capacity to treat more patients as well as taking action to improve the local operating theatre efficiency and improving the way outpatients is organised;
- Looking to new models of care in the community and efficiencies in the hospital to ensure more people are treated in A&E within four hours;

- Implementing new cancer pathways aimed at speeding up cancer diagnosis and treatment;
- Mapping and making improvements to cancer pathways for lung, prostate (within urology) and gynaecology with upper GI and colorectal pathway improvements to come;
- Implementing a risk stratified follow-up approach within breast cancer pathway with work to implement a similar approach within colorectal;
- Development and implementation of the Level 4 psychology service;
- UHMB led the Cancer Alliance wide work to clarify capacity and demand for the cancer 2 week wait standard, MR and CT;
- Implementation of the 3 Macmillan Cancer Support and Information Centres on the main hospital sites;
- The Living With and Beyond agenda has developed with an increase in the number of Holistic Needs Assessments (HNAs) completed;
- In line with NICE guidance, facilitated the commencement of FIT testing in primary care, with a laboratory established to process FIT samples;
- Investing in additional community mental health services to support people before they reach crisis point. For example, expanded Improving Access to Psychological Therapies (talking therapies to help people with conditions such as anxiety and depression); also working with third sector organisations such as the Well and Richmond Fellowship to support people with a mental health crisis in the community as an alternative to A&E; and
- Working with children and young people on a 'thrive' model for wellbeing and resilience. Also been accepted as a 'trailblazer' to pilot new Mental Health Support Teams for early intervention on mental health and emotional wellbeing issues within school and college settings.

## Children & Young People

Progress to date has included:

- Significant progress towards developing an Integrated Children's Nursing Team, particularly in Lancashire North where children's community services are now integrated within UHMB;
- The development of a multi-disciplinary team approach for frequent attenders with paediatricians, GPs and community nurses working together to help ensure that families are able to access the support they need to address needs and thereby avoid unnecessary hospital attendances;
- The alignment of children's and maternity professionals to ICCs, supporting local partnership working to meet the needs of local communities;
- The launch of a number of self-help pathways for families and new clinical pathways for a number of conditions;
- Designed and implemented a new ASD diagnostic service and ADHD service in Lancashire North; and
- Co-produced with families an integrated maternity pathway and care for women with perinatal mental health needs has been improved with a new mother and baby unit providing inpatient care and a specialist outreach team with links to local pathways.

## Digital Transformation

Within Morecambe Bay we have had a number of successes with digital initiatives and have set an ambitious priority for a single care record for the Bay, putting in place the IT infrastructure to ensure all NHS partners have access to the patient's record to improve care and patient experience.

BHCPs are working closely with the ICS digital leads and there is a well-established digital work stream, supporting the delivery of clinical priorities and helping partners to achieve system sustainability.

- Used technology to improve access and reduce the need for travel: for example we established video conferencing links between Millom Community Hospital and Furness General Hospital;
- Established an electronic patient referral platform, delivering the national eRS requirement for GP referrals to consultant outpatients and using Strata for community and social care referrals;
- More than 44,000 people across Morecambe Bay now book and cancel GP appointments, receive appointment reminders and add any important details to their personal calendars using the myGP iPlato app. People use the myGP app to order repeat prescriptions online, monitor the medication they are taking and share this information with healthcare professionals if needed;

- Advice and Guidance means - more patients get treatment more quickly and now do not need to travel to hospital for an outpatient appointment, as GPs can speak to a hospital specialist easily from April 2018 to April 2019, 10,426 conversations took place between GPs and hospital specialists; and
- Developed an integrated musculoskeletal service in the Bay where patients can get enhanced physiotherapy as an alternative to more invasive surgery. This is reducing outpatient referrals by 50%.

### Service Redesign

- Nearly 16,000 patients who previously travelled to hospital for eye care have instead been seen at their local opticians. As well as reducing travel and associated costs for patients, it also means less waiting time. It also frees up appointments for people with more complex conditions that can only be managed in a hospital; and
- Patient Initiated Follow Up (PIFU) means that patients choose whether they are coping well with their condition and don't need a follow up appointment. This frees up clinical time for more complicated cases. Beginning in February 2017 in rheumatology, PIFU has expanded to cover 1,466 patients in four specialities: rheumatology; respiratory; gynaecology; and diabetic medicine.

### Workforce

Morecambe Bay's geographical location, economic context and rurality mean that it is significantly impacted by national skills shortages. There are over 7,500 individuals directly employed across the BHCP organisations across 121 unique roles.

Engagement across BHCP partners in 2019/20 has identified that the most pressing workforce challenges across the geography result from high levels of vacancy in the following areas:

- General Practitioners;
- Consultants medical staff;
- Nurses and Midwives;
- Social Workers;
- Therapists; and
- Support Workers (Care Homes).

The following priorities for People & OD across the Bay have been identified:

- Developing our overarching People and OD Plan;
- Supporting our existing workforce - connecting Live Well & Flourish – as model employers for health and well-being;
- Developing new and different roles, particularly in primary/community settings – linked to PCNs
- More effective recruitment;
- 'Growing our own' workforce: with particular reference to the development of the Primary Care Academy; and
- Better use of technology.

### Estates

In 2019/ 20 we had significant capital challenges across the Bay: our general practice buildings are poor in many areas, with significant backlog maintenance needs; our community services estate is mixed and insufficient to meet our future aims and ambitions to provide more care out of hospital; our acute hospitals buildings have significant problems which are articulated elsewhere within this report.

With these evident pressures on our joint estates, BHCP will develop an Estates Strategy which has a clear focus on primary and community estate (for both physical and mental health) aligned with capital strategies in the two County Councils (particularly for integration of social care) district councils (to support the wider wellbeing agenda in ICCs) and the third sector. The announcement in September 2019 that the Bay will receive 'seed funding' as part of the NHS Health Infrastructure Plan will provide the opportunity to set out a long term plan to reimagine the health and care estate in line with the ambitions set out in this Strategy.

## Operational Planning and Priorities 2020/21

On 19 March 2020 the Trust was informed that operational planning was cancelled due to the NHS response to the COVID-19 pandemic.

Up until this point the Board had developed planning and priorities for 2020/21 focused on delivery of a £19.1 million Cost Improvement Programme and commencing on delivery of this plan working with our Bay Health and Care Partners on the transformation programme which we had agreed would focus on 4 key priority areas:

- Transformation of outpatients;
- Reshaping inpatient care to release Medical Unit 2;
- Theatre improvement programme; and
- Long term conditions.

The Trust established very quickly a strategic, tactical and operational governance process through which it responded to the pandemic. In light of the impact of COVID-19, a review of priorities for 2020/21 has been undertaken.

Whilst our operational priorities for 2020/21 had been agreed, considering the COVID-19 pandemic, the Board of Directors have reviewed and refined them into 4 key areas of focus for 2020/21:

- Dealing with the current COVID-19 pandemic as safely and effectively as we can;
- A core focus on colleague wellbeing;
- Continued priority on quality and safety of our services; and
- Post-COVID-19 Future – operational recovery and transformation programme.

## Going Concern Basis

As part of the Accountability Report I am required to give a statement that the Accounts in this report can be prepared on a Going Concern Basis.

The going concern basis assumes that the Trust will be able to realise its assets and liabilities in the normal course of business and that it will continue in business for the foreseeable future. The future should be at least, but is not limited to a period of twelve months from the end of the reporting period. For Foundation Trusts there is no automatic presumption that they will always be a going concern, particularly where difficult economic conditions and/or financial difficulties prevail.

After making enquiries, the directors have a reasonable expectation on the basis of a recommendation from its Audit Committee that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The Trust met its financial control total for 2019/20 and submitted a draft operational plan to NHS Improvement for 2020/21. This plan included a significant forecast deficit, however it also included a cash flow forecast for the coming twelve months which demonstrated that the Trust will be able to meet its financial liabilities as they become due. Due to the COVID-19 pandemic, national planning across the NHS has been suspended and this plan has not been formally agreed. National arrangements have been put in place to deliver funding to provider organisations in accordance with expenditure requirements. These arrangements provide the Trust with income on a block contract basis monthly in advance and are currently confirmed to 31 July 2020. Although definitive arrangements have not been confirmed for the remainder of 2020/21, the Government has issued a mandate to NHS England for the continued provision of services in England in 2020/21 and Clinical Commissioning Groups (CCGs) have been provided with allocations for the full year. While these allocations may require minor amendments as a result of the developing COVID-19 financial framework, the guidance has been clarified to assure CCGs that they will be provided with sufficient funding for the year. The Trust therefore continues to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.

The Trust is continuing to transform services as part of the ongoing work with partners in the local health economy and as a result of additional capital funding agreed by the Department of Health and Social Care. Significant changes have been made as a response to the pandemic and the Trust is now building on these changes to contribute to a more sustainable healthcare model for the future.

For this reason, the Directors continue to adopt the going concern basis in preparing the accounts



Aaron Cummins  
Chief Executive

Date: 24 June 2020

## Performance Analysis

In the previous section we explained how we planned to improve our Health Services. To help us understand how well we are doing the Trust measures its effectiveness in delivering its priorities by monitoring and reporting performance data in four main areas:

- National Quality Standards;
- Local Quality and Governance Standards;
- Financial Performance; and
- Social Value

The Trust requires accurate, timely, relevant patient information in order to support:

- The safe delivery of patient care; including on-demand real-time reporting and analytics;
- The delivery of the Trust's core business objectives;
- Clinical governance and clinical audit;
- Accurate clinical coding;
- Service Level Agreement monitoring and contract management;
- Business planning; and
- Accountability and transparency.

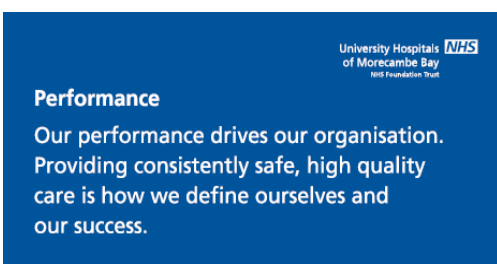
Data quality and data security risks are managed by the Informatics, Information and Innovation (I3) Steering Group and Risk Management Forum with information generated through the risk management system. A Data Quality Group has been established to set, steer and performance manage the implementation of a data quality policy. The policy ensures robust management information and business intelligence based upon accurate patient data is essential for the delivery of patient care and to maximise the utilisation of resources for the benefit of patients and staff.

This policy focuses on the Trust's Electronic Patient Record (EPR) system, which helps clinical and medical staff deliver in-hospital patient care, including the management of patient pathways and care decisions.

The Trust's data warehousing and business intelligence framework provides management information in the corporate dashboards, Care Group reporting, and self-service analytics to support national and local data submissions and to analyse Trust performance.

## National Quality Standards

There are a several standards set by the Government that hospitals are measured against. These are reported to the Board of Directors on a monthly basis so that the Board can assure themselves of how the Trust is performing against the key quality indicators and ensure that mitigating actions are taken when areas of concern arise.



2019/20 has been an extremely busy and challenging year with a continued key focus on; recruiting to key medical, nursing and leadership roles, the system wide approach to improving access to urgent care services through the achievement of the 4 hour standard, the management of additional demand for diagnostic services, speeding up the diagnosis and treatment of patients on a cancer pathway, including the communication of results more quickly, a focus on efficiency metrics to ensure we maximise the use of our

resources and the successful bedding in of the community services previously provided by Cumbria Partnership NHS Foundation Trust and the Blackpool Teaching Hospitals NHS Foundation Trust.

The Trust did not achieve Cancer 62 Day Standard in Quarters 1 to 4 2019/20. The Cancer 31 Day standard was met for all four quarters for drug treatment and for Quarters 2 to 3 for surgery. The Cancer 14 Day Standard was achieved in Quarters 1 and 2. The Diagnostic 6 week standard, where less than 1% of patients should wait greater than 6 weeks for a diagnostic test, was not achieved in any month. The key cause of delay has been the multiple breakdown of MRI, CT and DEXA scanners which poses a



delay to patient care and a risk to the achievement of the standard into 2020/21, unless the scanners are replaced.

Tables 1 and 2 show the results from the Trust's assessment of performance against the healthcare targets and indicators over the past 3 years, as currently reported in section 5a of the Integrated Board Performance Report and/or the Executive Dashboard which is submitted to the Board of Directors at each of its meetings.

Tables 3 to 7 give the detailed assessment of performance against the healthcare standards including national and locally agreed targets.

Table 1: Performance against Quality Standards and Indicators - Quarterly Key Performance Indicators												
Standard	2017/18				2018/19				2019/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A&E: maximum waiting time of four hours from arrival to admission/ transfer/ discharge	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet
All cancers: 31-day wait for second or subsequent treatment - surgery	Met	Met	Met	Met	Failed to Meet	Met	Met	Met	Failed to Meet	Met	Met	Failed to Meet
All cancers: 31-day wait for second or subsequent treatment- drug treatment	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met
All cancers: 62-day wait for first treatment from urgent GP referral for suspected cancer	Failed to Meet	Met	Met	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet
All cancers: 62-day wait for first treatment from NHS Cancer Screening Service referral	Failed to Meet	Met	Met	Failed to Meet	Failed to Meet	Failed to Meet	Met	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet
All cancers: 31-day wait from diagnosis to first treatment	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met	Failed to Meet
Cancer: two week wait from referral to date first seen- all urgent referrals	Met	Met	Met	Met	Failed to Meet	Failed to Meet	Met	Met	Met	Met	Failed to Meet	Failed to Meet
Data Source: Unify Data												



**Table 2: 2019/20 Performance against Quality Standards and Indicators - Quarterly Key Performance Indicators**

Standard	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maximum time of 18 weeks from referral to treatment–incomplete	82.52%	82.64%	81.48%	80.62%	79.48%	79.29%	80.04%	80.2%	83.37%	81.07%	81.6%	78.3%
Diagnostic waits over 6 weeks	2.14%	1.24%	2.37%	2.81%	3.66%	2.55%	1.84%	2.43%	5.62%	4.46%	2.4%	6.0%
Urgent Operations cancelled for the second or subsequent time	0	0	0	0	0	0	0	0	0	0	0	0
Ambulance Handover Time	20.8	21	21.2	21.7	20.8	21.2	20.5	21	21.7	25	24	26
Data Source: Unify Data												

## Other Quality Indicators

### Referral to Treatment (RTT) Data

The RTT standard has not been met in 2019/20. RTT performance has been impacted throughout 2019/20 due to:

- A down turn in surgical activity due to a reduction in additional activity sessions, partially caused by the impact of the pension tax upon medical staff;
- Consultant and middle grade medical staff vacancies;
- High levels of trauma; and
- A mismatch between demand and utilization of baseline capacity.

Key actions to improve compliance with the 92% standard include:

- Roll out of the outpatient improvement programme. The implementation in ENT has resulted in additional new clinic slots and an improvement in the RTT position. This is due to be rolled out to 5 further specialties from April 2020;
- Focus on using our available capacity more efficiently and encouraging patients to attend mutually agreed appointments; and
- Refresher training of staff to ensure that they understand and correctly manage patients through RTT compliant pathways.

The impact of the actions taken in 2019/20 resulted in an improvement in performance for 5 consecutive months to February 2020, before being adversely affected by the impact of COVID-19. Before the COVID-19 impact, RTT performance was 82.06% which was the highest RTT percentage since June 2019. RTT has been impacted by appointments, diagnostic tests and elective surgery being deferred by the hospital and patients themselves cancelling due to COVID-19 and led to a worsening of RTT to 78.3% at the end of March 2020.

The Trust forecasted just 1 patient waiting over 52 weeks (due to choice of a date in April), before the COVID-19 incident impacted. At the end of March 2020, there were 12 patients waiting over 52 weeks, due to the postponement of their routine surgery and outpatient activity.

The March 2019 baseline target waiting list size of 20,268 for 2019/20 was achieved with 19,873 patients waiting at the end of March 2020.

Risks to the achievement of the standards going forward include: impact of COVID-19 upon routine elective and diagnostic capacity, the extent of unmet need during the COVID-19 crisis as patients have chosen not to attend to protect the NHS, impact upon the workforce, medical and theatre staff vacancies, bed pressures due to emergency admissions, the impact of trauma and planned and unplanned theatre downtime for maintenance.

Table 3 details month on month RTT performance for 2018/19.

Table 3: Month on Month RTT Performance for 2018/19													
RTT Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average for 18/19
RTT Incomplete Standard 92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
STF Trajectory %	84.67 %	84.82 %	86.12 %	86.52 %	85.78 %	85.17 %	85.51 %	85.97 %	84.48 %	85.39 %	85.12 %	86.45 %	85.50 %
<18 weeks against National Standard	85.09 %	85.65 %	85.09 %	84.00 %	82.07 %	82.28 %	82.43 %	83.42 %	83.02 %	82.57 %	82.85 %	82.67 %	83.56 %
<18 weeks against STF Trajectory	85.09 %	85.65 %	85.09 %	84.00 %	82.07 %	82.28 %	82.43 %	83.42 %	83.02 %	82.57 %	82.85 %	82.67 %	83.56 %
Data Source: Unify Data													

Table 4 details month on month RTT performance for 2019/20 against the Sustainability and Transformation Fund (STF) trajectory and the national standard of 92%.

Table 4: Month on Month RTT Performance for 2019/20													
RTT Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average for 19/20
RTT Incomplete Standard 92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
STF Trajectory %	83.03 %	83.22 %	83.12 %	82.65 %	80.90 %	80.19 %	80.45 %	92.00 %	84.00 %	84.84 %	84.49 %	84.12 %	82.9%
<18 weeks against National Standard	82.52 %	82.64 %	81.48 %	80.62 %	79.48 %	79.29 %	80.04 %	80.2 %	80.37 %	81.07 %	81.6 %	78.3 %	80.63 %
<18 weeks against STF Trajectory	82.52 %	82.64 %	81.48 %	80.62 %	79.48 %	79.29 %	80.04 %	80.2 %	80.37 %	81.07 %	81.6 %	78.3 %	80.63 %
Data Source: Unify Data													

#### Accident and Emergency Department 4 hour standard for 2018/19 and 2019/20

As shown in Table 5, 6 and 7 below, the Trust did not achieve the 4 hour Accident and Emergency standard at Trust or site level in 2018/19 or 2019/20.

Table 5: Trust wide Accident and Emergency Department 4 hour standard for 2018/19													
A&E Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
A&E standard 95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
PSF Trajectory	80.01%	85.01%	87.01%	90.00%	90.01%	90.00%	90.00%	90.01%	88.00%	85.00%	85.00%	85.00%	
Trust 95% performance	85.26%	90.64%	90.03%	87.21%	86.94%	85.88%	84.86%	86.08%	82.42%	78.48%	79.81%	81.05%	
>4 hours	85.26%	90.64%	90.03%	87.21%	86.94%	85.88%	84.86%	86.08%	82.42%	78.48%	79.81%	81.05%	
Data Source: Unify data: the indicator is in relation to the percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge													

**Table 6: Trust wide Accident and Emergency Department 4 hour standard for 2019/20**

A&E Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
A&E standard 95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
STF Trajectory	87.00%	90.00%	90.00%	90.00%	90.00%	90.00%	87.00%	87.00%	85.00%	85.00%	85.00%	85.00%
Trust 95% performance against national standard	84.73%	84.88%	84.68%	85.78%	85.01%	81.98%	81.17%	79.34%	74.24%	76.57%	78.16%	79.47%
Trust 95% performance against national standard	84.73%	84.88%	84.68%	85.78%	85.01%	81.98%	81.17%	79.34%	74.24%	76.57%	78.16%	79.47%

Data Source: Unify data: the indicator is in relation to the percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge

**Table 7: Site & Trust Wide Accident and Emergency Department 4 hour standard for 2019/20**

A&E Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average for 19/20
A&E Standard 95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
RLI	78.42%	78.88%	77.25%	79.63%	79.13%	73.92%	72.16%	72.76%	65.82%	68.28%	67.68%	68.65%	73.55%
FGH	85.56%	86.39%	87.58%	86.93%	86.20%	83.92%	85.03%	78.30%	73.05%	78.21%	82.60%	84.27%	83.17%
Average RLI and FGH (Type 1)	82.64%	82.42%	83.28%	82.67%	78.92%	78.60%	75.53%	69.44%	73.25%	75.14%	82.64%	74.47%	78.25%

Data Source: Unify data: the indicator is in relation to the percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge

The following factors have contributed to us not achieving the standard:

- Staffing levels on wards resulting in beds closed;
- Ability to recruit registered nurses and maximise beds;
- Impact of norovirus/ flu on trapped beds;
- Patients who are not in the optimal place but remains in an acute hospital bed;
- High numbers of patients requiring an in-patient mental health bed attending ED;
- Impact of pressures upon social care; and
- Lack of community based non 'bed based' services to avoid unnecessary admission and facilitate early appropriate discharge.

The focus in 2019/20 has been to deliver on the following outcomes:

- improved self-care;
- better use of out of hospital services to avoid A&E attendance;
- increased numbers of patients seen as a same day emergency care patient;
- to reduce bed occupancy to 85%; and
- earlier discharge from hospital.

Actions to deliver on the expected outcomes are delivered through the Urgent Care Recovery Strategy which focuses on 4 priority areas including:

- Integrated urgent care to manage demand including the introduction of primary care into the Emergency Department as part of the e-consult initiative;
- Hospital front door initiatives particularly those within ED and assessment units with particularly focus on frailty in-reach into ED and same day emergency care expansion;
- Improved flow within the hospital. The Medical Care Group have additional medical bed capacity within the Centenary Building at the RLI as a result of the consolidation of stroke services; and
- Improving discharge and rehabilitation in the community.

In addition to the National Quality Standards the Trust has adopted its own key performance indicators which include local quality and governance standards, workforce standards and financial standards. All standards are reported on a monthly basis to the Board of Directors through an Integrated Performance Report.

The key focus of the Trust has been to improve the quality of care for our patients and to increase the number of permanent medical and clinical staff within the resources available to the Trust.

The Trust believes the safety of its patients is at the centre of everything we do and uses a large number of indicators to assess how well it is doing. A summary of the performance for the year is given in the Quality Statement.

## Financial Performance

The Trust's accounts for 2018/19 recorded a deficit of £69.5 million (adjusted to £69.3 million after permissible technical accounting adjustments). This was after delivering a cost improvement programme of £14.6 million and accounting for impairments of £7.1 million.

At the end of 2018/19 the External Auditor issued an 'adverse qualified' opinion for 2018/19 in respect of financial sustainability as part of the Value for Money conclusion. The Auditor had a duty to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This conclusion was as a result of the Trust's adjusted in year deficit of £69.3 million and cumulative deficit of £275.1 million and the Trust's continued reliance upon revenue and capital loan funding.

For 2019/20 the Trust forecast a planned deficit before impairments of £38.6 million which was after a cost improvement programme of £22 million. Having regard to the Provider Licence requirements and the Value for Money Conclusion the Board agreed a Financial Plan Control Total with NHS Improvement which would, providing the required targets were met, allow the Trust access to receipt of monies from the Provider Sustainability Fund and the Financial Recovery Fund amounting to £21.5 million. After delivery of the cost improvement programme and receipt of these additional funds the Trust aimed to achieve a deficit of no more than £38.6 million by the end of 2019/20. The overall effect of the financial plan was to have in place a cash flow forecast for the coming twelve months which demonstrated that the Trust would be able to meet its liabilities as they fell due.

The Trust met its financial control total for 2019/20. Achievement of the Control Total was due to the high level of cost improvements in 2019/20. The Cost Improvement Plan of £22 million was delivered in full, with a final delivery of £22.7 million. The outturn was considerably different to plan with 71% of delivery being non-recurrent. The cross cutting schemes, planned to deliver £13.2 million, underachieved by £9.2 million, with only Procurement and Prescribing schemes delivering planned levels. This shortfall was offset by non-recurrent savings made centrally via review and release of creditors, fortuitous savings, allowable revenue to capital transfers and other technical adjustments. There needs to be a fundamental shift in culture to dealing with efficiency programmes particularly in the Medicine Care Group. There is a requirement to recurrently reduce costs as opposed to reliance on increased clinical income.

As a consequence of achieving the Control Total, the Trust was awarded provider sustainability funding and financial recovery funding in excess of £20.5 million for 2019/20.

At the end of March 2020 the Trust submitted a draft operational plan to NHS Improvement for 2020/21. This plan included a significant forecast deficit; however it also included a cash flow forecast for the coming twelve months which demonstrated that the Trust would be able to meet its financial liabilities as they become due.

However, due to the COVID-19 pandemic, national planning across the NHS has been suspended and this plan has not been formally agreed. National arrangements have been put in place to deliver funding to provider organisations in accordance with expenditure requirements. These arrangements provide the Trust with income on a block contract basis monthly in advance and are currently confirmed to 31 July 2020. Although definitive arrangements have not been confirmed for the remainder of 2020/21, the Government has issued a mandate to NHS England for the continued provision of services in England in 2020/21 and Clinical Commissioning Groups (CCGs) have been provided with allocations for the full year. While these allocations may require minor amendments as a result of the developing COVID-19 financial framework, the guidance has been clarified to assure CCGs that they will be provided with sufficient funding for the year. The Trust therefore continues to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.

On 2 April 2020, the Department of Health and Social Care (DHSC), 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 would be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment.

The affected loans total £291.8 million. As the repayment of these loans will be funded through the issue of PDC, this no longer presents a going concern risk for the Trust.

The Trust is continuing to transform services as part of the ongoing work with partners in the local health economy and as a result of additional capital funding agreed by the Department of Health and Social Care. Significant changes have been made as a response to the pandemic and the Trust is now building on these changes to contribute to a more sustainable healthcare model for the future.

### Clinical Services Strategy and the Trust's Estate

The Board agreed a five year Clinical Services Strategy in November 2019. The implementation of this clinical strategy will enable us to transform the way in which we provide our care in order to meet the changing needs of our patients across the Bay. It will mean more local and integrated services, to improve access and help keep people healthy, and more concentrated specialist services where necessary, to increase quality and safety. Crucially, it will reduce hospital admissions – so that patients are only admitted to hospital when they should be and not because we haven't done enough to help them manage their long term condition at home or because we are waiting for test results to come through. It will also mean better organised care, helping us improve patient experience as well as clinical outcomes. We will also be providing our clinical services through integrated care hubs, in community clinics and through other innovative ways of bringing our services to our patients rather than to always expect our patients to come to us.

We recognise that to develop our strategy further and to implement it successfully, we need to do much more to explain our thinking and to listen and respond to the views and concerns of patients and local communities; and we have to make sure that we have community capacity in place before we change inpatient hospital services. This will be done in partnership with Bay Health and Care Partners and the Lancashire and South Cumbria Integrated Care System.

The Trust has significant estates challenges and much of our estate is not fit for modern healthcare and a good patient experience. It is becoming increasingly difficult to maintain. Alongside our Clinical Services Strategy we will develop an estate strategy supporting delivery over the next 10 years. Despite outlining our case for investment and the real, adverse effect our estate has on continuity, productivity, patient experience and money, we have nonetheless maintained operational performance. The Trust will continue to prioritise its capital resources to ensure high levels of patient care.

In 2019/20 The Trust was successful with an Emergency Capital Bid to NHS Improvement / England.

Emergency loan funding was awarded of £34 million to fund a significant investment in backlog maintenance within theatres, asbestos removal, Royal Lancaster Infirmary (RLI) Energy Centre and to purchase new MRI scanners for the RLI and Furness General Hospital. The table below highlights the original approved profile of projects over scheme and financial year

Capital Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£m's	£m's	£m's	£m's	£m's	£m's
RLI Theatre refurbishment	3.000	2.500	1.500			7.000
RLI Day Case theatre replacement	5.000					5.000
WGH Theatre refurbishment	3.000					3.000
RLI Asbestos removal - underground ducts	3.000					3.000
RLI Energy Centre replacement	1.200	2.800	5.100	1.700	1.200	12.000
FGH/RLI Radiology equipment	3.300	0.700				4.000
	18.500	6.000	6.600	1.700	1.200	34.000

In autumn 2019, the Department of Health announced seed funding for a project to look at future provision of acute services at a number of hospitals across the country. Lancashire Teaching Hospitals NHS Foundation Trust (LTH) and UHMB received notification in November 2019 that both Trusts had been allocated £5 million each for the development of business cases to support new hospital facilities. Both Trusts have agreed to work jointly and over the next 12 months a programme of work will be undertaken to develop options for the future delivery of clinical services across the respective health economies. The long list of options are likely to consider changes both in terms of the way in which services are delivered and possibly the locations from which they are currently delivered across acute community and primary care services. Therefore a full public consultation will be undertaken.

A more detailed report on our financial performance is given in our Accounts for the Period 1 April 2019 to 31 March 2020 at Annex G.

## **Innovation and Informatics**

The Trust's Information, Innovation and Informatics strategy (I3) is integral in supporting clinicians to deliver high quality services to our patients and to improve our performance.

The current I3 strategy was anticipated to be refreshed in 2019 and efforts have been split delivering against its eight themes, noted below, and collaborating with digital leader colleagues across Lancashire and South Cumbria on a new single I3 strategy for Bay Health and Care Partners. Whilst the new strategy has been delayed, I3 have worked with the Hospital Care Groups to bridge the gap between old and new strategies with early insight and discussion on the five themes of the new strategy which align with regional and national digital strategies:

- Empower the Person;
- Support the Frontline;
- Integrating Services;
- Manage the System more effectively; and
- Create the Future.

## **Delivering a Unified Informatics, Information and Innovation Department**

The additional staff to support community services integrated well into the existing teams and the department is well established. In preparation for the new strategy this year we restructured the I3 senior leadership team splitting the Digital Services portfolio in to two new teams headed by separate senior managers; one to focus on EPR's and the other to focus on system integration and inter-operability.

## **Developing a single Electronic Patient Record (EPR) for the Trust**

I3 commissioned US based KLAS Research company to benchmark the user experience of Lorenzo, the Trust Electronic Patient Record. KLAS use a standard questionnaire to collate data and are able to offer insight into how our user experience compares with other organisations using different EPR solutions around the world. The benchmarked output indicated that users were relatively pleased with Internal Integration and Business Intelligence and less satisfied with Reliability, Easy to Learn, Functionality, Efficiency, External Integration and Response Time. I3 have taken a number of actions in light of the EPR survey and subsequent user engagement exercise which followed through the summer:

- Begun a trial to test out the benefits of a single combined EPR/Application Support Team;
- Implemented monthly events to coach users in their own workplace;
- Implemented a 'Lorenzo Messaging Channel' to share hints and tips with our users; and
- Implemented a quick-log feature in Lorenzo for users to quickly and easily report problems.

The Trust continued to extend the Electronic Patient Record, migrating the Community Wards to the Hospital Lorenzo system and completed the deployment of electronic requesting of diagnostic tests to Outpatient Departments.

The Trust completed the consolidation of thirteen separate EMIS Community Electronic Patient Record systems into a single Morecambe Bay EMIS Community instance which is tightly integrated with the GP EMIS clinical systems used exclusively throughout Morecambe Bay.

A resurvey of the Lorenzo EPR User Experience is underway, with results expected early next year. With the high levels of digitalisation across inpatient wards and a 'live' electronic bed state I3, with support from the Care Groups, are able to develop new capabilities to improve the patient experience and streamline clinical processes. This year the electronic meal ordering system which has benefits to staff and patients was acknowledged first place in the national HCA Catering Awards and runner up in two other national paperless awards.



## Analytics and Data Science

The Analytics and Data Science team continue to develop operational, quality and safety dashboards to Care Group and Corporate Team specifications and are collaborating with the performance team on a standard set of performance metrics intended to be integrated into day to day performance management. In December 2018 the hospital went live with an Analytical Command Centre with the aim to support urgent care patient flow into and out of the hospital. The project which has received international recognition is an important step towards 'real time' bed management reducing the time patients wait to be admitted and discharged from hospital.

A new performance reporting app (Sherlock) has been launched that has consolidated the organisations key performance metrics into a single easy to use solution, the app is currently being rolled out the organisation via the performance team and Care Groups. The concept of the Analytical Command Centre is being expanded to cover planned and community care, this is an exciting development with significant organisational buy-in and the Trust recently received a national award for support to frontline clinical staff and patients with this technology. We are also launching an exciting initiative this year which is a drive to change the culture of our organisation to one where decisions are data-driven and staff feel confident in using data as part of their day-to-day clinical and operational work - we're calling this a data literacy programme.

## A new I3 Governance Structure

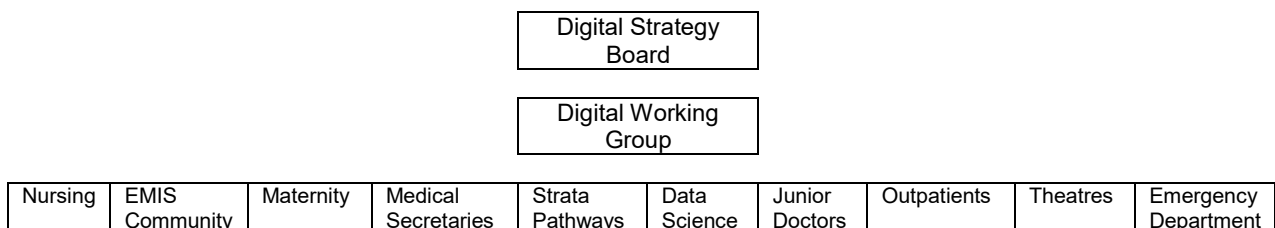
The governance structure has evolved further this year with the establishment of a number of new digital 'design authorities' to provide oversight, guidance and decision making in specific areas of functionality and/or roles e.g. nursing and maternity. As the digital agenda has evolved so have the design authorities and at the time of writing there are ten:

- Nursing & Allied Health Professionals;
- Medical Secretaries;
- Strata Pathways;
- Community EMIS;
- Data Science;
- Junior Doctors;
- ePMA Assurance (sub-group of Medicines Management Committee);
- Outpatients;
- Theatres; and
- Emergency Department.

With two more to follow early next year:

- Corporate; and
- Digital Imaging and Diagnostics.

At the request of the Digital Strategy Board, a Digital Working Group was launched recently to sit between the Board and the Digital Design Authorities, to prioritise I3 project resources in line with Digital Strategy, receive escalated safety reports and risk assessments and other duties.



## eHospital

The I3 team welcome, from every member of staff in the Trust, new ideas for digital innovations and solutions which might deliver business and clinical efficiencies. This year we completed the implementation of an electronic meal ordering system, which has improved the patient and nurse

experience on our wards, whilst reducing waste for the Catering Department and saving thousands of pounds. The system was built on an idea which originated from Lisa Winn, a Ward Manager in Lancaster.

The department has taken the wider process of digitisation of the Trust and has established a first “Digital Ward”. The aim of this is to work with a small number of wards to develop areas where the use of technology can support the operation of the ward. The initial phases of the Digital Ward project are looking at replacing handwritten boards which sit above the patients bed with a digital display driven from the eWhiteboard. Following on from that is a digital replacement for the board which sits outside the ward and has information about the ward in general. The major clinical phase is to move to recording observations electronically in a hand-held device which integrates to Lorenzo.

The Trust has had a small implementation of RPA for a number of years now helping to integrate the NHS eReferrals System with Lorenzo. The technology has matured significantly over the last 2 years and has been shown to great effect in other NHS organisations that many thousands of hours of staff time can be saved. Using BluePrism, a collaboration amongst NHS organisations has taken place where there is now a free NHS Exchange service for users of Blue Prism Cloud which will allow us to accelerate our deployment as we migrate to Blue Prism Cloud. It will allow the Trust to enter into areas such where RPA has not been deployed previously.

### Developing a Projects Portfolio

The I3 Business Support Unit provides PRINCE2 based project management support to a range of projects managed through a Project Portfolio which now tracks projects across EPR Programmes, System Development & Integration, Information and Data Analytics and Information Technology. The digital portfolio is ‘live’, allowing staff across the Trust to check scope and progress of all I3 projects. The portfolio is an essential component of the new Digital Working Group.

### Interoperability

Interoperability, or in lay terms, the connecting of systems across the hospital and wider geographies to share digital content, is a growth area as the volume of electronic content that is produced increases as does the potential audiences that can consume this content. This year, the team integrated into the Electronic Patient Record a patient level view of clinical documentation produced by the other care provider organisations in Lancashire.

The department has developed significant ability to streamline patient record sharing between BHCP and the wider ICS. The Lancashire Person Record Exchange Service (LPRES) platform has developed significantly over the last 12 months and over 2500 documents every day are “published” into the LPRES system from Lorenzo. In addition, through Lorenzo appropriate staff can view clinical documents from Blackpool, Preston and East Lancashire Hospitals. Additional tools have been established to help where different tools are needed. Through the Microsoft 365 project the Trust has access to a small Microsoft Dynamics deployment to share information to areas such as Nursing/Residential Homes or for small areas directly with patients. The Trust has used an external supplier to build the platform for the Trust. Record Sharing with Primary Care has developed to include specific tailored views from Primary Care to include a “Journal View” from General Practice, views from the EMIS Community Services system, and development on a view from the Cumbria Social Services system. All of this is available and in patient context within the Lorenzo EPR.

For a number of years, the health community has the capability to electronically refer patients between care settings which has primarily been focussed on acute to social services and community services. Over the last year the Clinical Commissioning Group has been equipping General Practice to send and receive electronic referrals through Strata. The Strata system will enable the flow of referrals across a wide footprint over the next year and replace much of the residual faxing and telephone-based processes still being used. The system will be much more integrated into Lorenzo, EMIS and also to NHS eReferrals to allow structured criteria/information to be processed before a referral takes place. This next phase of strata will also allow a level of pathway management and may suggest alternatives or point towards the Advice and Guidance system for example.

## Infrastructure

This year we migrated off legacy Microsoft Office 2010 software to the “evergreen” Microsoft 365 platform, which provides opportunities for enhanced collaboration with improved document version control, sharing and new applications such as Microsoft Teams. We are also on track to complete the migration to the Microsoft Windows 10 operating system, before support for Windows 7 ceases early next year.

In line with national strategy we also migrated from the NHS N3 Wide Area Network to the Health and Social Care Network

## Our Environment and Sustainability Report and Support for the Sustainable Development Management Plan for NHS England 2018-2020

In line with the [Sustainable Development Management Plan for NHS England 2020](#) the Trust is committed to providing sustainable healthcare to the people of Morecambe Bay and the wider community. The Trust has developed plans to support sustainability through improvements in the following areas:

- Energy Management;
- Waste Management;
- Water Management;
- Procurement;
- Building Design and Refurbishment;
- Travel and Transport;
- Workforce Development and Wellbeing; and
- Technology.

High level objectives in each of the areas have been identified and supporting action plans. Policies and procedures are in place.

We have made significant progress in becoming more environmentally-friendly by dramatically increasing recycling and energy savings across our local hospitals.

In 2019, the Trust diverted a total of 779 tonnes of general waste from landfill to Refuse Derived Fuel (RDF), a fuel produced from various types of wastes such as non-recyclable plastics.

By recycling and sending waste to RDF the Trust has saved over 356 tonnes of carbon emissions and generated enough energy to power 329 homes in the UK all year.

Other environmental contributions from the Trust in 2019 included:

- 125 tonnes of card and paper recycled – the equivalent of saving 2133 trees and 3.14M litres of water;
- 17.9 tonnes of glass recycled – preventing 407 litres of oil being used;
- 10.8 tonnes of cans recycled – the equivalent of 32400 passenger miles in carbon emissions;
- 20.1 tonnes of plastic recycled – the equivalent of 1.67M carrier bags or 478K 2L bottles;
- 1,458,858 kilowatt hours (kWh) saved by sending materials for recycling and recovery – enough to power 312 households for a year; and
- 823.5 tonnes of waste diverted from landfill – saving 2470.6 cubic metres of land.

The following table details environmental performance in key areas.

Waste produced	2015-16		2016-17		2017-18		2018-19		2019-20	
	Tonne	£000s	Tonne	£000s	Tonne	£000s	Tonne	£000s	Tonne	£000s
Clinical	315	157	613	201	638	258	931	315	634	879
Landfill	566	90	427	92	86	16	260	36	97	40
Recycled	375	39	641	138	896	165	836	129	786	108
Total	1,580	425	1,692	431	1,620	439	2027	480	1517	1027

Use of utilities										
Gas, water, electricity	-	4,103	-	3,844	-	3,652	-	3436	-	3156

Our use of energy is managed within a long term downward cost path. The best improvement will arise from a major energy-saving investment programme which is nearing full implementation. It will reduce annual energy costs by over £1 million after scheme completion, and reduce carbon usage by 3,800 tonnes a year. This will be achieved from the operation of two gas-fed combined heat and power units to manufacture electricity and recover generated heat, complemented by a £2.4 million investment in LED lights across all sites.

Day to day responsibility for implementing most aspects of the Sustainability Strategy and the future Sustainability Plan is delegated to the Estates and Facilities Division. The Trust employs a Waste Officer with specific responsibility to reduce waste, and thereby contribute to a reduction in the Trust's environmental footprint.

We are on a long term improving trend for the recycling of waste generated by the Trust, despite fluctuations in the total volume of waste produced. We are particularly pleased with progress on non-hazardous healthcare waste, improved segregation and better training for Trust staff.

Other highlights from 2018/19 include:

- The Trust built on its progress from 2017/18 and is continuing to work towards being even more eco-friendly;
- New LED lighting has already been installed in corridors, waiting areas and wards across all three hospital sites. As well as generally improving the lighting, LED lights provide lower running costs and a reduced carbon footprint; and
- Introduction of reusable coffee cups to help reduce the amount of disposable coffee cups across the sites.

We intend, during 2019/20, to develop and adopt a Sustainability Management Plan, which will for the first time bring together the separate threads of our sustainability actions and measure them against recognised Department of Health and Social Care criteria. It will embrace the indirect impacts that we influence through procurement and our choice of contractors and suppliers. We shall start to use and input data to the Sustainability Reporting Portal. We have also developed a Sustainable Travel Plan for use at our principal hospital in Lancaster, which will start to operate once planning permission is received from Lancaster City Council for some car park improvements. The Trust will contribute finance to support a doubling of the capacity and frequency of a park and ride bus service from the principal M6 junctions to the hospital, with the intent of changing journey-to-work patterns from the present heavy reliance on private car use. The Travel Plan will be monitored by Lancashire County Council.

## Clinical Waste

After Mitie were appointed as the emergency provider of clinical waste services by NHSEI in 2018, the Trust has seen a significant increase in costs associated with this waste type. Clinical waste is treated in one of two ways; incineration or alternative treatment. Historically prior to Mitie the Trust was paying £428 per tonne for incineration and £260 per tonne for alternative treatment. Currently the Trust are paying between £1500 and £3600 per tonne for incineration and between £550 and £1000 per tonne for alternative treatment. The variance in the current prices is predominately due to haulage costs.

## Brexit

The Trust undertook local EU Exit readiness planning, local risk assessments and planned for wider potential impacts. There were seven areas of activity in the health and care system that the Department of Health and Social Care (DHSC) asked the Trust to focus on in the event as part of its 'no deal' exit contingency planning:

- Supply of medicines and vaccines;
- Supply of medical devices and clinical consumables;

- Supply of non-clinical consumables, goods and services;
- Workforce;
- Reciprocal healthcare;
- Research and clinical trials; and
- Data sharing, processing and access.

In preparation for a 'no deal' exit, the DHSC, with the support of NHS England and Improvement and Public Health England, set up a national Operational Response Centre. This led on responding to any disruption to the delivery of health and care services in England caused or affected by EU Exit.

In line with national advice local planning started in October / November 2018. Workforce, pharmacy and procurement started to develop plans as directed by the Department of Health and Social Care that focused on the four critical local areas, in which there has been local planning within:

- Supply of medicines and vaccines;
- Supply of medical devices and clinical consumables;
- Supply of non-clinical consumables, goods and services; and
- Workforce.

The Trust prepared plans that considered and planned for risks that may have arisen due to a 'no-deal' Brexit. Additionally, the Trust reviewed its business continuity planning, taking into account the national planning.

The UK formally left the EU on 31 January 2020. The Trust would continue to ensure that its business continuity arrangements remained fit for purpose during the transition / implementation period which will end on 31 December 2020.

## Social Value

Through our enterprise and utilisation of our capacity, capital, staff and other resources, value is being created not only for our patients but our partners and the wider health economy.

The Trust is playing its part in promoting health and well-being and developing a range of services with the aim of reducing the need for hospital admissions. Local people are being encouraged to take responsibility for their own health and well-being and we support people to have the right information about their health conditions. As a consequence life expectancy and the quality of life is expected to improve.

For example, the library service has developed an innovative and unique relationship with Cumbria and Lancashire library services. The library service team are working with local authority librarians to improve their knowledge and skills in identifying quality patient information resources. Events take place where the public contact our staff and we provide focussed support on their particular areas of concern such as diabetes and arthritis. In conjunction with Cumbria public libraries, our service has purchased 10 e-readers to enable inpatients to borrow public library books and magazines to improve their experience and thereby reducing the risk of infections.

The Trust is an important local employer and always looks for ways to develop its role and to work with the local community to develop pathways into employment for disadvantaged groups. We offer a range of schemes such as work experience, traineeships, voluntary worker schemes, apprenticeships and work with the long-term unemployed. We continue to provide a comprehensive apprenticeship scheme and are committed to maintaining this.

Through our volunteer work we offer a variety of opportunities for different sectors of our community and very practical and essential support for the most vulnerable members of our community. An example of this is the Meals on Wheels service which we run. This has become a lifeline to some of Barrow's elderly and most isolated people with its volunteers delivering not only hearty meals three times a day but also providing company and support.

In 2018/19 we funded the Royal Voluntary Service to deliver 362 chair based exercises classes both in the community and in hospital, a total of 3257 patients / citizens have attended these classes – the

sessions focus on tasks which help people maintain their independence in the home. These sessions also create a social environment.

In 2018/19 the North West volunteer Blood Bikes travelled approximately 42,000 miles delivering items for the Trust.

These schemes demonstrate the commitment of the Trust to promote opportunities for young people supporting learning and development and strengthening the local economy

During 2020/21 the Trust will be looking at further opportunities to develop its stakeholder relationships and create further social value. In 2020 Lancaster University will be opening the Health Innovation Campus. Working on this with our campus partners is a key priority for the future. Amongst other things we will be supporting small to medium enterprises with the research and development of new innovative technologies and products in the health sector. By inspiring and organising collaboration, we aim to ensure patients reap the benefits of the world class research, clinical services and partnerships by developing health innovation in the Bay area.

# Accountability Report

## Director's Report

### Management Commentary and Principal Activities

The business of the Foundation Trust is managed by the Board of Directors which is collectively responsible for the exercise of the powers and the performance of the NHS Foundation Trust subject to any contrary provisions of the National Health Service Act 2006 as given effect by the Trust's Constitution. These have changed slightly after the Health and Social Care Act 2012, which was introduced on 27 March 2012.

The Board of Directors is responsible for providing strong leadership to the Trust. Responsibilities include:

- Setting strategic aims and objectives, taking into account the views of the Council of Governors;
- Ensuring robust assurance, governance and performance management arrangements are in place to ensure the delivery of identified objectives;
- Ensuring the quality and safety of healthcare services, education, training and research and applying the principles and standards of robust clinical governance;
- Ensuring that the Trust complies with its License, its Constitution, mandatory guidance as laid down by NHS Improvement and other relevant contractual or statutory obligations; and
- Ensuring compliance with the Trust's Constitution which sets out the types of decisions that are required to be taken by the Board of Directors. The Corporate Governance Manual identifies those decisions that are reserved by the Board of Directors and those that can be delegated to its Trust Managers. The Constitution describes which decisions are to be reserved for the Council of Governors.

The Board of Directors comprises seven Non-Executive Directors (excluding the Chair) and seven Executive Directors (including the Chief Executive). The voting balance therefore lies with the Non-Executive Directors. The Non-Executive Directors and the Chair are appointed by the Trust's Council of Governors and, under the terms of the Trust's Constitution, they must form the majority of the Directors.

The decision making structures within the Trust provide Non-Executive Directors with the ability to make decisions and provide challenge on an informed basis. Non-Executive Directors have access to independent professional advice at the Trust's expense to enable them to discharge their responsibilities as directors.

Each Director has a shared and equal responsibility for the corporate affairs of the Trust both in terms of strategic direction and for promoting the success of the Trust.

As a self-governing Foundation Trust, the Board of Directors has ultimate responsibility for the management of the Trust, but is accountable for its stewardship to the Trust's Council of Governors and Foundation Trust members. In addition, the Trust is regulated by NHS Improvement and inspected by the Care Quality Commission.

In order to understand the roles and views of the Council of Governors and the Foundation Trust members, members of the Board of Directors undertake the following:

- Attend Council of Governors meetings;
- Hold four joint meetings with the Council of Governors;
- Hold two joint Non-Executive Director and Council of Governors meetings;
- The Head Governor attends all Public and Private Board Meetings;
- Invite Governors to attend Assurance Committees;
- The Chair and the Trust regularly update the Council of Governors with information from Board meetings and invite them to events and briefings; and
- Support and attend engagement events organised by the Trust and Bay Health and Care Partners.



The Chair is committed to spend a minimum three days per week on Trust business. The Chair's other significant commitments are outlined later in this Director's Report. There have been no material changes to these commitments during the past 12 months. The Non-Executive Directors are committed to spend a minimum of four days per month on Trust business. Both the Chair and the Non-Executive Directors routinely spend in excess of their commitment of three days per week and four days per month respectively on Trust business.

The Board of Directors meet formally on a monthly basis and the Board agenda is produced to ensure that the Board has sufficient time to devote to matters relating to patient safety and quality, finance and workforce. The Board takes strategic and informed decisions based on high quality information and monitors the operational performance of the Trust, holding the Executive Directors to account for the Trust's achievements and performance. The Board receives an Integrated Performance Report (IPR) covering patient safety and quality, finance and workforce. This enables the Board to monitor the Trust's financial, operational, quality and workforce performance against national and contractual standards. This is supported through a series of dashboards giving more detailed analysis of performance. During 2019/20, the NHS Improvement analytics team met with the Board of Directors to undertake a development session entitled "Making Data Count". The purpose of the session was to introduce a different approach to looking at data and integrated performance reporting. Statistical Process Control (SPC) is a technique that is underpinned by science. Viewing data over time as SPC charts:

- enables unusual patterns (which may indicate improvement or decline) to easily be identified;
- enables Boards to understand whether a target or standard can be consistently met; and
- reduces the amount of time spent unnecessarily investigating changes in data which are due to normal variation.

The Board of Directors agreed to undertake a review of the format and construct of the IPR and approved a revised IPR based on SPC charts. SPC charts are recognised as good practice by the CQC and by building the Integrated Performance Report using SPC charts, the Trust can demonstrate an improved approach to performance management.

There is a clear division of responsibilities between the Chair and the Chief Executive.

The Chair has overall responsibility for the leadership of the Board. The Chair facilitates the contribution of the Non-Executive Directors and constructive relationships between Executive and Non-Executive Directors. To that end the Chair routinely holds meetings with the Non-Executive Directors without the Executive Directors present to co-ordinate the Non-Executive Directors' contribution.

The Chair also leads the Council of Governors and facilitates its effective working. The effectiveness of both the Board and the Council, and the relationships between the Board and Council, are the subject of regular review, led by the Chair. In the event of a dispute between the Board of Directors and the Council of Governors the Trust has adopted a procedure which is set out in Annex 8 of the Constitution.

The Chief Executive, in conjunction with the Board of Directors and the Council of Governors, is responsible for creating, developing and promoting the Trust's strategy which delivers a service which meets and exceeds the expectations of our patients and the wider population and an executive team with the ability to execute the strategy.

The Chief Executive manages and leads the business and is responsible for executing the Board's strategy for the Trust and the delivery of key targets, for allocating resources and management decision making. The Chief Executive is also responsible for the effective running of the hospital on a day to day basis. The Chief Executive is the Accounting Officer and must operate in accordance with the "NHS Foundation Trust Accounting Officers Memorandum April 2008". Specific responsibilities are delegated by the Chief Executive to the Executive Directors comprising the Director of Finance, the Medical Director, the Executive Chief Nurse / Deputy Chief Executive, the Chief Operating Officer and the Director of People and Organisational Development. The Constitution and the Corporate Governance Framework provide additional information on the types of decisions that are taken by the Board and its Committees and which are delegated to the Executive Directors.



## Composition of the Board

The Executive Directors are appointed by the Non-Executive Directors. The Non-Executive Directors are appointed by the Council of Governors' Nomination Committee.

The Board is of sufficient size and the balance of skills and experience is appropriate for the requirements of the business and the future direction of the Trust. Arrangements are in place to enable appropriate review of the Board's balance, completeness and appropriateness to the requirements of the Trust.

The backgrounds, experiences and qualifications of the Non-Executive Directors are varied. They include public and private sector backgrounds, financial, legal, project management and clinical knowledge and expertise.

The balance and composition of the Board of Directors is regularly reviewed by the Chair. During 2019/20, the composition of the Board of Directors has been reviewed through the Remuneration Committee of the Board and the Nominations Committee of the Council of Governors. The review sought to ensure that the Board retained the necessary skills, competencies and experience to fulfil its obligations.

During 2019/20, David Walker, Medical Director resigned with effect from 31 August 2019. Shahedal Bari was appointed Medical Director from 1 September 2019. One Non-Executive Director was reappointed for a further 12 months having served one term of office. The term of office of one Non-Executive Director expired in June 2019 following agreement in 2018/19 to extend his term of office by one year in order to retain his skills and knowledge of the Trust, as he was the Chair of the Finance Committee and the Trust's Senior Independent Director. This also ensured a degree of continuity during a period of change in Board membership with both the Chief Executive and Chair leaving the Trust at the end of 2017/18. The Chair, of the Trust, Ian Johnson, resigned from his role in November 2019. Mike Thomas was appointed as Ian's successor and took up post as Chair on 2 January 2020. One Non-Executive Director resigned from her role in December 2019.

At the end of 2019/20, there was a Non-Executive Director vacancy. In addition two Non-Executive Directors will see their term of office expire in 2020/21. In light of the COVID-19 pandemic, the Chair made proposals on how these positions will be filled having regard to continuity and ensuring that the Board retained the knowledge and experience required. The Council of Governors resolved to postpone the recruitment of the vacant Non-Executive Director role and to extend the Terms of Office for Elizabeth Sedgley and Bruce Jassi. Neil Johnson confirmed that his Term of Office would end in the summer of 2020 and a replacement will be sought from Lancaster University.

The Terms of Office of the Non-Executive Directors are set out below:-

Name	Post	Appointment Date	Term of Office	End Date
Professor Mike Thomas	Chair	2 January 2020	3 years	1 January 2023
Mr M Jassi (known as Bruce Jassi)	Non-Executive-Director	24 February 2015	3 years ( +3 year extension)	23 February 2021
Professor Neil Johnson	Non-Executive-Director	1 July 2016	3 years (+1 extension)	30 June 2020
Ms Elizabeth Sedgley	Non-Executive Director	4 September 2017	3 years	3 September 2020
Mr Adrian Leather	Non-Executive Director	1 May 2018	3 years	30 April 2021
Ms Jill Stannard	Non-Executive Director	1 September 2018	3 years	31 August 2021
Mr Stephen Ward	Non-Executive Director	1 July 2019	3 years	30 June 2022
<b>Non-Executive Directors who have resigned / term of office ended during 2019/20</b>				
Helen Bingley	Non-Executive Director	1 September 2017	Resigned	31 December 2019

Ian Johnson	Chair	1 April 2018	Resigned	30 November 2019
Denis Lidstone	Non-Executive Director	25 June 2012	4 years (+2 year extension and +1 year extension)	24 June 2019

The Council of Governors at a general meeting of the Council of Governors shall appoint or remove the Chair of the Trust and the other Non-Executive Directors in accordance with the provisions in Annex 5 of the Constitution.

## Board Diversity

Board Diversity - Trust Board - Voting Members					
Ethnicity	Number	%	Sex	Number	%
White - British	12	86%	Male	9	64%
BME	2	14%	Female	5	36%
Total	14	100.00%	Total	14	100%

## Board Development and Review of Effectiveness

At the start of 2019/20, the Board's Assurance Committees produced Annual Reports and reviewed their effectiveness. The Chair and Chief Executive have kept under review effectiveness of the Board and its structures. In 2018 Deloitte LLP were commissioned to undertake a Board Development Programme; the purpose of which was to help the Board enhance its capacity and skills to lead a complex health organisation in the current context of the NHS.

The Board Development Programme continued during 2019/20 and in 2019 Deloitte LLP were commissioned to undertake a governance review to focus on processes for managing risk, issues and performance, roles, responsibilities and systems for accountability and effective use of information. Deloitte found a number of examples of good governance practice in relation to the work that had been undertaken to refresh and revise the organisational strategy; a clear Committee structure which aligned with the strategic priorities and was comparable to that in place in other Foundation Trusts and a broad range of activities in place to support Governors to undertake their statutory roles and responsibilities. A number of improvements were also being undertaken by the Trust in order to refine the effectiveness of arrangements. These included improving the format of the Board Assurance Framework and its use in practice and updating the format of the Integrated Performance Report to include greater use of statistical process control and forecast performance information. The Review did not find any area of weakness in the governance arrangements of the Trust. The review identified how the system of governance could be strengthened to ensure that it was more effective and recommended the following 7 key areas were reviewed:

- Strengthening the Annual Planning process;
- Ensure the Board focuses on key priorities and areas of greatest risk;
- Improving the effectiveness of the Board Committees;
- Improving the effectiveness of the Council of Governors;
- Strengthening the approach to performance management including data quality;
- Ensure risk drives the business of the Trust; and
- Streamlining the clinical and corporate governance architecture.

As well as meeting the NHS Improvement analytics team to undertake the development session entitled "Making Data Count" during 2019/20, the Board of Directors met with the Rubis.QI team. Rubis.QI, on behalf of NHS Improvement, developed a programme to help organisations increase the knowledge and skills they required to lead and embed quality improvement at an organisational level.

## Board Activity

There have been 11 Board of Directors' meetings in 2019/20.

There were five Committees of the Board as follows:

- Finance and Performance Committee;
- Quality Committee;
- Audit Committee;
- Remuneration Committee; and
- Workforce Committee.

The Board of Directors also acts as Trustees for the Charity Corporate Trustees Committee.

## Independence of Non-Executive Directors

The Trust undertakes an annual review of the independence of its Non-Executive Directors. It determines whether each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The Trust considers all Non-Executive Directors to be independent on the grounds that they meet the independence requirements set out in the NHS Improvement Code of Governance. Each of the Non-Executive Directors has passed the Trust's Fit and Proper Persons Test.

## Code of Conduct

The Board of Directors operates a Code of Conduct that reflects high standards of probity and responsibility in discharging their duties. All Directors have read and signed the Trust's Code of Conduct which includes a commitment to actively support the NHS Foundation Trust's Vision and Values and to uphold the Seven Principles of Public Life, determined by the Nolan Committee.

## Material Interests and the Register of Directors

During 2018/19, to improve the process for declaring and publishing the Conflicts of Interest and to ensure the Trust complied with the 'Managing Conflicts of Interest in the NHS' guidance, which came into force on 1 June 2017, the Trust deployed a digital solution called MES Declare to provide a digital platform for declaring and managing conflicts of interests across the Trust.

Building on the work undertaken to adopt the guidance from NHS England and to further improve the process for declaring and publishing Conflicts of Interest during 2018/19, the Trust's Managing Conflicts of Interest Policy was updated to include details of MES Declare in April 2019. The Policy remained consistent with the national requirements and followed the Model Policy provided by NHS England. To strengthen the assurance process for recording Conflicts of Interest, a report is presented at the start of each meeting of the Board of Directors and its Assurance Committees with details of members' declarations. This provides an opportunity to make known any interest in relation to the agenda, and any changes to their declared interests. The Board of Directors and Assurance Committee Terms of Reference had been updated to reflect this. The Terms of Reference also set out the actions required if there were any conflicts of interest declared.

## Board of Directors' Declarations of Interest

At the commencement of each Board meeting, the following report is presented detailing the members' declarations:

Date of Declaration	Name	Role	Nature of Interest	Do you envisage a conflict of interest between outside employment and your NHS employment?	Nil Declaration
02/08/2019	Foluke Ajayi	Chief Operating Officer			✓
11/02/2020	Shahedal Bari	Medical Director			✓
20/01/2020	Aaron Cummins	Chief Executive			✓
31/03/2019	Keith Griffiths	Director of Finance			✓
02/08/2019	Sue Smith	Executive Chief Nurse / Deputy Chief Executive	<ol style="list-style-type: none"> <li>1. Transform Healthcare Cambodia – Chair of the Charity Board of Directors / Trustee on the Charity Board of Directors (registered charity); and</li> <li>2. St. John's Hospice – Trustee on the Charity Board of Directors</li> </ol>	A material conflict of interest does not exist. However Sue may wish to make a declaration and withdraw from any meetings where either the Charity or the Hospice were being discussed.	
12/12/2019	David Wilkinson	Director of People and OD			✓
12/03/2019	Bruce Jassi	Non-Executive Director			✓
07/01/2020	Neil Johnson	Non-Executive Director	Employed by Lancaster University.	Potentially a material conflict of interest may arise from his role at the University. However Neil would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the University is being discussed.	
02/08/2019	Adrian Leather	Non-Executive	Chief Executive Officer of Active	Potentially a material conflict of	

		Director	Lancashire	interest may arise from his role as Chief Executive Officer of Active Lancashire. However Adrian would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where Active Lancashire is being discussed.	
22/04/2020	Elizabeth Sedgley	Non-Executive Director	<ol style="list-style-type: none"> <li>1. A self-employed accountant.</li> <li>2. Family Member employed as financial controller at Select Medical Ltd.</li> </ol>	A material conflict does not exist. However Elizabeth may wish to make a declaration and consider withdrawing from any meeting where Select Medical is being discussed.	
06/08/2019	Jill Stannard	Non-Executive Director	A non-remunerated Board Director for the University of Cumbria	Potentially a material conflict of interest may arise from Jill's role at the University. However Jill would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the University is being discussed.	
17/01/2020	Mike Thomas	Chair	<ol style="list-style-type: none"> <li>1. College for Military Veterans and Emergency Services: Co-founder and member of Steering Group since 2010;</li> <li>2. Lancashire County Council Veterans Assurance Board: Member of Committee;</li> <li>3. Stockport MBC: Consultant on Service Assurance</li> </ol>	Potentially a material conflict of interest may arise from the employment of a family member by UHMB and South Cumbria and Lancashire Care NHS Trust. However Mike would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the matter being discussed	

			Adult Safeguarding; 4. Family member employed by UHMB; and 5. Family member employed by South Cumbria and Lancashire Care NHS Trust.	relates to the area of responsibility that the family member is accountable for.	
19/07/2019	Stephen Ward	Non-Executive Director	Family member employed by NHS England	Potentially a material conflict of interest may arise from the employment of a family member by NHS England. However Steve would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the matter being discussed relates to the area of responsibility that the family member is accountable for.	

### Contacting the Board of Directors



Any member of the public wishing to make contact with a member of the Board should, in the first instance, contact Paul Jones, the Company Secretary.

Address: Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

Telephone: 01539 715314

Email: [paul.jones4@mbht.nhs.uk](mailto:paul.jones4@mbht.nhs.uk)

## Profile of the Board

	<p><b>Mike Thomas (Chair)</b> <b>Appointed – 2 January 2020</b></p> <p>Professor Mike Thomas, PhD, MA(Law), BN, PGCert Ed, FHEA, MBPsS, FRSA, ROA.</p> <p>Mike has worked in academia and the health sector for nearly forty years in a variety of senior academic roles, including Vice-Chancellor, and holding various professional chairs across four universities. He remains research active and a practising clinical psychotherapist. For many years he carried out clinical research to enhance mental health support for individuals who experience severe and enduring eating disorders whilst, simultaneously, over the last fifteen years he has been working with research colleagues across the UK investigating issues that impact on compassionate leadership in both the public and private sectors. He has written three books and numerous articles and chapters on these two subjects.</p> <p>More recently he has been providing an advisory service to public and commercial sector organisations supporting staff engagement projects, cultural change programmes and strategies for enhancing good governance.</p> <p>Mike is committed to the voluntary, charity and public sector and has been continuously involved in charitable work for his whole working life. He is currently serving on the Lancashire County Council Veterans board and the College for Military Veterans and the Emergency Services which he co-founded. Prior to entering academia, he served in the Royal Navy, working for five years in HM Submarines before employment in the engineering sector and then qualifying as a mental health nurse and later a psychological therapist.</p>
	<p><b>Elizabeth Sedgley (Non-Executive Director and Deputy Chair)</b> <b>Appointed – 4 September 2017</b></p> <p>Liz is a qualified certified accountant who trained in general practice and then moved to what was in 1994 the fastest growing accountancy practise in the UK as an audit Manager. This role provided her with an insight into providing excellent customer service alongside exposure to the workings of multi-national organisations and rapidly expanding entrepreneurial businesses.</p> <p>After starting a family, Liz set up her own business providing accountancy services to OMBs across the North West where she acts as accountant, Finance Director and counsellor.</p> <p>She was a Non-Executive Director at East Lancashire Hospitals Trust for 8 years where she developed an interest in understanding and improving the patients' experience and helping to develop seamless care between hospital and community settings for the benefit of patients.</p> <p>Liz is also the Chair of the Audit Committee and Deputy Chair of the Trust Board.</p>



**Bruce Jassi (Non-Executive Director and Senior Independent Director)  
Re-appointed – 24 February 2018**

Bruce is a former Assistant Police and Crime Commissioner for Lancashire and previous to that was Chair of the Lancashire Police Authority.

He has also been Strategic Director of Salford City Council, and he joined our Trust Board as a Non-Executive Director in March 2015.

Bruce's extensive experience in public sector leadership, which has included the delivery of major change programmes and multi-million pound efficiency projects, is brought to his key roles in overseeing safety, quality and finance as part of our Trust Board.

He has previously held Board positions for Salford's Healthy City Executive Forum, Crime and Disorder Executive and Urban Vision Partnership, and has pledged to focus on patients in everything he does here at the Trust.

Bruce is also Chair of the Emergency Preparedness Meeting, and Deputy Chair of the Finance and Performance Committee.

Bruce was appointed as Senior Independent Director during 2019/20.



**Neil Johnson (Non-Executive Director)  
Appointed – 1 July 2016**

Professor Neil Johnson completed his initial medical education at Cambridge and Oxford and trained as a General Practitioner. Alongside work as a GP he also took on a series of academic roles, starting as a Research Fellow in Oxford in 1990. Over time his research focused increasingly on medical education and in 1997 he moved into the leadership and management of medical training - initially as Director of GP Education in Oxford and then as Postgraduate Medical Dean in Leicester.

After a period as a Director of NHSU he moved to Warwick in 2006 where he became Professor of Medical Education in 2008 and Pro Dean in 2010. He then moved to Lancaster as Dean of the Faculty of Health and Medicine and Professor of Medical Education in 2014. His research focuses on aspects of medical education. Recent work includes the measurement of teaching and the use of role modelling.

He has served on a wide range of health-related committees at regional and national level. He is also currently Chair of the General Medical Council's Medical Licensing Assessment Expert Reference Group, Chair of the Medical School's Council Assessment Alliance Board, and a member of the GMC's Assessment Advisory Board, the UK Health Education Advisory Council and the Academy of Medical Royal Colleges Specialty Training Consultative Committee. He is also a member of the Council of Lancaster University.

Neil is also Chair of the Workforce Assurance Committee.





**Adrian Leather (Non-Executive Director)**  
**Appointed – 1 May 2018**

Adrian joined the Trust in May 2018, while also working as the Chief Executive of Active Lancashire.

Adrian has developed Active Lancashire to become an innovative and transformational change organisation; developing ground breaking partnerships and programmes which contribute to health and economic outcomes using sport and active lifestyles as the tool of choice.

His recent activities include work to promote and test digital health technologies and the development of a £7M European funding bid focused on the economic benefits of getting deprived communities active.

Adrian is committed to ensuring that charities and voluntary sector organisations have the opportunity to step up and work creatively with public services to deliver better outcomes to our communities.

Adrian is also Deputy Chair of the Workforce Assurance Committee.



**Jill Stannard (Non-Executive Director)**  
**Appointed – 1 September 2018**

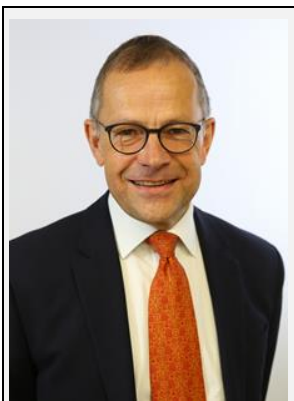
After graduating from Southampton University, Jill worked for the voluntary sector with homeless people before qualifying as a social worker in 1982.


Jill worked for Hampshire Social Services for 20 years, taking a secondment to America in 1993 to study mental health services. After returning she became Area Director of the New Forest responsible for Children and Adult Social Services and then Assistant Director for Disability Services across Hampshire.


In 2005 Jill moved to Cumbria to become Director of Adult Social Care and in 2009 Chief Executive of Cumbria County Council. Jill led the recovery from the Cumbria floods in 2009 and the rebuilding of infrastructure over the following three years.

Jill retired from the council in 2013 and from 2014 she served for four years as Chair of the Quality Committee and Senior Independent for Cumbria Partnership NHS Foundation trust. She is currently a Director of Cumbria University chairing the Employment Policy Committee.

Jill is also Chair of SIRI and Deputy Chair of the Quality Committee.

	<b>Stephen Ward (Non-Executive Director)</b> <b>Appointed – 1 July 2019</b>
	<p>Stephen is a chartered accountant with a wide experience of financial management, consultancy and audit.</p> <p>After qualifying with a major accounting firm in the Midlands, Steve moved into a role which combined internal audit and performance improvement at a multi-site business.</p> <p>This provided the platform to develop a career as a finance and IT consultant providing services to banks, insurance and investment companies.</p> <p>His most recent role was as Finance Director of a marine mutual insurance business where he led the finance, investment and pension scheme functions reporting to a large international Board of Directors.</p> <p>He was heavily involved in developing governance, risk and capital management systems to meet the requirements of regulators and rating agencies.</p> <p>Stephen is also Chair of the Finance Committee.</p>

	<b>Aaron Cummins (Chief Executive)</b> <b>Appointed – 1 April 2018</b>
	<p>Aaron was appointed Chief Executive of the Trust in March 2018 after first joining us in January 2014 as Director of Finance / Deputy Chief Executive.</p> <p>Most recently, Aaron was the Director of Finance / Deputy Chief Executive of Mid-Staffordshire NHS Foundation Trust – a role he was appointed to in June 2012. Prior to that, he was Director of Finance at Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH).</p> <p>Aaron started his career in the NHS as a National Graduate Trainee in 2000 and held a number of senior management positions in the finance function before being appointed as Director of Finance at LHCH in August 2009.</p> <p>Aaron has also held a number of national roles including chair of the Foundation Trust Network Finance Directors' Forum and the Government Procurement Services (GPS) Customer Board, as well as being a member of the National Procurement Council.</p>

	<b>Sue Smith OBE (Executive Chief Nurse and Deputy Chief Executive)</b> <b>Appointed – 2 December 2013</b>
	<p>Sue took up her role as Executive Chief Nurse in December 2013. Sue 'came home' to Morecambe Bay after starting her career here as a Registered General Nurse.</p> <p>Sue has held a number of posts on the wards, as well as specialist roles in diabetes and recruitment. She has also operated at Board level in a number of very well respected Trusts, with specific responsibility for patient safety and infection prevention.</p> <p>Sue was awarded an OBE in the New Year's Honours List 2019 for services to the NHS and patient safety.</p>



**Foluke Ajayi (Chief Operating Officer)**  
**Appointed – 30 March 2015**

Foluke is the Chief Operating Officer and started in post in April 2015. She provides strategic leadership to the operational teams and is instrumental in driving and leading improvements in clinical care and performance right across the Trust.

Foluke, a former clinical scientist joined the Trust from Leeds Teaching Hospitals, where she began work in 2008, first as a Directorate Manager, then progressing to lead the Trust's internationally-renowned cancer centre as General Manager.

Before working in Leeds, Foluke held senior positions with NHS Employers and the Department of Health, where she was deputy to the Chief Scientific Officer. (Note: Foluke left the Trust on 30 April 2020)



**Shahedal Bari (Medical Director)**  
**Appointed – 1 September 2019**

Shahedal is the Medical Director, and started in post in September 2019. He joined the Trust in 2010 as Consultant for Respiratory Medicine and General Internal Medicine.

Shahedal brings a wealth of experience to the role of Medical Director after working as Deputy Medical Director at the Trust from 2016 and Director of Medical Education since 2014.

He was awarded Doctor of the Year at the Trust's 2015 Health Hero awards.

Through his role as Deputy Medical Director, Shahedal led significant changes to improve mortality and safety, as well as supporting cancer care across the three main hospitals. Shahedal continues to do respiratory clinical work at the Trust alongside his Medical Director role. This has so far included the creation of one-stop clinics for patients with symptoms indicating lung cancer, and introducing an endobronchial ultrasound meaning patients received their results within three days.

Shahedal is committed to focussing on improving safety, mortality, quality and performance to continue to aid a positive culture at the Trust; support colleagues; treat colleagues and patients fairly and honestly and provide compassionate leadership.



**Keith Griffiths (Director of Finance)**  
**Appointed – 1 April 2018**

Keith Griffiths joined the Trust in April 2018 having previously worked as Director of Sustainability for East Lancashire Hospitals NHS Trust.

Keith has worked as a Director of Finance in specialist and acute NHS providers for over 20 years across the north of England, and in his previous role provided support to the Chief Executive and Chairman to ensure the long term sustainability of the organisation.

Keith has significant experience of working across complex political health systems and has ensured Trusts deliver financial surpluses.

He also has experience of working towards transformation programmes and ensuring their sustainability financially, clinically and in terms of the workforce.





**David Wilkinson (Director of People and Organisational Development)**  
**Appointed – 1 July 2013**

David is the Director of People and Organisational Development, and started in post in July 2013.

David has over 20 years HR experience in the NHS, working in acute, mental health and community settings in London and the North West. He was a member of the national project group that introduced the annual NHS Staff Survey, was involved in the piloting and testing phases of both the Consultant Contract and the Job Evaluation system, and is currently a member of the North West Regional Clinical Excellence Awards Subcommittee.

He is committed to embedding the NHS Constitution's Staff Pledges into every aspect of employees' working lives and in creating the right conditions for staff to flourish and give their best for patient care.

In addition the following members also served on the Board of Directors during 2019/20.

	<p><b>Ian Johnson (Chair)</b> <b>Appointed – 1 April 2018 and resigned with effect from 30 November 2019</b></p> <p>Ian Johnson joined the Trust in April 2018. Ian has wide commercial, management and board level experience both in the UK and Internationally. His most recent role was Chair of Blackpool Teaching Hospitals NHS Foundation Trust.</p> <p>A qualified solicitor, Ian has more than 30 years' experience in the legal profession and has worked at a number of prestigious international law firms at FTSE 100 companies.</p> <p>Ian is also a Member of Council at Lancaster University, Chair of the University's Health and Development Board, Vice Chair of NHS Providers North West Network and sits as a magistrate in Lancashire.</p>
	<p><b>Helen Bingley OBE DL (Non-Executive Director)</b> <b>Appointed – 1 September 2017 and resigned with effect from 31 December 2019</b></p> <p>Helen qualified as a nurse in Lancaster in 1979 and took up her first management post in the NHS in 1984 and reached the position of Chief Executive in 1996. NHS roles have included Chief Executive, Executive Director, and Non-Executive Director roles and have involved managing substantial change in the NHS.</p> <p>After leaving the NHS in 2002, Helen worked for a period as Head of Teaching and Learning at the University of Central Lancashire designing an Undergraduate and Masters Programme designed to achieve organisational change.</p> <p>Helen has been Managing Director of Bingley Consultancy for 15 years, a business that she and others established to support senior managers in the public, private and voluntary sectors with strategic change.</p> <p>Helen has several voluntary sector roles, she is a founder member and Chief Executive of a UK Registered Charity The Abaseen Foundation UK, set up almost 20 years ago; the charity has recently gained a Queen's Award for Voluntary Services.</p> <p>Helen is also the Treasurer and a Trustee of Mind in Barrow in Furness and a Queen's Awards Assessor.</p> <p>Helen was awarded an OBE in the New Year's Honours List 2019 for her voluntary service in the UK and abroad.</p> <p>In January 2019 Helen was appointed as Deputy Lieutenant for Lancashire. Helen will support the Lord-Lieutenant and assist him in carrying out his role as the Queen's representative.</p>



**Denis Lidstone (Non-Executive Director and Senior Independent Director)**  
**Term of office ended on 24 June 2019**

Denis, from Barrow, is an experienced practitioner in programme and change management in both the public and private sector. In addition to being one of our Non-Executive Directors, Denis is also the Senior Independent Director.

Previous roles include Partnering Director at BAE Systems, Director of the UK Council for Electronic Business, and Non-Executive Director at NHS North of England.

He started his career as an apprentice electrical fitter at Devonport Dockyard, and went on to work at all levels in the ship building and air defence industries, from the shop floor to the board. In a career focused on programme management, he was involved in rationalisation of the shipyard at Barrow. Later he became Partnering Director of BAE Systems, where he stayed until his retirement in 2005. Since then he has been working as a business consultant, particularly as an accredited Gateway Reviewer for the Government on projects at key stages in their progress.

Beyond the working arena, Denis has a passion for mountains and fell-walking and has trekked in the Everest and Annapurna areas of Nepal and the Atlas Mountains in Morocco.



**David Walker (Medical Director)**  
**Appointed – 1 January 2015 and resigned with effect from 31 August 2019**

David is the Medical Director, and started in post in January 2015.

David has been a medical consultant since 1996. He is a member of the Royal College of Physicians and the Faculty of Public Health.

He has excellent knowledge and experience of the UK health system from working at a senior level across different regions of the country. David has additional insight into international healthcare after working on four different continents.

David worked as an executive director in the NHS for 12 years, eight of those as a Medical Director.

He holds a number of academic appointments and was a visiting scientist at the Centers for Disease Control in Atlanta, Georgia, USA. David has been widely published in the fields of health protection and disease surveillance methodology. He is also the chair of the UK National Screening Committee.



## Board Attendance 2019/20

MEMBERS	24/05/2019	29/05/2019	26/06/2019	24/07/2019	25/09/2019	30/10/2019	27/11/2019	29/01/2020	26/02/2020	25/03/2020
Mike Thomas, Chair (wef 02/01/2020)										
Aaron Cummins, Chief Executive										
Foluke Ajayi, Chief Operating Officer										
Shahedal Bari, Medical Director (wef 01/09/2019)										
Keith Griffiths, Director of Finance										
Bruce Jassi, Non-Executive Director										
Neil Johnson, Non-Executive Director										
Adrian Leather, Non-Executive Director										
Liz Sedgley, Non-Executive Director										
Sue Smith, Executive Chief Nurse / Deputy Chief Executive										
Jill Stannard, Non-Executive Director										
Stephen Ward, Non-Executive Director (wef 01/07/2019)										
David Wilkinson, Director of People and OD										
<b>Members who have resigned / term of office ended during 2019/20</b>										
Denis Lidstone, Non-Executive Director (Term of office ended 24/06/2019)										
David Walker, Medical Director (Resigned wef 31/08/2019)										
Ian Johnson, Chair (Resigned wef 30/11/2019)										
Helen Bingley, Non-Executive Director (Resigned wef 31/12/2019)										

Attended	Apologies	Deputy	Not commenced in post
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## Enhanced Quality Governance Reporting

In this part of the annual report the Trust must report on its arrangements for having robust systems of governance to assure itself of the quality of care it provides.

It is requirement of the NHS Improvement (NHSI) licence under which the Trust operates that it must have strong governance – this is how a Foundation Trust oversees care for patients, delivers national standards, and remains efficient, effective and economic.

From 1 October 2016, NHSI changed the way it assessed these criteria. It introduced the Single Oversight Framework.

The Single Oversight Framework is designed to help NHS providers attain, and maintain, Care Quality Commission ratings of 'Good' or 'Outstanding'. The Framework will help NHSI identify NHS providers' potential support needs across five themes:

- quality of care;
- finance and use of resources;
- operational performance;
- strategic change; and
- leadership and improvement capability.



The Trust has used the NHSI Single Oversight Framework to assess quality governance systems and help in the preparation of the Annual Report and Accounts, the Annual Governance Statement and the Corporate Governance Statement.

### Freedom to Speak Up Guardian

The Freedom to Speak up Guardian for the Trust is Heather Bruce who is supported by Bruce Jassi, lead Non-Executive Director and Shahedal Bari, Medical Director.

As one of the First Trusts in the country to appoint a Freedom to Speak up Guardian, we are seen as exemplar in our approach, and we continue to closely follow the recommendations from Robert Francis' "Freedom to Speak up" report while now being supported by the National Guardian's office who collect and publish speaking up data from Trusts across the country.

In January 2020 the Trust was asked by the National Guardian's Office to take part in a pilot project with NHSI and the model hospital team. They are creating a 'culture and engagement' section in the Model Hospital. This will contain a range of information including data on Freedom to Speak up cases, the 'Speak Up Index', various staff survey questions, data on safety reporting, general information such as CQC rating, patient complaints and PALS data. Hopefully this will paint a very rich picture of speaking up in the Health Service.

Our Freedom to Speak up Guardian is proactive within the North West region and attends all the regional meetings – there is an informal arrangement between neighbouring Trusts and this has allowed peer support to be more accessible which is invaluable to the Guardians.

Trust colleagues have continued to raise concerns relating to patient safety and colleague well-being – the Freedom to Speak up work is supported by the Behavioural Standards Framework and this has proved to be an invaluable tool which can empower colleagues to call out any behaviours that fall outside that framework so enabling the Trust to be a great place to work. The Freedom to speak up Guardian has shared the Framework with other Trusts as a valued resource.

The Freedom to Speak up Guardian has been an active participant on the Joint Working Party which is leading the work to tackle unacceptable behaviours at work. Concerns have been raised by many individuals who work in the Trust and from all groups – including volunteers, governors, students and clinical colleagues.

The Freedom to Speak up Guardian is fortunate that the work is understood and appreciated by the Board so that they do hear about the concerns that are raised and how they are addressed.

The Freedom to Speak up Campaign cannot stand still and we will continue to work on innovative ways to facilitate speaking up for our colleagues and make Raising Concerns business as usual at the Trust.

### Patient Relations

The Trust actively encourages feedback from our patients, relatives and visitors, both positive and negative as it provides an opportunity for the Trust to review services and make any appropriate changes and meet patients' needs.

The Patient Advice and Liaison Service (PALS) handle an average of 2500 concerns/enquiries per year across the three sites. PALS staff are available to provide resolution to concerns as they arise, on the spot advice and support patients and their relatives to navigate NHS services or signpost them to appropriate voluntary or public sector services. Early identification of concerns enables the Trust to respond to those enquiries in a timely and efficient manner which in turn reduces patients and relatives anxieties and formal complaints. The Patient Relations Case Officers handled 440 formal complaints in 2019/20.

Information on how to complain is now clearly advertised at the entrance to all wards and inpatient areas such as the Outpatient Departments. Information is also available on the Trust's website. We were commended for our forward thinking, patient focused approach when handling complaints. The Patient Relations team has been recognised nationally as a best practice site in the handling of complaints and incorporating the following:

- A staffed complaints helpline Monday to Friday, 9am to 5pm;
- A dedicated Case Officer informs each complainant at first contact of the complaints procedure, including how long it is likely to take and provide details of advocacy services available, if required;
- All complainants receive a dedicated Case Officer who assist the complainant in confirming what they think went wrong with their care and the questions they would like answering;
- Courtesy calls are a mandatory part of the complaints process with the dedicated Case Officers regularly updating the complainant with progress of their complaint;
- Response letters are written in a way that complainants can understand and avoid, where possible, clinical terminology; however, if used, a clear explanation in layman's terms is also given; and
- A 'complaint's handling' questionnaire, which incorporates the 'I statements' as questions, as recommended by the Parliamentary and Health Service Ombudsman (PHSO), is sent to each complainant one month following the closure of their complaint.

Key Performance Indicators have been set to ensure Care Group staff (who provide information for the investigation) respond within the agreed timescales. Escalation processes are also in place with support from Directors to ensure the complaints function is supported at Board level.

Once local resolution has been exhausted, the complainant is informed of their right to contact the PHSO for a review of their complaint.

The number of complaints received in 2019/20 was 440 and the number of PALS cases was 2541.

#### Analysis of Number of Complaints

Year	Concerns/Comments PALS Received	Complaints Received
2015/16	2659	488
2016/17	2662	516
2017/18	2511	425
2018/19	2669	430
2019/20	2541	440

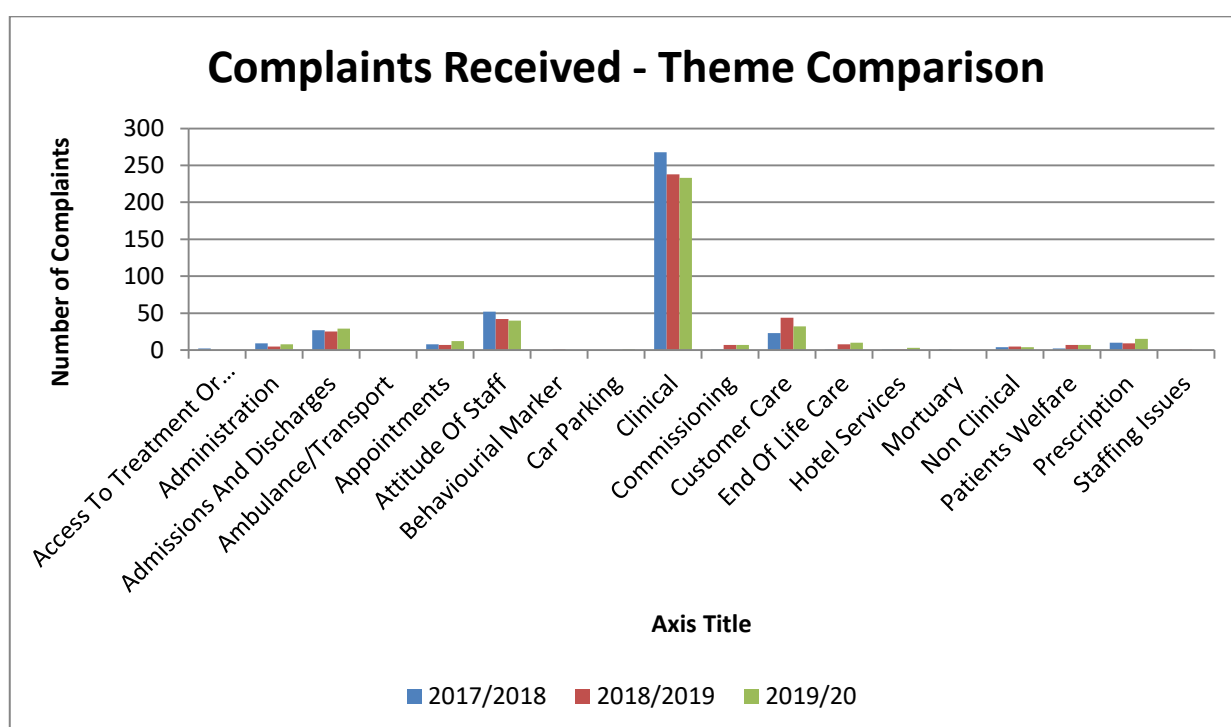
For 2019/20, 10 cases were accepted for second stage review by the PHSO but none of these resulted in further investigation. It should be noted that many of the cases reviewed and completed by the PHSO commenced investigation outside of the current financial year.

In 2019/20, 3 cases were not upheld, 5 cases were partly upheld, 1 case was upheld and 1 case was returned to the Trust for further investigation.

## Parliamentary Health Service Ombudsman Complaints – Analysis of Number of Complaints

Subject	2016/2017	2017/2018	2018/2019	2019/20
Number of Complaints referred to the PHSO and reaching Stage 3	17	16	5	1
Currently being investigated by PHSO.	16*	10*	10***	0
Upheld or Partially Upheld	8	7	4	5
Not upheld	4	6	2	3
Complaints referred back to the Trust for local resolution	1	1	1	1
Assisted in possible PHSO Cases	n/a	n/a	13	10

### Themes of Complaint



### Patient Experience and Patient-Led Work

Our Trust Vision is to 'consistently provide the highest possible standards of compassionate care and the very best patient and colleague experience. We will listen to and involve our patients, service users, colleagues and partners'.

In order to deliver our vision, the Trust has developed Our Strategy 2019/2024 and within this vision, we have set out our core values – the 5 Ps:

1. Patients;
2. Performance;
3. People;
4. Partnerships; and
5. Progress.

Our Patient Experience Strategy does not sit in isolation but is intrinsically linked to a core business goal and our 5P's. This is because we want to make sure that our colleagues 'from the ward to the board' are involved in ensuring people using our services receive high quality care.

This work also links to other related strategies, the operational plan and initiatives feeding into our Behavioural Standards Framework that become part of our everyday working practices. Our vision with patients at the top is underpinned by our values and operational plan.

Our Patient Experience, Inclusion and Volunteer Teamwork in partnership with our Care Groups, corporate services and our patient partners ensure that there is a cohesive patient journey through our services. We want this to be as easy and stress free as possible and provide all service users with avenues to talk to us and engage with their care, from first contact to after care and follow on services.

We continued to work towards making sure that we engage with people as patients who also live and work in our communities so that our first contact is increasing with people outside of the hospital.

This means that the Trust has:

- Encouraged more service users to give us feedback by improving and creating new ways of talking to us. We will continue to make changes based on the feedback and improve the positive experience score;
- Provided patients with the opportunity to talk about their experiences both positive and negative, through the Tell us Your Story patient network. We have built on the positive areas and demonstrate improvements where we have failed our patients; and
- Redesign the website pages so that patients can gain access to easy to understand health and care information.

We have worked on several corporate themes that have emerged from the feedback we have received from patients, their families and their staff:

Improving Access and Discharge	Co-design	Care Environment	Behaviours and Customer Experience Culture
Appointments	Listening events	Accommodation	Welcome
Car parking	Service improvement	Temperature	Communication and checking understanding
Signage	Care pathways and guidelines	Food	Kindness and respect
Clear information on admission and discharge	Changes to the physical environment	Décor and furnishings	Patients on senior clinical interview panels
Follow up care/instructions	Care planning		Feedback

## Improving Access and Discharge

### Partnership working with Macmillan



The aims of the service are to assist people by providing time to talk and offer high-quality information and support within a quiet, relaxed, comfortable environment. The services include general and or specific information with guidance, complementary therapies, counselling, benefits and financial advice, end of life and bereavement support, hair loss/regrowth advice, support.

## Equality Impact Assessments (EIA)

The Equality Impact Assessment model is now well established. Our standard EIA template considers the nine protective characteristics. We know there are specific health issues associated with age, for

example, Deafness, Dementia and Parkinson's disease. This work is monitored by the Inclusion Network.

### Promoting Equality within Service Delivery

We are working towards becoming a truly inclusive employer and service provider by creating an environment and culture that celebrates inclusion, diversity, dignity and respect.

We held public events as part of the Equality Delivery System (EDS2) public and staff grading process. The key findings of the assessment are set out in the Inclusion and Diversity Annual report 2019:

<https://www.uhmb.nhs.uk/our-trust/inclusion-and-diversity>

In most cases, it was possible to identify at least five protected characteristics that fare well against EDS2. In other words, there was evidence of excelling, good or developing practice that was delivering either equitable (or near equitable) outcomes, and/or was actively and intentionally addressing inequalities.

Our live EDS2 report can be accessed here:

[https://www.uhmb.nhs.uk/application/files/5515/8472/0525/Equality\\_Delivery\\_System\\_2\\_summary\\_2019.pdf](https://www.uhmb.nhs.uk/application/files/5515/8472/0525/Equality_Delivery_System_2_summary_2019.pdf)



Some of our staff have chosen to wear NHS rainbow badges - this is just one way to show that UHMBT and our Bay Health and Care Partnership (BHCP) are open, non-judgemental and inclusive places for people that identify as LGBT+.

LGBT+ stands for lesbian, gay bisexual, transgender and the + simply means that we are inclusive of all identities, regardless of how people define themselves. Only those staff that have received training on LGBT+ and made a pledge to support the community will be presented with a rainbow badge. This way, if a patient, citizen or a colleague see someone wearing a badge, they can feel re-assured that that member of staff has a level of knowledge of LGBT+ and can support and signpost them appropriately, as required.

### Care Environment



The #thisisme project has been successfully implemented across our acute hospital wards. The idea was developed by a UHMBT colleague who had a family member admitted to Furness General Hospital. This is me

project is an initiative to help bring a personal and comforting touch to our patients care and their families experience while in hospital.



### Youth Forum



UHMBT's Youth Forum has been created to give 11-18-year olds the opportunity for their voices to be heard. Working together with healthcare professionals we want to improve the experiences of other Children and Young People who access our services in hospital and the community. By involving children & young people in the democracy and decision making our aim is to develop and improve our services and is highly recognised and encouraged by NHS England, Royal College of Paediatrics & Child Health and the British Youth Council.

So far, we have held three events across Morecambe Bay to find out what young people would like from a youth forum. We hosted our first one in Morecambe at an event organised by the charity Prop Up project that organise creative groups or individual activities on a weekly basis teenagers & young adult who find socialising with others their age hard are looking at ways to improve their mental health.

The session provided an excellent way for us to engage with young people who have a variety of different health needs. During the session we asked the group to design their own hospital and tell us what they would like to see when they had to visit for themselves and asked them how they felt when attending appointments.

Our next steps will involve planning future dates for more engagement and we are looking to grow a group in the Barrow area and link in with the town's youth council.

**Community engagement**, citizen experience and involvement feedback sessions have benefited the Trust during the summer and we have used a comprehensive range of opportunities and methods for local people to get involved, from information sharing, focus groups and public events to social media, town halls, table top involvements, patient panels, user groups, what matters to you and Always Events ® to name a few.

Tried and tested engagement and involvement approaches have proved popular. We have further embedded our involvement of patients and the public in co-production activities, and these include:

- The development of our Youth Forum;
- Learning Disabilities and Autism Network;
- Farmers Health checks;
- Stroke Master class;
- Community Wellbeing Fair – Windermere;
- Foundation Trust Members' Annual meeting and local information events;
- Diabetic Engagement Day;
- Dementia Hubs;
- Critical Care patient and Carers event; and
- Health Screening promotional events.

### The '#BeWellFest: The Lost Art of Living'

We recently joined forces with health and wellbeing organisations in Cumbria and Lancaster to stage two fun festivals promoting all aspects of health. The festival was designed for people of all ages creating an opportunity for people to have fun and think about how they can be responsible for their own health.

Debbie Wilde, Chaplaincy Team Leader at Furness General Hospital and Ian Dewar Chaplaincy Team Leader at Royal Lancaster Infirmary, said "The aim of the Health festival was to create space for conversations about health, wellbeing and community. We took the theme 'The Lost Art of Living' around the Bay because we are encouraging people to have a rethink about how they are living, to think about the environment and the impact we are having on each other."

### Friends and Family Test – where next

The national Friends and Family Test Guidance has been revised and the changes are due to commence from 1 April 2020.

The main changes include the actual FFT question having been changed and the current time windows that are in place for collecting reviews have been lifted.

The FFT guidance is now available to download and below is a screenshot taken from the guidance that summarises the main changes.

### Key Patient Experience key achievements

- The Patient Experience Team regularly tweet facts, event details, performance updates and patient comments;
- Insulin Awareness Campaign and the Diabetes campaigns took place during 2019;





- The National What Matters to You campaign was undertaken locally. Our “Always” work is continuing, and the design of future Hospital Passports are likely to form the next Always piece of work;
- Following the Autism Listening Event held at Lancaster Mills, analysis of feedback has been undertaken;
- We have introduced regular and routine ward and clinic visits to ensure that current FFT information is being displayed, there are enough FFT comments cards available and generally to support and assist staff with any PE related queries. This is a proactive approach and it complements the systems already in place to support staff;
- A new Patient Experience Network group is now established and meet every quarter;
- The Patient Experience NICE standards were reviewed and updated. This was a large piece of work as evidence had to be collected from all stakeholders to support the evidence log which is required for each of the Patient Experience NICE statements;
- In September, the Patient Experience Team focused on showcasing their achievements in the last year presented at the Joint Annual Members’ Meeting with a market stall that provided visual examples of the many projects in which the team have been involved. This year’s priority has been on “Listening and Learning” and providing support for teams and individuals wishing to improve engagement with Patients and carers;
- The Patient Experience Strategy was discussed with public and members and copies distributed;
- A large Cross-Bay on-line Estates survey was sent out to over 2,500 patients in August. The survey incorporates facts and feelings in respect of several functions including environment, portering services, cleanliness, meals, etc. Results have been analysed and presented to the Estates and Facilities team;
- Customised patient experience surveys have been co designed with the bereavement team and the maxillofacial service to collect feedback; and
- The roll out of new up to date magazines across the hospitals is proving very popular. The magazines are refreshed on a monthly basis. The feedback following this introduction has been extremely positive. Waiting for an appointment can be inevitable but having a new and interesting magazine can certainly help to pass the time and therefore influence more of a positive patient experience overall.

### An organisation with a memory



During 2018, we reached out to our people, our staff, volunteers, and citizens to help the Trust understand more about the importance of remembrance at UHMBT. During these events, we used graphic recording and open space methodology to collect and coordinate people’s ideas. Remembering the past is fundamental to patient safety and one of the core objectives of safety improvement is to learn from the past to improve the future. The Trust worked with staff, citizens, and patients to develop core themes of remembrance; this work has been drawn up into a visual reference map and is starting to become an integral part of our safety improvement culture - “An organisation with a memory”.

We linked the maternity remembrance work, which is moving in a positive direction with involvement from local college students who agreed to provide the memorial statue design. Students commenced their designs ideas in autumn 2018; the statue was installed in September 2019 at Furness General Hospital.

### Patient-Led Assessments of the Care Environment (PLACE)

PLACE inspections were undertaken at Westmorland General Hospital (WGH), Royal Lancaster Hospital (RLI) and Furness General Hospital (FGH) through September and October 2019. This section provides a description of the PLACE process and summarises the scores for each site achieved against the national averages. A number of actions have already been identified following the inspections, primarily in condition, appearance and maintenance.

## PLACE Process and Changes Introduced in 2018/19

The PLACE collection underwent a national review, which started in 2018 and concluded in the summer of 2019. This review was undertaken to ensure the inspection process remains relevant and delivers its aims. Due to the significant changes made, the 2019 assessment results are not comparable on a like for like basis, to previous year collections. A summary of the changes is outlined below:

- Changes to the documentation, making the questions less open to interpretation for assessors;
- Streamlined documentation and a reduction in the number of questionnaires to complete, making the process more user friendly;
- Introduction of a mobile App for collection of electronic data (this is a voluntary requirement and paper questionnaires are still available);
- Changes to the period within which inspections should be held. Previously this was between May to June. Inspections are now held between September and November. This is due to the period that the NHS Digital collection site is open for inputting Trust data results; and
- Changes to the publication date of results, now January, rather than August.

Inspections were patient-led by their nature and cannot take place without 50% patient representation. A number of patient assessors and managers were representative across all the PLACE inspections and ensured consistency in approach and opportunity to compare environment standards across the three sites.

Trusts are given around six weeks' notice prior to PLACE inspection being required. Within this period updated guidance and questionnaires are issued to Trusts for use in the inspections. This period also enables patient representatives to be invited to participate and trained in relation to the process and familiarisation with site orientation.

Sixteen patient assessors inspected 47 wards and clinics at the 3 sites over 5 separate days. Four teams inspected the RLI over 2 days covering day and evening services. Four teams inspected FGH over 2 days covering day and evening services and 2 teams inspected WGH and covered the day service.

The number of wards inspected is determined by the number of beds the site has. Patient representatives can choose which wards to inspect on the day. Guidance advises patient representatives to choose different wards from those inspected in previous years, wherever possible. We inspected more than the requirement covering 9 wards at WGH, 16 wards at FGH and 22 wards at RLI

The teams on each site comprised patient representative, senior nurse / matron, infection control, estates and facilities management. The patient representatives included former patients, Governors and Health Watch organisations.

There were several compulsory areas that were assessed which included Accident & Emergency, outpatient areas, common areas and external areas, plus food tasting for lunch and dinner at ward level.

The number of wards on site pre-determined the number of food tastings to be completed. Detailed questionnaires were provided by NHS England to be completed at the end of each ward inspection by the team undertaking the inspection. The key domains included:

- Cleanliness and Hygiene;
- Food score (Menu range, hot & cold food choices);
- Organisation food (Food strategy);
- Ward food (actual taste, texture & temperature of food at ward level);
- Privacy, Dignity & Wellbeing;
- Condition, Appearance & Maintenance;
- Dementia; and
- Disability.



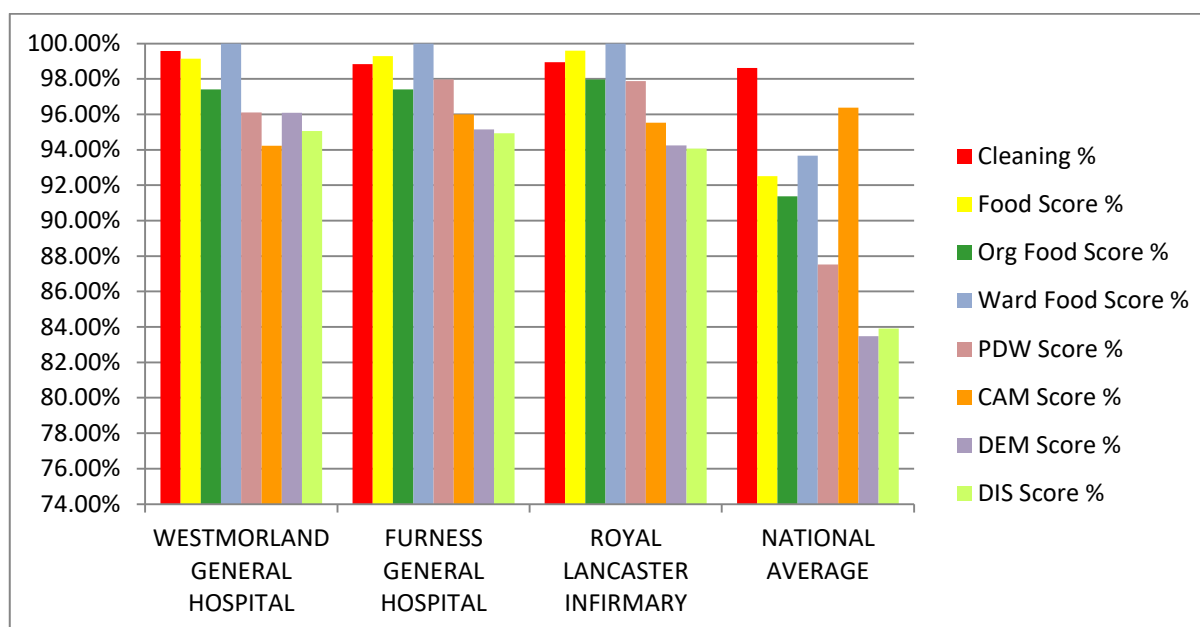
## PLACE Inspection 2019

Actions identified from the inspections were either:

- minor in their nature and shared with the relevant manager; or
- more significant rectification plans were sent to the relevant managers as well as site estate managers for their action as a programme of works or capital bid.

## PLACE Scores 2019

The national PLACE scores were recently published and the Trust achieved scores well above the national average against all the domains apart from condition, appearance & condition. This was not a surprise to the Trust as it is recognised that significant investment is required into the backlog maintenance budget.



Of particular note were the increased standards on cleanliness achieved at WGH and the 100% scores for all three sites of the quality, taste, temperature and texture of the food tasted at the end of food service at ward level for lunch and dinner. The scores achieved at all three sites demonstrate the continued hard work that Estates & Facilities Care Group added to the patient experience and to their perception of patient care regarding the environment.

The results can be found here:

<https://www.uhmb.nhs.uk/our-trust/key-publications-information/navigate/6072/71#ccm-block-document-library-6072>

## Volunteers

Over five years ago the Trust made a commitment to support and encourage voluntary activity, which not only enhances the care offered to patients but also supports staff across the Trust's hospitals, improving the lives of those within the local community.

Currently, the Trust has 350 volunteers working in over many different areas across the Trust in roles such as meet and greets, reception information desk, patient support, gardening, hospital radio, Macmillan information, chair based exercises, charity, breast feeding support, onward arts and crafts, chaplaincy and Pets As Therapy activities. We have a further 200 partner volunteers who support our organisation externally in areas such as Blood Bikers, Hospital Equipment shops and gardening clubs and the Royal Voluntary Service.

Volunteers are extremely well received by staff, patients and visitors, and reflects the strength of feeling and support for the Trust by many members of the local community. Volunteers gave assistance in two ways: either directly, or indirectly as a member of a voluntary group or local branch of a national voluntary organisation.

Voluntary Services continues to work alongside the Human Resources Department enabling it to be involved with issues around the Trust and to keep up to date regarding changes to recruitment procedures. Demand for volunteering opportunities has never been higher. Volunteers bring a wealth of experience, time, and commitment to our hospital services.

Volunteers make a unique contribution to patients, carers, and staff at the Trust. We recognise that volunteers are an essential resource that helps the Trust achieve our vision while supporting and enhancing the patient and public experience and perception of our hospitals.

Enquiries and requests continued to come in from a diverse range of people from across Cumbria and Lancashire.

The Trust is fortunate to work with the Royal Voluntary Service. The Royal Voluntary Service is continually developing and helps UHMBT to bring people together who want to help generate strong community links that work to make a difference in their local healthcare services. UHMBT have a partnership agreement with the Royal Voluntary Service to provide a chair-based exercise programme and nutritional advice to older people through group-based classes.



In June 2019 our hospital Bay Trust Radio was been presented with the Queen's Award for Voluntary Service, the highest accolade given to volunteer groups across the UK. Volunteers from the station were presented with the crystal award by Mrs Susie Bagot MBE DL – Deputy Lord Lieutenant of Cumbria. The team also received a signed certificate from Her Majesty the Queen.

The award recognised the charity for providing a vital local radio service to hospitals and the local community, entirely by volunteers who devote their time alongside employment or education. Bay Trust Radio has provided a local radio service since 1977 and broadcasts programmes 24 hours a day with a team of volunteers

from across North Lancashire and Cumbria.

John Williamson, Station President, said: "I feel extremely proud of every person involved with our radio station. To be awarded with the prestigious Queen's Award for Voluntary Service is a testament to what has been achieved by working hard, both behind the scenes and on the air, to bring the best entertainment for local people over the years. Every person involved with Bay Trust Radio is a volunteer who gives up their time to bring enjoyment to others each week. For their work to be recognised is absolutely amazing and I would like to thank them once again for their dedication."



Volunteers bring a wealth of experience, time, and commitment to our hospital and community services. They make a unique contribution to patients, carers, and staff at the Trust. We recognise that volunteers are an essential resource that help us achieve our vision while supporting and enhancing the patients' and public experience and perception of our hospitals and community health care settings. As an organisation we value the time, energy, and enthusiasm which our volunteers give to us and we recognise the important contribution volunteers make to our organisation. All volunteers are given the opportunity to join the Foundation membership, which increases steadily year on year.

## Key Achievements

The voluntary services achieved the delivery of our 2019/20 priorities. This included:

- Securing funding to continue to develop a Winter on Ward volunteer role. The service was fully funded by NHS England until 31 March 2020;
- Celebrate the successes of the Helping in Hospital project and raising the profile of hospital volunteers. We will continue to do this in the next 12 months;
- Working with the third sector partners to ensure that we can offer supported suitable volunteering opportunities;
- Continuing to establish the volunteering database to support recruitment, monitoring and communication with volunteers;
- Funding and recruitment to support community health volunteers; and
- Review of all volunteer training material, while creating the opportunity for all existing and new volunteers to attend the Trust corporate induction and or the inclusive behaviours programme.

## Looking Forward

We will continue to grow the service over the next 12 months and our priorities will be:

- Creating new volunteering opportunities;
- Demonstrating the value and impact that volunteers make to patient experience within the Trust; and
- Ensuring our service is inclusive offering volunteering opportunities for all.



Aaron Cummins  
Chief Executive

Date: 24 June 2020

## Remuneration Report

### The Role of the Remuneration Committee

The Committee establishes pay ranges, progression and pay uplifts for the Chief Executive, Executive Directors and other Senior Manager posts including their terms of employment.

### Membership of the Remuneration Committee

The membership of the Trust's Remuneration Committee comprises all Non-Executive Directors including the Chair.

The membership of the Committee during the 2019/20 financial year was as follows:

Membership of the Remuneration Committee 2019/20	
Mike Thomas (Chair of the Committee wef 02/01/2020)	Chair
Ian Johnson (Chair of the Committee until 30/11/2019)	Chair
Helen Bingley (resigned wef 31/12/2019)	Non-Executive Director
Bruce Jassi	Non-Executive Director
Neil Johnson	Non-Executive Director
Adrian Leather	Non-Executive Director
Denis Lidstone	Non-Executive Director
Liz Sedgley	Non-Executive Director
Jill Stannard	Non-Executive Director
Stephen Ward (from 01/07/2019)	Non-Executive Director

The Chief Executive and the Director of People and OD shall be invited to attend Committee meetings, although may not be present for discussion relating to their own appointment, remuneration, terms of service or other such matters.

### Committee Attendance 2019/20

Members	10/04/2019	26/06/2019	24/07/2019	21/08/2019	30/10/2019	27/11/2019	08/01/2020
Mike Thomas, Chair (Chair – wef 02/01/2020)							
Bruce Jassi, Non-Executive Director							
Neil Johnson, Non-Executive Director							
Adrian Leather, Non-Executive Director							
Liz Sedgley, Non-Executive Director							
Jill Stannard, Non-Executive Director							
Stephen Ward, Non-Executive Director (from 01/07/2019)							
Members who have resigned / term of office ended during 2019/20							
Denis Lidstone, Non-Executive Director (Term of office ended 24/06/2019)							
Ian Johnson, Chair (Chair – Resigned wef 30/11/2019)							
Helen Bingley, Non-Executive Director (Resigned wef 31/12/2019)							

Attended	Apologies	Deputy	Not commenced in post
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## Annual Statement on Remuneration from the Chair of the Remuneration Committee

During the course of 2019/20, the Committee:

- Reviewed Executive Directors' salaries;
- Reviewed levels of remuneration across the highest earning staff;
- Received a report on quarterly settlement agreements;
- Received reports on the pension tax implications;
- Received reports on the recruitment process of the Medical Director;
- Ratified the appointment of the Medical Director; and
- Reviewed the Committee's Terms of Reference and Schedule of Business.

The Committee has oversight responsibility for Settlement Agreements and during 2018/19 sought to assure itself that its arrangements were compliant with current guidance. The Trust had not entered into any exit agreements containing a non-disclosure agreement. Any Settlement Agreements the Trust has concluded have a confidentiality clause about the agreement but this clause does not in any way stop the individual from raising concerns about patient or staff safety.

During 2019/20, the Committee reviewed the Trust's Settlement Agreements and sought legal advice to provide assurance that all Trust Settlement Agreements continued to be compliant with current guidance. The Trust's current Settlement Agreements complied with current guidance and it was recommended that the addition of a letter, signed by both parties, accompanied all future Settlement Agreements which clarified that the Settlement Agreement did not prevent a member of staff from speaking up. The Committee approved this.

The Committee considered a report which set out a response to the impact of the changes to the HMRC Pension Annual and Lifetime Allowances and their resultant impact on colleagues and service. The report was developed through a collaborative working group of Lancashire and South Cumbria HR Directors and deputies. In November 2019, the Trust received a further letter from Sir Simon Stevens, which recognised the disproportionate impact of the pensions tax on the NHS given the need to provide 24/7 services coupled with staffing shortages. NHS England and Improvement committed that no clinicians (medical staff, nursing staff, AHPs and other clinicians in active roles who were members of the NHS pension schemes) that impacted as a result of the NHS Pension annual allowance would suffer a detriment. This commitment would cover all pension savings in the NHS schemes in 2019/20 (but not annual allowance tax charges falling due on pension saving outside the NHS schemes). NHSI/E confirmed that a Temporary Scheme was guaranteed and would be funded nationally. The Committee agreed to utilise the Temporary Scheme for 2019/20 and communicate the implications of Sir Simon Stevens' letter with all potentially affected colleagues. It had been agreed to immediately implement the option which would allow colleagues undertaking additional activity (including Additional Programmed Activities) to agree to "bank" the time to be taken back in a manner agreed flexibly. Nationally views were being sought on whether a review of the NHS pension scheme was required. The Workforce Committee would continue to monitor this.

### Senior Managers Remuneration Policy

Senior Managers Remuneration is determined by the Remuneration Committee with reference to national guidance, pay awards made to other staff groups through national awards and by obtaining intelligence from independent specialists in pay and labour market research. The Committee also have regard to the Trust's policies and procedures for diversity and inclusion when determining senior managers' remuneration.

Following the direction from the Secretary of State for Health relating to the level of the remuneration and benefits packages of Executive Directors (£142,500) the Committee has taken appropriate measures to ensure such salaries are publically justifiable. All appointments in excess of this level are made taking into account the importance of ensuring the Board retains the skills, knowledge and capacity for the efficient running of the Trust and the safety and care of patients. The appropriate consent from NHS Improvement are sought.

All Executive Directors are on permanent contracts. Notice and termination payments are made in accordance with the provisions set out in the standard NHS conditions of service and NHS pension scheme as applied to all staff in accordance with Agenda for Change.

A new Chair and Medical Director were appointed in 2019/20. There were no early termination payments made in the year. When the Committee undertakes the recruitment and appointment of the Executive Team it uses external recruitment companies to support the recruitment process; it reviews the structure, size and composition of the Board making recommendations for changes where appropriate.

The Committee has agreed that it will undertake further work in relation to reviewing the performance of the Chief Executive and Executive Directors and undertake a review of the remuneration, terms of service and allowances for senior managers.

The following disclosures in respect of Executive and Non-Executive remuneration are made in accordance with the Annual Reporting Manual for Foundation Trusts. In light of the General Data Protection Regulation, we sought Board members' consent to publish their remuneration details within this report. All Board members have consented.

Executive Directors' Remuneration 2018/19	Salary	Benefits in Kind	Pension Benefits	Total
	Bands of £5000	Rounded to nearest £100	Bands of £2500	Bands of £5000
Name and Title	£000	£	£000	£000
Mr A Cummins – Chief Executive	215-220	0	n/a	215-220
Mr D Walker – Medical Director	230-235	0	n/a	230-235
Ms S Smith – Executive Chief Nurse and Deputy Chief Executive	155-160	8,700	45-47.5	205-210
Mr K Griffiths – Director of Finance (from 5 June 2018)	150-155	0	12.5-15	165-170
Ms M Aubrey – Director of Governance (to 10 March 2019)	95-100	5,600	n/a	100-105
Ms F Ajayi – Chief Operating Officer	135-140	7,700	85-87.5	230-235
Mr D Wilkinson – Director of People and Organisational Development	115-120	7,000	55-57.5	180-185

Mr A Cummins, Director of Finance & Deputy Chief Executive was appointed as Chief Executive with effect from 1 April 2018. Mr K Griffiths was appointed as Acting Director of Finance between April 2018 and June 2018. He was appointed as Director of Finance with effect from 5 June 2018. His remuneration includes an element paid to his previous NHS organisation for the period of his interim role. Ms S Smith took on the role of Deputy Chief Executive with effect from May 2018. Ms M Aubrey retired from the Trust with effect from 10 March 2019.

Pension related benefits represents the benefit in year from participating in the NHS Pension Scheme. The amount is calculated by taking the full pension due to the Director upon retirement if they were to retire at 31 March 2019 and deducting the equivalent value from the amount due at 31 March 2018. This includes lump sum and annual pension entitlement and uses a factor of 20 for grossing up purposes in accordance with the HMRC method (derived from section 229 of the Finance Act 2004). Where no figures are calculated for 2018/19 the Director was not a member of the NHS Pension Scheme or has retired in year.



Executive Directors' Remuneration 2019/20 Subject to Audit Review	Salary	Benefits in Kind	Pension Benefits	Total
	Bands of £5000	Rounded to nearest £100	Bands of £2500	Bands of £5000
Name and Title	£000	£	£000	£000
Mr A Cummins – Chief Executive	210-215	0	n/a	210-215
Dr S Bari – Medical Director (from 1 September 2019)	195-200	0	72.5-75	265-270
Mr D Walker – Medical Director (to 31 August 2019)	90-95	0	n/a	90-95
Ms S Smith – Executive Chief Nurse and Deputy Chief Executive	155-160	9,900	20-22.5	190-195
Mr K Griffiths – Director of Finance	155-160	0	40-42.5	195-200
Ms F Ajayi – Chief Operating Officer	135-140	11,400	35-37.5	185-190
Mr D Wilkinson – Director of People and Organisational Development	115-120	9,300	20-22.5	145-150

Dr D Walker left the post of Medical Director with effect from 31 August 2019 and Dr S Bari was appointed to this post with effect from 1 September 2019, from within the Trust. The remuneration shown for Dr Bari includes his full annual salary inclusive of payments for clinical duties in his role as a Consultant. Remuneration for his clinical role was in the range £100,000 to £105,000 for the year.

Pension related benefits represents the benefit in year from participating in the NHS Pension Scheme. The amount is calculated by taking the full pension due to the Director upon retirement if they were to retire at 31 March 2020 and deducting the equivalent value from the amount due at 31 March 2019. This includes lump sum and annual pension entitlement and uses a factor of 20 for grossing up purposes in accordance with the HMRC method (derived from section 229 of the Finance Act 2004). Where no figures are calculated for 2019/20 the Director was not a member of the NHS Pension Scheme or has retired in year.

Pension Benefits Values Subject to Audit Review	Real increase in pension at pension age	Real increase in lump sum at pension age	Total accrued pension at pension age at 31 March 2020	Total accrued lump sum at pension age at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real increase in Cash Equivalent Transfer Value *
	(bands of £2500)	(bands of £2500)	(bands of £5000)	(bands of £5000)			
Name and Title	£000	£000	£000	£000	£000	£000	£000
Mr A Cummins – Chief Executive	0	0	20-25	60-65	310	303	0
Mr D Walker – Medical Director	0	0	70-75	220-225	1,468	1,434	0

Dr S Bari – Medical Director	2.5-5	5-7.5	45-50	95-100	823	714	62
Ms S Smith – Executive Chief Nurse & Deputy Chief Executive	0-2.5	5-7.5	55-60	175-180	1,403	1,295	54
Mr K Griffiths – Director of Finance	2.5-5	0-2.5	65-70	180-185	1,471	1,359	57
Ms E Ajayi – Chief Operating Officer	2.5-5	0-2.5	55-60	70-75	804	737	29
Mr D Wilkinson – Director of People and Organisational Development	0-2.5	0	40-45	100-105	844	785	24

Trust employees are covered by the provisions of the NHS Pension Scheme which is a defined contribution scheme and provides pensions related to final salary. Details of the scheme are included in note 1.5 of the Trust's Accounts. No payments are made to any other pension scheme on behalf of Executive Directors.

The table above details the current pension benefits of the Trust's senior managers. As Non-Executive Directors do not receive pensionable remuneration, there are no entries in respect of Non Executives. Where the Executive Director in post at 31 March 2020 is not a member of the NHS Pension Scheme, there are no pension benefits to be disclosed.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the Scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the NHS Pension Scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the Scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

\* The Real Increase in CETV does not include the effects of inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Non-Executive Directors' Remuneration 2018/19 and 2019/20	2019/20	2018/19
	Salary Bands of £5000	Salary Bands of £5000
Name and Title	£000	£000
Professor M Thomas – Chair (from 2 January 2020)	10-15	n/a
Mr I Johnson – Chair (to 30 November 2019)	25-30	40-45
Ms E Sedgley – Non-Executive Director	10-15	10-15
Mr M Jassi – Non-Executive Director	10-15	10-15
Prof N Johnson – Non-Executive Director	10-15	10-15
Mr A Leather – Non-Executive Director (from 1 May 2018)	10-15	10-15
Ms J Stannard – Non-Executive Director (from 1 September 2018)	10-15	5-10
Mr S Ward (from 1 July 2019)	5-10	n/a
Ms H Bingley – Non-Executive Director (to 31 December 2019)	5-10	10-15
Mr D Lidstone – Non-Executive Director (to 24 June 2019)	0-5	10-15
Ms H Denton – Non-Executive Director (to 24 June 2018)	n/a	0 - 5

There are no benefits in kind or pension related benefits in respect of Non-Executive Directors.

#### Director Expenses 2019/20

Name and Title	2019/20
Non-Executive Directors	(£)
Professor M Thomas – Chair	858.95
Mr I Johnson – Chair	1,828.72
Ms H Bingley – Non-Executive Director	789.53
Mr M Jassi – Non-Executive Director	3,073.45
Mr Neil Johnson – Non-Executive Director	273.00
Mr A Leather – Non-Executive Director	0
Mr D Lidstone – Non-Executive Director	592.54
Mrs E Sedgley – Non-Executive Director	2,100.29
Ms J Stannard – Non-Executive Director	2,272.09
Mr S Ward – Non-Executive Director	1,996.52
Executive Directors	(£)
Mr A Cummins – Chief Executive	4,515.28
Mrs F Ajayi – Chief Operating Officer	4,762.72
Dr S Bari – Medical Director	3,472.93
Mr K Griffiths – Director of Finance	4,234.00
Ms S Smith – Executive Chief Nurse and Deputy Chief Executive	2,651.42
Mr D Wilkinson – Director of People and Organisational Development	3,299.30
Mr D Walker – Medical Director	920.51
<b>Total Sum of Expenses</b>	<b>37,641.25</b>

#### Director Expenses 2019/20

Total number of Directors in office	Number of Directors receiving expenses	Total Sum of Expenses
17	17	£37,641.25

## Fair Pay Multiples

The Trust is required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of the workforce.

The mid-point of the banded remuneration of the highest paid director in the financial year 2019/20 was £212,500. This was 7.5 times the median remuneration of the workforce, which was £28,400. In 2018/19 the mid-point was £212,500 which was 7.5 times the median remuneration of £28,400.

Calculations are based on the full time equivalent of all staff in post at 31 March and salaries have been annualised. Total remuneration of the highest paid director includes salary and benefits in kind. It does not include employer pension contributions or the cash equivalent transfer value of pensions and also excludes any severance payments.

During the year 10 employees received remuneration in excess of the highest paid director. A total of 11 employees received higher remuneration during 2018/19.

Remuneration ranged from £17,000 to £292,000 for 2019/20. The range of remuneration for 2018/19 was between £16,000 and £257,000.



Aaron Cummins  
Chief Executive

Date: 24 June 2020

## Staff Report

### Sickness Absence and Attendance

The Trust continues to implement a supportive, proactive and people-centric approach to managing attendance, shifting the focus away from merely tackling sickness absence to delivering individualised support for colleagues to aid their return to work by providing a range of supportive interventions that will assist their early return to work, or help colleagues to remain in work

The Trust provides monthly updates to the Board outlining work within the Care Group teams, focusing on increasing attendance and a number of interventions, including the identification of remain “hot spots” of high absence across a number of Care Group and specific interventions across workforce and occupational health and wellbeing have been put in place to support these areas.

In addition, the Trust has made investments into preventative measures and campaigns to develop staff resilience, providing colleagues with advice, guidance and tips on how they can stay healthy and well over the winter period; and includes a focus on mental health, flu vaccination and physical wellbeing.

Sickness absence data is published on an annual basis by NHS Digital and can be found on the following website:

<https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates>.

### Improving the Experience of Colleagues with a Disability

There has been a significant amount of progress across Inclusion & Diversity for all protected groups, with UHMB now regarded as a leader in the field of inclusion and diversity. The Trust has been placed in the top 10 in the Top 50 Inclusive Employer awards for the last three years.

Working in partnership with an active Disability Staff Network (finalists in the Inclusive Employers Network of the Year Award) the Trust has in place policies and procedures which support colleagues with a disability. All policies undergo an equality impact assessment, and the Trust continues to maintain its status as a Disability Confident Employer with a guaranteed interview scheme for people with a disability.

The Disability Staff Networks were invited to share their journey at the first NHS Disability Summit where they presented a short film which can be accessed via:

<https://www.youtube.com/watch?v=8wpFJJRx6E>.

With a locally developed disability equality standard now replaced by the National NHS Disability Equality Standard, the Trust's progress is measured annually in relation to a wide range of colleague experience metrics. Annual improvement plans are agreed by the Trust Board and key developments include:

- the launch of a Disability Leave Policy;
- the launch of a Colleague Health Passport;
- Widening participation pre-employment programmes, including supported internships for students with learning disabilities and graduate placement through the Leonard Cheshire Change 100 internship programme; and
- Developing the confidence, through resources and advice in making reasonable adjustment.

### Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees

The Trust communicates regularly to staff on matters that concern them through multiple channels:

- Weekly Trust news eBulletin;
- Chief Executive's Message;
- Internal website;
- Specific emails on urgent matters;

- Staff management briefings and cascade via managers;
- Posters and notices in staff areas; and
- Regular Union and HR meetings;

#### **Actions taken in the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests**

- Monthly PNCC (Partnership Negotiating and Consultative Committee) between Union representatives and HR leadership;
- JWG (Joint Working Group), between staff-side and management also meets monthly to discuss issues arising from either side;
- Monthly Tea and Talk sessions across sites with the CEO and other Executives have led directly to numerous changes and improvements from staff suggestions; and
- In 2019/20 the Trust also undertook a large scale listening exercise to develop its Colleague Experience Strategy (CES), which is now at implementation phase and will continue into 2020/21. Over 500 colleagues were consulted on which areas the Trust should focus on to improve colleagues' day to day experience. Progress against the CES is detailed in a separate section below.

#### **Actions taken in the financial year to encourage the involvement of employees in the NHS foundation trust's performance**

This year the Trust delivered five days of improvement skills training to almost 200 staff through the quality, service improvement and redesign programme. The programme aims to ensure that all areas of the Trust have individuals trained to make service improvements. These improvements contribute to quality, performance, and financial objectives. Each participant has completed at least one improvement project as part of the course.

- The Trust's 'War on Waste' campaign has resulted in hundreds of suggestions from staff on savings that can be implemented. Many of these have led directly to savings that contribute to the Trust's financial position and cost improvement targets;
- The Trust's leadership development programmes all aim to improve levels of management and colleague collaboration that contributes to performance and engagement;
- Annual staff appraisals set clear objectives for teams and individuals and colleagues are asked to reflect with their manager on their contribution toward performance and quality; and
- Senior manager appraisals have been rescheduled in 2019/20 so that they all take place within the first quarter of the year. This enables clearer direction and team performance objective setting from the outset for all staff.

#### **Occupational Health and Wellbeing**

The occupational health and wellbeing team support colleagues across the Trust to remain well. Their work includes the Flourish campaign and well-being campaigns and providing support for attendance, in particular stress and musculoskeletal cases.

The Trust has an Attendance Management at Work Policy that focuses on supporting individual colleagues who are absent from work, with the emphasis on individualising their support to enable their return to work. It is recognised that the highest reasons for absence are:

- Stress / anxiety / depression; and
- Musculoskeletal.

The occupational health and well-being team service includes both physiotherapy and talking therapies to respond to the need for support in these areas. In addition the Trust #Flourish campaign promotes pro-active personal health management with support across four key interlinked and supporting health areas (Move More, Healthy Heart, Mindfulness and Nourish). The #Flourish campaign aims to both educate and support colleagues in the benefits of maintaining a healthy lifestyle with a view to influencing the wider community to respond to the Public Health messages and agenda.

The occupational health and wellbeing service is a multi-disciplinary team with a consultant physician and nurse led service. The service includes physician interventions, specialist occupational health nurses / advisers, physiotherapist who specialise in musculoskeletal (MSK) conditions, therapist that specialise in person centred counselling / hypnotherapy, cognitive behaviours therapy. The service is offered to the Trust to support colleagues across all 3 sites.

The services offered range from pre-employment screening and assessment of fitness to work following illness or injury, healthy lifestyle checks to supportive therapeutic interventions and physiotherapy. This enables the Trust to respond to, and support, colleagues with health and wellbeing concerns and assists in reducing the current absence rates. Key areas of focus for the occupational health and wellbeing service are the two main drivers of absence, namely musculoskeletal and stress related absences in addition to supporting colleagues with other absences and providing preventative interventions (for example menopause courses, blood pressure initiatives, Man-Sheds men's health courses).

The Department has also maintained its SEQOHS - Safe Excellent Quality Occupational Health Service accreditation in year. The Trust gained accreditation initially in 2014 and has successfully renewed it each year since, with the most recent assessment having taken place in January 2019. It is very positive to note that the SEQOHS assessors provided the occupational health service with excellent feedback, in particular complementing the continuous improvements being made year-on-year. The Trust has for the 6th year running achieved the national target for 75% of front line staff to be vaccinated against flu.

### Flourish

The occupational health and wellbeing service has played a key role in the re-design of the #Flourish Strategy as part of the Colleague Experience Strategy development in 2019/20. The focus has been the re-launch of the #Flourish Campaign, which allows for a number of supportive interventions and educational promotions that will support a variety of Public Health interventions, for example healthy heart, mental health, benefits of regular exercise and healthy eating habits which contribute to a reduction in diabetes etc.

### NHS Staff Survey 2019

This year, the Trust achieved 52% response rate with over 3400 employees responding – this was an increase of 13% on 2018 and provides the most comprehensive data set of colleague experience at UHMB.

The national report provides a benchmarked analysis of UHMB to other acute and community NHS Trusts against 11 themes. Of these, the Trust is above average in 7, average in 1 and below average in 3.

In previous years the Trust has been in the Acute Provider category but since the integration of community services and acute services in 2018 it is now benchmarked in the Acute and Community Trust category. Therefore we are unable to provide benchmark comparisons for the previous two years.

Themes where the Trust is above average are:

- Equality and diversity;
- Employee health and wellbeing;
- Immediate manager;
- Morale;
- Quality of appraisals;
- Safety culture;
- Staff engagement;
- Safe environment; and
- Violence

Themes where the Trust is below average are:

- Safe environment;
- Bullying and harassment; (see below for further information on the response of the Trust);

- Safety culture (deterioration in year); and
- Staff engagement (deterioration in year).

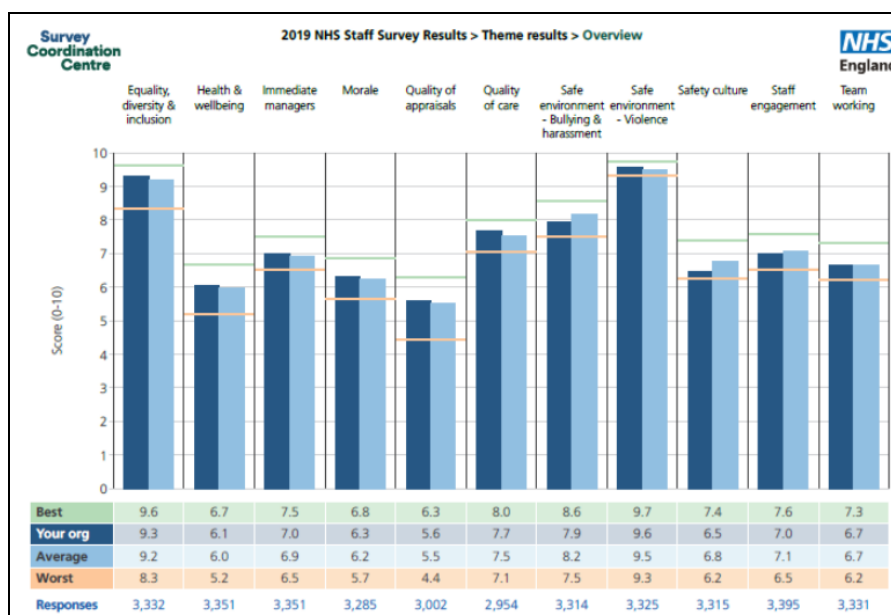
At question level, there were statistically significant improvements in 6 questions, statistically significantly deterioration in 14 questions (the other 70 remained the same). Improvements have been in immediate managers communicating, supporting, and feeding back. The most significant areas of deterioration since 2018 relate to the theme of Safety Culture, including big shifts in confidence in raising concerns and feeling that they would be dealt with effectively.

It is pleasing to note that in the year that the national Workforce Disability Equality Standard was launched that more disabled colleagues reported that the organisation has made adequate reasonable adjustments to enable them to carry out work (increasing from 73% to 78%). This has been an area of agreed improvement focus for the Trust Disability Staff Network and is positive to see the impact, ahead of further scheduled improvements through the launch of a new Disability Leave Policy and Colleague Health Passport.

The over-riding feedback on safety culture requires a considered, collaborative and robust response, including proactively reaching out and listening to colleagues to understand why there has been such a fundamental shift in feedback in 2019.

Two major priorities therefore emerge from the national benchmarking and in-year shifts:

- Building a safety culture; and
- Building a positive employment culture.



It is evident from the results received so far, that whilst the significant progress of recent years has continued / improved further, in the majority of areas, the feedback from colleagues in the theme relating to safety culture requires a considered, collaborative and robust response. This will include proactively reaching out and listening to colleagues to understand why there has been this shift in experience.

From a Trust-wide perspective, the results reinforce the feedback from colleagues given as part of the Colleague Experience Strategy development – particularly the findings linked to the experience of colleagues in relation to bullying, harassment and abuse. The development of systems for raising concerns is already articulated as a People and Organisational Development priority and these results highlight the importance of getting this right for colleagues as quickly as possible.

Getting underneath the survey data, other areas of the Colleague Experience Strategy delivery plan in 2020/21 will be significantly influenced by the 2019 results including:

- Delivery of the Talent management approach (particularly appraisals) and inclusive leadership; and
- Delivery of the employee health and wellbeing approach (particularly rest breaks).

During February and March the results are being shared across the Trust, engaging with colleagues regarding what they mean and helping to understand progress against existing priorities, identification of any adjustments, or change of approach required and to respond to emerging themes / new areas for focus. This includes:

- Leadership team meetings;
- Care Group meetings and engagement events;
- Team Brief; and
- A multimedia communications campaign.

Delivery of the Trust's Colleague Experience Strategy and The Trust's Health and Well-being policy should contribute to improvements in the NHS Staff Survey result.

### Colleague Experience Strategy

The Colleague Experience Strategy is an essential element of the Trust's strategic aim to create a great place to work; a great place to be cared for. It was co-produced through extensive engagement with colleagues across the Trust and set out to create a positive culture where every colleague feels valued, included and respected through leadership, engagement at all levels and building a social movement around the belief that every individual matters.

The Trust's ambition within the Colleague Experience Strategy is to continually improve colleague experience at UHMB. One of the key measures for this is looking at how UHMB performs in the NHS Staff Survey.

Our aim, year on year, is to maintain or improve, at statistically significant levels, scores in all of the 10 themed areas in the national benchmark report for the Trust (each themed area is scored in the same way).

The agreed priorities for 2020-22 are:

Statistically significant improvements in the theme related to Bullying and Harassment with specific improvements in relation to:

- 50% of respondents to report a change for the better in the Trust's approach to tackling bullying and harassment by March 2021 (rising to 66% in 2022);
- Statistically significant reduction in the number of employees experiencing bullying, harassment or discrimination by colleagues by March 2022;
- Statistically significant reduction in the number of employees experiencing bullying, harassment or discrimination by line managers by March 2022; and
- Safety Culture Theme to improve to 2018 level by March 2022.

These measures will be monitored (and revised) on an annual basis thereafter.

Actions taken as part of the strategy include:

### Leadership Development

- Development programme 30 clinical leads and aspirant leads;
- Leadership Framework formulated and utilised in annual succession planning process;
- Leadership apprenticeships at Level 3, 5 and 7; and
- Extensive on-line guidance resources on dealing with bullying and harassment published and shared widely.

Impact in Year: NHS Staff Survey scores for all manager related questions have increased since 2018 by an average of 2.3%. All seven questions score higher than peer organisations, and five are statistically significant differences.



## Talent management and succession planning

- Succession planning matrices in place for Executive Directors, Care Group Leadership Teams, Corporate Leadership Teams and critical roles;
- Revised band 8a and above manager appraisal now collects development needs and readiness to progress based on a leadership framework; and
- 98% Appraisal completion for Bands 8a+ with management responsibilities.

Impact: Succession plans used to identify cohort for NHS High Potential Scheme; Utilisation for allocation of NWLA Leadership development opportunities.

## Behaviours at Work

Work was developed following consultation with colleagues and is overseen by the Chief Executive-led Bullying and Harassment Joint Working Party (renamed the Behaviours at Work Joint Working Party in January 2020). It focuses on four work streams: Systems & Processes; Culture & Engagement; Learning; Emergent Themes.

Progress in 2019/20:

- 72-hour standard response to initial Behaviours at Work related contact across all reporting channels;
- Occupational Health and Wellbeing process clearly flags behavioural concerns;
- Communications with colleagues to promote the 'Civility Saves Lives' campaign;
- Early Resolution Policy (Behaviours at Work) ensuring best practice approach with a focus on early resolution and local ownership of support and action;
- Information and guidance to help colleagues raise concerns about behaviours and reach out for advice and support;
- 'Behaviours at Work' intranet portal with policy, resources, staff stories and skills development; and
- Learning and OD: Half day Inclusive Behaviours Workshop for over 1600 colleagues; Assertion Skills (473 attendees); All staff eLearning (98% compliance; Acceptable Behaviours interactive sessions (300+ participants) Respect Champion training: (16 people); Reverse Mentoring programme with BME colleagues mentoring Executive and Non-Executive Directors; Organisational Development support to 25 teams.

## Health and Safety

The Trust's health and safety management system is integral to the governance processes across the organisation and health and safety assurance is provided to the Trust Board via the Health and Safety Committee which is a sub-committee of the Quality Committee. There is a high level of staff engagement which is driven through 228 Health and Safety, Reps and Champions across all Care Groups.

In addition to business as usual, main areas of focus for 2019/20 have been:

- The continued integration of the community services, ensuring 100% of health and safety policies and procedures have been aligned;
- Support for ward managers in the understanding and management of COSHH in their areas. 66% of ward and clinical departments have received a COSHH Managers Support visit;
- 100% of ligature risk assessments for in-patient areas have been undertaken or refreshed this year;
- Management of 730 Lone Worker Devices requiring registration, training, resolution of problems and administration including monthly invoice management; a
- The health and safety audit plan has been met (8 Trust wide audits with minor adjustments to accommodate COVID-19 in March);
- A review of training for Bank staff has been undertaken to provide stronger assurance around their manual handling competence;



- The annual review of Safe Sharps and COSHH procurement has ensured appropriate risk assessments and controls are in place; and
- Health and safety training (manual handling, risk assessment, Display Screen Equipment Assessors, Health and Safety Reps and Champions) has been delivered.

#### Trade Union Facility Time and Trade Union Time

##### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
31	26

##### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	11
1-50%	14
51%-99%	2
100%	4

##### Percentage of pay bill spent on facility time and trade union activity

Total cost of facility time	£145,622
Total pay bill (including agency and bank)	£302,554,000
Percentage of the total pay bill spent on facility time	0.05%
Percentage of Facility Time spent on trade union activity	28.9%

## Staff Costs

2019/20			
	Permanent £000	Other £000	Total £000
Salaries and wages	223,137	9,758	232,895
Social security costs	20,053	921	20,974
Apprenticeship levy	1,019	112	1,131
Employer contributions to NHS Pension Scheme	36,630	1,683	38,313
Temporary staff – agency	0	10,588	10,588
Total staff costs of which	280,839	23,062	303,901
Cost capitalised as part of assets	1,342	5	1,347
2018/19			
	Permanent £000	Other £000	Total £000
Salaries and wages	205,170	9,625	214,795
Social security costs	18,751	919	19,490
Apprenticeship levy	827	134	961
Employer contributions to NHS Pension Scheme	23,552	1,166	24,718
Temporary staff – agency	0	15,063	15,063
Total staff costs of which	248,120	26,907	275,027
Cost capitalised as part of assets	990	68	1,058

## Average number of Colleagues Employed

Average number of people employed	2019/20		
	Permanently Employed	Other	Total
	Number	Number	Number
Medical and dental	585	39	624
Administration and estates	1,295	30	1,325
Healthcare assistants and other support staff	1,213	161	1,374
Nursing, midwifery and health visiting staff	1,823	105	1,928
Scientific, therapeutic and technical staff	627	30	657
Healthcare science staff	216	3	219
Total	5,759	368	6,127
Average number of people employed	2018/19		
	Permanently Employed	Other	Total
	Number	Number	Number
Medical and dental	533	59	592
Administration and estates	1,231	33	1,264
Healthcare assistants and other support staff	1,193	178	1,371
Nursing, midwifery and health visiting staff	1,686	126	1,812
Scientific, therapeutic and technical staff	570	32	602
Healthcare science staff	210	2	212
Total	5,423	430	5,853

Of the above there were 26 staff (Whole Time Equivalent) engaged on capital projects during 2019/20 (19 WTE staff engaged on capital projects during 2018/19).

The Trust employs bank staff and engages agency staff for temporary assignments and these are shown within the appropriate staff categories under the other staff heading. A total of 290 bank staff and 78 agency staff (2018/19, 304 and 126 respectively) were employed on average during the year.

### Gender split

	Male	Female
Directors	4	3
Other senior managers (8a+)	69	149
Employees (permanent)	1144	4983

As part of the Staff Report in the Annual Report the Trust is required by the Annual Reporting Manual to report on:

- Off Pay Roll Engagements;
- Exit packages; and
- Consultancy Expenses.

### Off Pay Roll Engagements

As part of the annual review of tax arrangements of public sector appointees published by the Chief Secretary to the Treasury on 23 May 2012, Foundation Trusts are required to publish information in relation to the number of off-payroll engagements. There were no off payroll engagements during 2019/20.

### Exit Packages

There were no termination benefits paid to employees or Directors during 2019/20 or during 2018/19.

### Consultancy Expenditure

Consultancy Services Expenditure	Value
Clinical Investigations	£98,000
Workforce Support	£97,000
Total	£195,000

## Audit Committee Report

### The Role of the Audit Committee

It is a requirement for every NHS Board to establish an Audit Committee which reflects not only established best practice in the public and private sectors, but also the constant principle that the existence of an independent Audit Committee is a central means by which a Board of Directors ensures effective internal control arrangements are in place. In addition the Audit Committee provides a form of independent check upon the executive arm of the Board.

The Audit Committee of the Foundation Trust operates in accordance with the Terms of Reference set for it by the Board which were reviewed in March 2019 and again in January 2020 to reflect the latest edition of the NHS Audit Committee handbook and the findings of an external governance review carried out by Deloitte during 2019/20.

The key responsibilities are set out in the Terms of Reference, but the main priorities of the Committee are:

- Governance, Risk Management and Internal Control;
- Oversight of the work of Internal Audit;
- Oversight of the work of External Audit;
- Financial reporting;
- Oversight of the work of the Anti-Fraud Service; and
- Other functions delegated by the Board.

### Membership of the Committee

The Audit Committee membership includes a Non-Executive Director as the Chair; and all other Non-Executive Directors on the Board of Directors (excluding the Chair of the Board of Directors). All members have full voting rights at the Committee.

The membership of the Committee during the 2019/20 financial year was as follows:

Membership of the Audit Committee	
Liz Sedgley	Non-Executive Director (Chair)
Helen Bingley (resigned wef 31 December 2019)	Non-Executive Director
Bruce Jassi	Non-Executive Director
Neil Johnson	Non-Executive Director
Adrian Leather	Non-Executive Director
Denis Lidstone (Term of Office ended 24 June 2019)	Non-Executive Director
Jill Stannard	Non-Executive Director
Steve Ward (from 1 July 2019)	Non-Executive Director

Standing invitations to attend Audit Committee meetings have been extended to the:

- Deputy Chief Executive;
- Director of Finance;
- Director of Governance;
- Head of Financial Services;
- Internal Audit representatives;
- Local Anti-Fraud Specialist;
- External Audit representatives;
- Deputy Director of Finance
- Head of Financial Services;
- Company Secretary and;
- Trust Board Administrator.

In the current year the Committee specifically invited attendance from the Director of Operations (Community) and the Chief Pharmacist.

### Overview of the Work of the Committee

The work of the Committee during the year has covered a wide range of areas and topics in order that it can provide assurance to the Board of Directors. The main aspects of this work are outlined in the following paragraphs.

In the course of 2019/20 there were no significant issues that the Committee had to consider in relation to operations and compliance.

In respect of the financial statements consideration was given to the value for money conclusion and the going concern position. The Committee took advice and assurances from the Director of Finance regarding the financial position of the Trust and the ongoing work he was sponsoring with NHS Improvement / England.

The Committee developed its internal and external audit programme following a risk based approach and the Committee has considered several key issues through the presentation of the external audit plan and discussions with the Trust's internal and external auditors. Further information is given below.

### Annual Accounts and Annual Report 2018/19

Through the NHS Foundation Trust Annual Reporting Manual 2018/19, NHS Improvement advised that the submission deadline for the production of NHS Foundation Trust Annual Accounts and Report for 2018/19 was 29 May 2019. As the Board of Directors' meeting was scheduled to take place on 29 May 2019, the Audit Committee and an extraordinary Board of Directors' meeting took place on 24 May 2019 to allow the accounts and annual report to be presented and approved before the submission deadline of 29 May 2019. The Board of Directors considered the Annual Report and Accounts including the Quality Report and was satisfied with the content and formally recommended the Board of Directors adopted them.

### Internal Control & Risk Management Systems

At each meeting the Audit Committee considered reports from its internal and external auditors, and the Anti-Fraud Specialist.

The Deputy Chief Executive and the Company Secretary provided regular updates on corporate governance and risk management.

### External Audit

During 2019/20, the Trust's audit contract was undertaken by Grant Thornton UK LLP who were reappointed as the Trust's auditors with effect from 2017/18. As part of the work undertaken to develop the Annual Work programme for the External Audit Team, the Committee reviewed the effectiveness of the service and the level of fees payable.

The Audit Committee reviewed the work and findings of external audit by:

- discussing and agreeing the nature and scope of the Annual Plan, and the letter of engagement;
- discussing and agreeing the audit fee; and
- receiving and considering reports derived from the Annual Plan.

The External Audit contract is due to expire in 2020/21 and the Audit Committee with the Governors' Auditor Appointments Committee will undertake a process to review the approach to the appointment or-reappointment of the external audit services.

Auditor's remuneration amounted to £61,000 during the year all of which relates to the statutory audit function. Due to COVID-19, audit work on the Trust's Quality Accounts has been removed from the audit requirements for 2019/20.

Grant Thornton UK LLP is also engaged to provide external audit for Bay Hospitals Charity. Fees of £2,000 will be paid by the Charity in relation to this service for 2019/20.

## Internal Audit

The Audit Committee reviewed and considered the work and findings of internal audit by:

- discussing and agreeing the nature and scope of the Annual Plan;
- receiving and considering progress reports throughout the year from the internal auditor at each Audit Committee meeting;
- receiving and considering reports derived from the Annual Plan; and
- receiving the Head of Internal Audit's annual opinion on the Trust's system of internal control.

Set out below is the 2019/20 work programme delivered by Internal Audit:

Review Title	Assurance Level
	High/Substantial/Moderate/Limited/No
Consultant Job Planning	Substantial
Care Quality Commission Action Plan – Part 1 Review	Substantial
Key Financial Systems	Substantial
Serious Incidents	Substantial
Data Security and Protection Toolkit	Substantial
Agency Staffing	Moderate
Waiting Lists and Follow-Up Appointments	Moderate
Staff Training	Moderate
Conflicts of Interest Part 1 Review	Partial Compliance
Payroll Overpayments	Not applicable

## Anti-Fraud

The Trust's anti-fraud service is provided by the Mersey Internal Audit Agency. The Anti-Fraud Specialist is required to attend the Committee and during the year the Committee received regular progress reports.

## Managing Conflicts of Interest in the NHS

The Committee received reports on how the Trust had adopted guidance from NHS England on managing conflicts of interest in the NHS which came into force from 1 June 2017. These included:

- Actions taken by the Trust to implement the new policy;
- Approval of Conflicts of Interest Policy for the Trust;
- Feedback from audits undertaken by Mersey Internal Audit Agency (MIAA) including a review from the Anti-Fraud Specialist;
- Progress made against the recommendations made by MIAA;
- Implementation of a digital solution called MES Declare to provide a digital platform for declaring and managing conflicts of interests across the Trust.

The Managing Conflicts of Interest Policy was updated to include details of MES Declare in April 2019. The Policy remained consistent with the national requirements and followed the Model Policy provided by NHS England. Although the new requirements apply to staff band 8c and above, the Trust decided locally to apply the requirements to staff band 8a and above, together with procurement and medicines management staff members.

As part of the internal audit plan for 2019/20 MIAA undertook a further review of conflicts of interest. Through the deployment of MES Declare, the Trust had a stronger process to record and publish

conflicts of interest in accordance with the Conflicts of Interest Policy. In the light of the deployment of MES Declare, the Committee agreed to the review being undertaken in two stages:

- An initial review to ensure the deployment of MES Declare helped to ensure a strong process for the recording and publishing of conflicts of interests in accordance with the Conflicts of Interest Policy; and
- To undertake a further review once the Trust has had the opportunity to fully deploy MES Declare and to carry out additional testing to provide assurance on how conflicts of interest are being managed. This is likely to cover procurement decisions including capital, training, manager authorisation and identifying and managing non-compliance.

The Committee received reports on the response to the findings of the initial review. To strengthen the assurance process for recording conflicts of interest, a report is presented to each meeting of the Board of Directors and its Assurance Committees with details of member's declarations. All Terms of Reference had been updated to reflect that at the start of each meeting, any conflicts of interest / potential conflicts of interest were declared. The Terms of Reference also set out the actions required if there were any conflicts of interest declared.

In addition, further work had been undertaken to embed staff understanding of the declaration of gifts and hospitality. A poster had been developed which had been shared with staff and senior managers for roll out across the organisation. In the lead up to Christmas, all staff registered on the MES Declare system received notices via email to prompt the declaration of gifts or hospitality received. The Weekly News was also used to publish a reminder to all staff regarding gifts and hospitality.

The second stage of the MIAA review of Conflicts of Interest would be conducted in quarter 4 of 2019/20.

### **Fit and Proper Person Test**

The Committee received reports on the application of the Fit and Proper Persons Test (FPPT) to provide assurance of the checks carried out at the recruitment and selection stage and the arrangements for on-going compliance with the requirements of the FPPT.

In July 2018, the former Minister of State for Health, Stephen Barclay MP, commissioned Tom Kark QC to review the scope, operation and purpose of FPPT. The review looked in particular at how effective the FPPT is in preventing unsuitable staff from being redeployed or re-employed in the NHS. The review was recommended by Dr Bill Kirkup in his report into Liverpool Community Health NHS Trust in February 2018.

The Kark Review identified a range of issues with the test and the way it is interpreted and applied. The review concluded that the FPPT did not do everything that it held itself out to do and was regarded by some as a distraction or a tick box exercise, with no real effect on patient care or safety. It did not ensure directors were fit and proper for the post they hold, and it did not stop people who were unfit from moving around the system.

The review concluded that a system had to be devised to ensure that those who took on the role of senior management at Board level in the NHS were equipped with the skills necessary to undertake that important function; that they could be critically assessed to ensure they had those skills; that such assessment was continuous throughout their career; that they could be supported where appropriate to improve their skills; that they were supported and received further training if things went wrong or if they were found not to have all the skills necessary.

During the CQC Inspection in November 2018, Inspectors tested the FPPT arrangements in place at the Trust and concluded there were some discrepancies within the fit and proper person files which were predominantly because the Trust was working on two systems.

Mersey Internal Audit (MIAA) undertook a review of the effectiveness of the Trust's arrangements and whilst checks were made at the recruitment and selection stage and there was strong evidence of ongoing checks, MIAA identified areas for improvement including a robust application of the Fit and Proper Persons checks to improve the process of carrying out pre-employment checks and record keeping.



Taking into consideration the CQC report and the MIAA review to improve the robustness of the processes used by the Trust, the Fit and Proper Persons Policy was revised and a Standard Operating Procedure introduced to ensure the Trust had robust systems in place. The outcomes of the appraisal process would be used to measure on-going competence to perform the role. The Committee approved both the revised policy and the introduction of the Standard Operating Procedure.

### External Governance Review

At the Board of Directors' meeting in September 2019, the Board approved the 7 key areas of focus which would be led by the Executive Team with oversight from the Audit Committee:

- Strengthening the Annual Planning Process;
- Ensure the Board focuses on key priorities and areas of greatest risk;
- Improving the effectiveness of the Board Committees;
- Improving the effectiveness of the Council of Governors;
- Strengthening the approach to Performance Management including data quality;
- Ensure risk drives the business of the Trust; and
- Streamlining the clinical and corporate governance architecture.

The Committee received regular reports to give further detail on the work programmes that had been developed.

### Working with Other Committees

The Audit Committee works closely with the Assurance Committees. This approach has ensured that the Audit Committee obtains assurance on key clinical and safety issues.

### Committee Effectiveness and Looking Ahead to 2020/21

As the integrated care partnership in Morecambe Bay progresses during 2020/21, the Audit Committee will play a significant role in supporting the governance arrangements of partnership working.

Looking ahead into 2020/21, the Committee will continue to carry out its duties to provide the necessary assurance to the Board of Directors.

## Compliance with UK Corporate Governance Code and Disclosure Set Out in the NHS Foundation Trust Code of Governance

The creation of Foundation Trusts led to the introduction of a framework for corporate governance, applicable across the Foundation Trust Network.

To ensure compliance NHS Improvement has produced the NHS Foundation Trust Code of Governance. This code consists of a set of principles and provisions to ensure that Boards operate to the highest levels of corporate governance.

The Board of Directors has taken actions to comply with the Code, and where appropriate established governance policies that support the delivery of corporate governance.

Further information is contained in the Constitution of the Trust and throughout this Annual Report

Foundation Trusts are required to report against this Code each year in their Annual Report on the basis of either comply with the Code provisions or an explanation where there is non-compliance.

The Board of Directors considers that, throughout the 2019/20 reporting year, the Trust has applied the principles and met the provisions and the requirements of the NHS Foundation Trust Code of Governance with no exceptions. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance code issued in 2012.

Full details can be found at Annex I

## NHS England and NHS Improvement's (NHSE/I) Single Oversight Framework

### Performance against NHSE/I Single Oversight Framework

The NHSE/I Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

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

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

Each trust is segmented into one of the following four categories:

Segment	Description
1	Providers with maximum autonomy: no actual support needs identified across the five themes. Lowest level of oversight; segmentation decisions taken quarterly in the absence of any significant deterioration in performance.
2	Providers offered targeted support: support needed in one or more of the five themes, but not in breach of licence and / or NHS Improvement considers formal action is not needed. Targeted support as agreed with the provider to address issues identified and help move the provider to Segment 1.
3	Providers receiving mandated support: significant support needs and is in actual or suspected breach of the licence, but is not in special measures. Mandated support as determined by NHS Improvement to address specific issues and help move the provider to segment 2 or 1.
4	Providers in special measures: the provider is in actual or suspected breach of its licence with very serious/complex issues. Mandated support as determined by NHS Improvement to minimise the time the provider is in special measures.

The Trust has a single oversight framework segmentation of 3 which means the Trust is receiving mandated support for significant areas identified. Further information regarding this can be found in the Trust's Annual Governance Statement. This segmentation information is the Trust's position as at 31 March 2020. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website which can be accessed via <https://improvement.nhs.uk/resources/single-oversight-framework-segmentation>.

## Care Quality Commission Hospital Inspection

A CQC Unannounced Core Service Inspection of the Trust took place mid November 2018. This was followed by a Use of Resources Assessment late November 2018. This was led by NHS Improvement (NHSI) and consisted of a day of interviews with members of the Board and senior operational teams. There was an announced CQC 'Well-led' inspection in December 2018. The final CQC Quality Report was published in May 2019.

The CQC rated the services provided by the Trust as Requires Improvement overall. Previously it was rated Good. The Trust was rated as Requires Improvement for being safe, responsive and well-led and Good for being effective and caring. A team of CQC inspectors assessed three core services: urgent and emergency care, surgery and medicine. They also looked specifically at management and leadership to answer the key question: Is the Trust well-led? While the overall rating for Royal Lancaster Infirmary fell to Requires Improvement, Furness General Hospital and Westmorland General Hospital remained rated as Good overall.

The CQC also published the Trust's Use of Resources (UoR) report, which is based on an assessment undertaken by NHS Improvement. The Trust was rated as Inadequate for using its resources productively. The combined rating for the Trust, taking into account CQC's inspection for the quality of services and NHSI's assessment of Use of Resources, is Requires Improvement.

Following the publication of the CQC Quality Reports the Trust developed a new CQC Hospital Improvement Plan which incorporated all the Trust Wide and Care Group Must and Should Do actions which were identified as areas for improvement within the CQC Quality Reports. The Improvement Plan was presented to the CQC on 12 June 2019. Throughout 2019/20, the Board of Directors received monthly reports on the CQC Hospital Improvement Plan identifying any exceptions or areas of concerns.

The CQC published the final quality reports and ratings on their website which can be visited at [www.cqc.org.uk](http://www.cqc.org.uk).

Details of the Trust's Improvement Plan can be found on the Trust's website <https://www.uhmb.nhs.uk/our-trust/cqc-inspections>

During December 2019, there was an unannounced focused inspection in Women and Children's including maternity and services for children and young people. This was a focussed inspection so the ratings in the CQC Quality Reports are not ratings from this review, but held over from the previous full inspection. A number of outstanding practices were noted together with areas for improvement. The recommendations of this report have been included in the overall CQC Improvement Plan.

## NHS Improvement Provider Licence

One enforcement undertaking is now attached to the Provider Licence by NHS Improvement. This relates to finance and sustainability. A revised enforcement notice in respect of financial sustainability was received in May 2018. The notice required the Trust to take all reasonable steps to deliver its services on a financially sustainable basis and set out a number of key actions; one of which required the Trust to present to NHS Improvement a summary of a Board of Directors approved Sustainability Plan. The Board of Directors approved the Bay Health and Care Partners' five year financial recovery plan at their meeting in October 2018, which will address the enforcement notice. The plan was co-produced by the Trust and Morecambe Bay Clinical Commissioning Group. It took into account the geography, health inequalities, ageing demographic, GP and hospital and community workforce constraints and the poor and ageing estate. The plan set out the actions Bay Health and Care Partners intended to make to transform patient pathways, reduce variation, digitally connect patients, primary care and secondary care and reshape workforce. The Better Care Together 2.0 Strategy sets out the BHACP response to the NHS long term plan commitments and supports the Lancashire and South Cumbria Integrated Care System Plan as well as national planning guidance and the Trust's overall system 2019/20 financial out-turn.

## Other Statements and Notes

### External Auditors

During 2019/20 the Trust's audit contract was undertaken by Grant Thornton UK LLP.

During 2019/20, the Trust's audit contract was undertaken by Grant Thornton UK LLP who were reappointed as the Trust's auditors with effect from 2017/18. Auditor's remuneration amounted to £61,000 during the year all of which relates to the statutory audit function. Due to COVID-19, audit work on the Trust's Quality Accounts has been removed from the audit requirements for 2019/20.

Grant Thornton UK LLP is also engaged to provide external audit for Bay Hospitals Charity. Fees of £2,000 will be paid by the Charity in relation to this service for 2019/20.

The items that are audited by the External Auditor in this Annual Report are:

- salary single total figure table for each director (audited);
- pension benefits table (CETV disclosures) (audited);
- payments for loss of office (if relevant) (audited);
- payments to past directors (if relevant) (audited);
- fair pay disclosures (audited);
- exit packages (if relevant) (audited); and
- the analysis of staff numbers and staff cost (audited).

### Counter Fraud

NHS Counter Fraud Authority (CFA) has set out the framework within the NHS plans to minimise losses through fraud. The Trust is required to comply with the requirements set out in the NHS CFA's Standards for Providers. The Trust's local policy compliments the national and regional initiatives and sets out the arguments for the reporting and the elimination of fraud.

The Deputy Chief Executive is nominated to make sure that the Trust's requirements are discharged and is aided by a Local Counter Fraud Specialist (LCFS). The LCFS developed a plan that aimed to proactively reduce fraud and create an anti-fraud culture supported by appropriate deterrence and prevention measures. Progress against the plan is regularly reported to the Audit Committee.

### Principal Risks and Uncertainties

NHS is changing rapidly and for the Trust this gives many opportunities as well as risk and uncertainty. The Board of Directors has identified the strategic risks facing the Trust. These risks are formally reviewed on a quarterly basis by the Board of Directors. Current strategic risks are identified in the Annual Governance Statement (Annex F) and appropriate risk management and mitigation plans are in place for each.

### Insurance Cover

The Trust has a contract in place with Royal & Sun Alliance Insurance Plc to provide appropriate insurance to cover the risk of Director's and Officer's Liability.

### Political Donations

No political donations have been made.

### Modern Slavery Act 2015 – Statutory Statement

In accordance with the Modern Slavery Act 2015, the University Hospitals of Morecambe Bay makes the following statement regarding the steps it has taken in the financial year end 2019/20 to ensure modern slavery and human trafficking has not taken place in any part of its own business or any of its supply chains.

### Structure of the Trust

University Hospitals of Morecambe Bay NHS Foundation Trust provides community and hospital services across the Morecambe Bay area, an area covering a thousand square miles across south Cumbria and north Lancashire.

It operates the three hospital sites - Furness General Hospital in Barrow, the Royal Lancaster Infirmary and Westmorland General Hospital in Kendal, as well as a number of community healthcare premises including

Millom Hospital and GP Practice, Queen Victoria Hospital in Morecambe and Ulverston Community Health Centre.

Furness General Hospital and the Royal Lancaster Infirmary have a range of 'General Hospital' services, with full Accident & Emergency Departments, Critical/Coronary Care units and Consultant led beds. Westmorland General Hospital provides a range of General Hospital services, together with an Urgent Treatment Centre.

All three hospital sites provide a range of planned care including outpatients, diagnostics, therapies, day case and inpatient surgery. In addition, a range of local outreach services and diagnostics are provided from community facilities across Morecambe Bay.

### **Trust's Compliance Requirements with the Modern Slavery Statement**

- Comply with legislation and regulatory requirements;
- Make suppliers and service providers aware that we promote the requirements of legislation;
- Develop an awareness of human trafficking and modern slavery within our workforce; and
- Consider human trafficking and modern slavery issues when making procurement decisions.

### **Trust's Policies on Modern Slavery**

We are committed to ensuring that there is no modern slavery or human trafficking in any part of our business and, in so far as is possible, to requiring our suppliers hold a corresponding ethos.

Modern Slavery is incorporated within the Trust's Adult at Risk and Safeguarding Children policies, advising staff on the protocol to follow should modern slavery / human trafficking be suspected. Modern slavery is also included in training delivered by the Trust, with briefings issued from both Lancashire and Cumbria Local Safeguarding Adults Boards in relation to this. The Trust has recently appointed a new Named Nurse for Safeguarding Adults who will take this forward as part of the Trust's Safeguarding Strategy in 2019/20.

Further advice and training about slavery and human trafficking is available to staff through the Trust's Safeguarding Team.

### **Working with Suppliers**

The Trust's procurement team will ensure its supplier base and associated supply chain, which provides goods and / or services to the Trust has taken the necessary steps to ensure modern slavery is not taking place.

To date we have:

- Reviewed our supply chain and identified general potential areas of risk including:
  - Provision of Food;
  - Construction;
  - Cleaning; and
  - Clothing (work wear).
- We have contacted the suppliers within these Supply Chains and have asked them to confirm that they are compliant with the Act;
- Contacted our key suppliers and requested confirmation from them that they too are compliant with the Act;
- Introduced a 'Supplier Code of Conduct' and asking all existing and new suppliers to confirm their compliance; and
- Added evidence gathering questions into our tendering procedures.

### **Statement of Chief Executive's Responsibilities as the Accounting Officer**

The Statement of the Chief Executive's Responsibilities as the Accounting Officer of University Hospitals of Morecambe NHS Foundation Trust is given in Annex D.

### **Annual Governance Statement**

The Annual Governance Statement is given in Annex F.

## Council of Governors' Report

Under the National Health Service Act 2006 Foundation Trusts must make arrangements to establish a Council of Governors. The Council of Governors is responsible for representing the interests of NHS Foundation Trust members, partner organisations and the public in the local health economy.

The Council has the following three main roles:

- i) **Advisory** – to communicate with the Board of Directors the wishes of members of the Trust and the wider community;
- ii) **Guardianship** – to ensure that the Trust is operating in accordance with its Constitution and is compliant with its authorisation; and
- iii) **Strategic** – to advise on a longer-term direction to help the Board effectively determine its policies.

The essence of these roles is elaborated on within NHS Improvement's document entitled "*Your Statutory Duties – A reference guide for NHS Foundation Trusts Governors*". This document is provided to all Governors.

The specific statutory powers and duties of the Council of Governors, which are to be carried out in accordance with the Trust's Constitution and the Foundation Trust's Provider Licence, are as follows:

- To agree with the Nominations Committee a clear process for the appointment of a new Chair and Non-Executive Directors;
- To appoint or remove the Chair and other Non-Executive Directors;
- When considering the appointment of a Non-Executive Director the Council takes into account the views of the Board and the Nominations Committee on the qualifications, skills and experience required for each position;
- To approve the appointment (by the Non-Executive Directors) of the Chief Executive;
- To decide the remuneration and allowances, and the other terms and conditions of office, of the Non-Executive Directors;
- To appoint or remove the Foundation Trust's External Auditor;
- To appoint or remove any other External Auditor appointed to review and publish a report on any other aspect of the Foundation Trust's affairs;
- To be presented with the Annual Accounts, any report of the External Auditor on the Annual Accounts and the Annual Report;
- To provide their views to the Board of Directors when the Directors are preparing the documents containing information about the Foundation Trust's forward planning;
- To respond as appropriate when consulted by the Board of Directors in accordance with the Constitution;
- To undertake such functions as the Board of Directors shall from time to time request;
- To prepare and, from time to time, review the Foundation Trust's Membership Strategy and its policy for the composition of the Council of Governors and of the Non-Executive Directors and, when appropriate, to make recommendations for the revision of the Trust's Constitution;
- Hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors;
- Represent the interests of the members of the Trust as a whole along with the interests of the public,
- Approve "significant transactions", (as defined in the current Constitution);
- Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions,
- Approve amendments to the Trust's Constitution; and
- Periodically assess the collective performance of the council and communicate to members and the public how their responsibilities have been discharged.

The Council of Governors and the Board of Directors continue to work together to develop an appropriate and effective working relationship. Board members regularly attend Council of Governors' meetings to ensure that the Board achieves an understanding of the governors' and members' views about the Trust and the Head Governor provides a Head Governor Update of Governor Recommendations and/or other activities at each meeting of the Public Board of Directors.

The Council of Governors comprises a total of 32 Governors as follows:

Elected Governors Constituency / Class to be elected	Number of Governors to be elected
<b>Public Constituency</b>	
Area 1 – Barrow and West Cumbria	5
Area 2 – Lancashire and North West of England and North Yorkshire	7
Area 3 – South Lakeland and North Cumbria	5
<b>Staff Constituency</b>	
Class 1 – Registered medical practitioners and dentists	1
Class 2 – Registered nurses, midwives and operating department practitioners	2
Class 3 – Allied Health Professionals	1
Class 4 – Estates and Ancillary	1
Class 5 – Management and administration	1
Class 6 – Community Services	1
<b>Total Elected Governors</b>	<b>24</b>
Appointed/Partner Governors Sponsoring Organisation	Number of Governors to be appointed
<b>Local Authority</b>	
Cumbria County Council	1
Lancashire County Council	1
North Yorkshire County Council	1
<b>Partnership Organisations</b>	
<b>Local Universities</b>	
Lancaster University	1
University of Cumbria	1
<b>Community Organisations</b>	
Cancer Care	1
Cumbria Volunteer Service	1
Mental Health Organisation (to be agreed)	1
<b>Total Appointed/Partner Governors</b>	<b>8</b>



<b>Total Membership Of Council of Governors</b>
Appointed/Partner Governors – 5 (currently three vacancies)
Staff Governors (elected) – 6 (currently one vacancy)
Public Governors (elected) – 14 (currently three vacancies)
Total membership of Council of Governors – 25 (currently seven vacancies)

Membership of the Trust's Council of Governors is set out below:

Name	Constituency/Organisation	Date of Appointment and Term of Office
<b>Public Governors</b>		
Deborah Brownson	Barrow & West Cumbria	1 October 2018 for 3 Years
Amanda Carswell	Barrow & West Cumbria	1 October 2019 for 3 Years
Hazel Edwards	Barrow & West Cumbria	1 October 2019 for 3 years
Lynne Slavin	Barrow & West Cumbria	1 October 2018 for 3 Years
Peter Taylor	Barrow & West Cumbria	23 February 2019 for 3 Years
Lorraine Crossley Close	Lancashire & North Yorkshire	26 March 2018 for 3 Years
Ameer Hakim	Lancashire & North Yorkshire	1 October 2019 for 3 Years
Janet Hamid	Lancashire & North Yorkshire	26 March 2018 for 2 Years 7 months (second term extended until 31 March 2018)
Mary Ann Hargreave	Lancashire & North Yorkshire	1 October 2019 for 3 Years
Arthur Jones	Lancashire & North Yorkshire	3 November 2019 for 3 Years
Tor McLaren	South Lakeland & North Cumbria	4 November 2019 for 3 Years
Colin Ranshaw	South Lakeland & North Cumbria	26 March 2018 for 2 Years 7 months (first term extended until 31 March 2018)
Jim Ring	South Lakeland & North Cumbria	1 October 2019 for 3 Years
Ian Soane	South Lakeland & North Cumbria	4 November 2019 for 3 Years
<b>Staff Governors</b>		
Sam Hubbard	Allied Health Practitioners	1 February 2019 for 3 Years
Ben Hignett	Management & Admin	1 October 2018 for 3 Years
Krishnaprasad Karnad	Medical Practitioner	26 March 2018 for 2 Years 7 months (first term extended until 31 March 2018)
Pauline Preston	Community Services	1 October 2019 for 3 Years
Sally Sagar	Registered Nurses, Midwives & Operating Department Practitioners	1 February 2019 for 3 Years
Gary Woof	Estates & Ancillary	1 October 2019 for 3 Years
<b>Appointed/Partner Governors</b>		
Cllr Anne Burns	Cumbria County Council	1 June 2019 for 3 Years
Alison Dixey	Cancer Care	1 October 2018 for 3 years
Cllr Shaun Turner	Lancashire County Council	12 July 2018 for 3 Years
Brian Webster-Henderson	University of Cumbria	3 November 2019 for 3 Years
Sarah Wroe	Lancaster University	26 April 2018 for 3 Years

## Resignations

Public Governors: Colin Hartley, Lancashire & North Yorkshire  
Mark Jarnell, Lancashire & North Yorkshire  
Rev'd Annette Miller, South Lakeland & North Cumbria  
David Stamp, South Lakeland & North Cumbria

Staff Governors: David Barrett, Nursing & Midwifery

## Meetings of the Council of Governors

Meetings of the Council of Governors took place on the following dates in 2019/20:

11 June 2019  
8 August 2019  
10 September 2019 (extraordinary meeting)  
10 December 2019

The meeting scheduled to take place on 12 March 2020 was postponed due to the COVID-19 pandemic.

## Attendance at Council of Governors' Meetings

Governor Attendance	
Governors	Number of Meetings (4)
David Barrett (resignation October 2019)	1
Deborah Brownson	1
Cllr Anne Burns	3
George Butler (end date September 2019)	2
Amanda Carswell (start date October 2019)	0
Lorraine Crossley-Close	3
Alison Dixey	2
Hazel Edwards (start date October 2019)	0
Ameer Hakim	1
Leslie Hall (end date September 2019)	1
Janet Hamid	4
Mary Ann Hargreave (start date October 2019 – 6 month leave of absence agreed)	0
Ben Hignett	2
Sam Hubbard	2
Arthur Jones	3
Krishnaprasad Karnad	3
Tor McLaren (start date November 2019)	0
Annette Miller (resignation March 2020)	2
John Pearson (end date September 2019)	1
Pauline Preston (start date October 2019)	0
Colin Ranshaw	4
Val Richards (ends date September 2019)	3
Jim Ring (start date October 2019)	1
Sally Sagar	3
Lynne Slavin	4
Ian Soane (start date November 2019)	1
David Stamp (resignation July 2019)	1
Peter Taylor, Public Governor	4
Cllr Shaun Turner	2
Brian Webster-Henderson (start date November 2019)	0
David Wilton (end date September 2019)	3
Jim Wood	3
Gary Woof	3
Sarah Wroe	2

## Governor Expenses

The total expenses claimed by Governors are as follows:-

Year	Total number of Governors as at 31 March	Number of Governors receiving expenses	Total Sum of Expenses
2018/19	25	16	£11,439.25
2019/20	25	14	£4,992

## Overview of the Work of the Council of Governors

### Governors

The Head Governor is Colin Ranshaw. The Deputy Head Governor is Krishnaprasad Karnad (commenced in post December 2019). George Butler was Deputy Head Governor until his term of office ended in September 2019.

The Council of Governors met on a bimonthly basis with two joint meetings with the Board of Directors, one joint meeting with Non-Executive Directors, and extra meetings where required.

The Council of Governors was supported by the following Sub Groups and Committees:

- Finance and Planning Group;
- Quality and Patient Experience Group;
- Foundation Trust Membership and Communications Group;
- Nominations Committee; and
- Auditor Appointments Committee.

The Chief Executive, Deputy Chief Executive, Director of Governance, other Executive Directors, Non-Executive Directors and Trust staff regularly attend meetings of the Council of Governors and its Sub Groups to present appropriate reports and provide information on the Trust's performance to enable the Council of Governors to discharge its duties effectively.

During 2019/20, the Council of Governors and its Sub Groups and Committees received and considered reports on a number of issues including:

- The Operational Plan;
- Annual Report and Accounts;
- Quality Account and External Audit Report on the Quality Accounts;
- Budget and Financial Information;
- Performance Information;
- Communications and Membership reports;
- Membership Strategy;
- Trust Constitution;
- Patient Relations Update (PALS, Compliments and Complaints);
- Bay Health and Care Partners;
- Staff Survey; and
- Recruitment.

Governors have also been involved in or attended the following meetings/events:

- Annual Members' Meeting 2019;
- Public Trust Board as observers;
- Private Trust Board as observer (Head Governor Only)
- Corporate Quality Reviews;
- Quality Assurance Accreditation Scheme Reviews;
- PLACE Audits;
- Constituency meetings;
- Infection Prevention & Control Committee;
- Quality Committee as observers;
- Finance Committee as observers;
- Workforce Committee as observers;
- Membership and Recruitment – talks/governor presentation;
- Senior management recruitment focus groups;
- Appointment of Non-Executive Directors including the Chair;
- Estates and Facilities Committee;
- Patient Safety meeting;
- Morecambe Bay ICC Annual Conference;
- Bullying and Harassment Working Group;
- Outpatient Steering Group; and
- Health Heroes Judging Panel and Celebration Event.

In addition, Governors have participated in external events as organised by the Foundation Trust Network and the North West Governors' Forum.

The Council of Governors provide Membership Talks and hold engagement events across public, voluntary and commercial sectors. This enables Governors to consult with and understand the views of members and the public.

### **Code of Conduct**

All Governors have read and signed the Trust's Code of Conduct which includes a commitment to actively support the NHS Foundation Trust's Vision and Values and to uphold the Seven Principles of Public Life, determined by the Nolan Committee.

### **Material Interests and the Register of Governors**

All Governors have declared their relevant and material interests and the Register of Interests is available for inspection by members of the public at [www.uhmb.mydeclarations.co.uk](http://www.uhmb.mydeclarations.co.uk) or via the Company Secretary at the following address:-

Address: Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

Telephone: 01539 715314

Email: [paul.jones4@mbht.nhs.uk](mailto:paul.jones4@mbht.nhs.uk)

Any member of the public wishing to make contact with a member of the Council of Governors can do so by contacting the Company Secretary or via email at [governors@mbht.nhs.uk](mailto:governors@mbht.nhs.uk)

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# Council of Governors' Nominations Committee

## Role of the Nominations Committee

The Nominations Committee has the following responsibilities:-

### Recruitment and Appointment of Non-Executive Directors:

- To agree the skill mix and process for the appointment of Non-Executive Directors, in accordance with the Trust's Terms of Authorisation and NHS Improvement's requirements;
- To draw up person specifications for each of these posts to take account of general and specific requirements in terms of roles and responsibilities;
- To determine a schedule for advertising, shortlisting, interview and appointment of candidates with requisite skills and experience. This will include identification of appropriate independent assessors for appointment panels; and
- To recommend suitable people for appointments to be ratified by the Council of Governors.

### Terms and Conditions – Chair and Non-Executive Directors:

- To recommend salary arrangements and related terms and conditions for the Chairman and Non-Executive Directors for agreement by the Council of Governors based upon the time commitments and responsibility of their role and having regard to external professional advice.

### Performance Management and Appraisal:

- To agree a mechanism for Non-Executive Directors appraisal by the Trust Chairman and feedback to the Council of Governors; and
- To agree a mechanism for the evaluation of the Trust Chairman, led by the Senior Independent Director.

## Membership of the Nominations Committee

The membership of the Nominations Committee comprises the Chair, the Senior Independent Director and seven Governors:

Ian Johnson (Chair of the Committee) (until November 2019),  
Mike Thomas (Chair of the Committee) (commenced January 2020)  
Denis Lidstone (Senior Independent Director) (until June 2019)  
Bruce Jassi (Senior Independent Director) (commenced June 2019)  
George Butler Public Governor (until September 2019)  
Lorraine Crossley-Close (commenced December 2019)  
Les Hall, Public Governor (until September 2019),  
Janet Hamid Public Governor,  
Arthur Jones, Public Governor,  
Pauline Preston, Staff Governor (commenced December 2019),  
Colin Ranshaw, Head Governor,  
Lynne Slavin, Public Governor (commenced December 2019)  
Val Richards, Public Governor (until September 2019),  
Peter Taylor, Public Governor (commenced December 2019)  
David Wilton, Public Governor (until September 2019)

## Meetings of the Nominations Committee:

There have been several meetings of the Nominations Committee during 2019/20.

The Committee undertook the appointment of the Chair and the appointment of one Non-Executive Director.



## Chair and Non-Executive Director Appraisals

In 2016/17 the Committee established a mechanism for Non-Executive Directors appraisal by the Trust Chair and a mechanism for the evaluation of the Trust Chair, led by the Senior Independent Director and the Head Governor.

Ian Johnson's (end date November 2020) appraisal took place in April 2019 and all Non-Executive Director appraisals were undertaken in April and May 2019. Mike Thomas, current Chair commenced in post in January 2020 and his appraisal would be undertaken in 2020/21.

# Membership Report

## Membership Strategy

The Trust is required under the Foundation Trust Code of Governance to keep under review its Membership Strategy to establish, develop and maintain an active membership. The Trust must also establish relations with stakeholders and create a dialogue with members, patients and the local community.

The specific requirements are:

- The Board of Directors should appropriately consult and involve members, patients and the local community;
- The Council of Governors must represent the interests of Trust members and the public; and
- Notwithstanding the complementary role of the governors in this consultation, the Board of Directors as a whole has responsibility for ensuring that regular and open dialogue with its stakeholders takes place.

A new Membership Strategy was approved by the Council of Governors on 20 March 2019 and by the Board of Directors on 29 March 2019.

The revised Strategy sought to support the Council of Governors in achieving these requirements.

The delivery of the Strategy will be achieved through the integration of the specific actions into the core business of the Trust.

## Recruitment of Members

In order to maintain our membership level and in order to recruit new public members, we have implemented various initiatives over the past years. These include:

- Membership information displayed at entrances to hospitals and in outpatient departments;
- Membership Talks;
- Governor presentations in the community;
- Recruitment Stands at key locations across the Trust;
- Distribution of recruitment posters and leaflets to GP surgeries;
- Use of the Trust's Twitter and Facebook social network sites to engage and inform members and the wider public of developments and events at the Trust; and
- A Trust Membership Officer who acts as link between the members and the Trust.

## Retention of Members

The Trust recognises the importance and value of a representative membership and has continued to focus on and progress opportunities for the engagement and retention of existing members.

It is particularly important to the Trust to not only build its membership, but to ensure that the membership is being fully utilised.

Numerous and varied initiatives have taken place to retain our existing members.

- Introduction of an electronic newsletter;
- All members were invited to the Public Governor Meetings throughout the year and to the Annual Members' meeting in September 2019; and
- Continue to keep members up-to-date with events at the hospital, such as the health seminars.

Over the next 12 months we will continue to look at new and fresh ways of promoting the benefits of membership in order to maintain and increase our total membership in accordance with the plans set out in the Membership Strategy.

## Public Members

The Public Constituency consists of the electoral wards that have been grouped into three areas as follows:-

Area 1 - Barrow and West Cumbria

Area 2 - Lancashire, North West of England and North Yorkshire

Area 3 - South Lakeland and North Cumbria.

Membership is open to all members of the public who are aged 16 or over and who live within these boundaries.

## Staff Members

An individual who is employed by the Trust under a contract of employment with the Trust will automatically become or continue as a member of the Trust, unless they choose to opt out.

Trust volunteers are eligible to become members under the public constituency.

## Further Information on Membership

The membership office can be contacted:

By email: [FTmembershipOffice@mbht.nhs.uk](mailto:FTmembershipOffice@mbht.nhs.uk)

By phone: 01229 404 473 (Please leave a voicemail message if the administrator is away)

By post: Foundation Trust Office, Admin Block, Furness General Hospital, Dalton Lane, Barrow-in-Furness, LA14 4LF

## Membership Profile

The membership of the Trust as at 31 March 2020 was as follows:-

Age	Public	Staff	Total
0-16	0	0	0
17-21	22	123	145
22+	4036	7789	11823
Not stated	1403	0	1403
Total	4036	7787	11823

The Trust is required to have a membership which is representative of the area which it serves.

Gender	Public	Staff	Total
Unspecified	77	0	77
Male	2018	1434	3452
Female	3366	6476	9842

Ethnicity	Public	Staff	Total
White - English, Welsh, Scottish, Northern Irish, British	3874	3686	7560
White - Irish	18	9	27
White - Gypsy or Irish Traveller	0	0	0
White - Other	34	84	118
Mixed - White and Black Caribbean	1	3	4
Mixed - White and Black African	9	5	14
Mixed - White and Asian	12	21	33
Mixed - Other Mixed	17	9	26
Asian or Asian British - Indian	17	59	76
Asian or Asian British - Pakistani	7	14	21
Asian or Asian British - Bangladeshi	0	2	2
Asian or Asian British - Chinese	12	5	17
Asian or Asian British - Other Asian	15	14	29
Black or Black British - African	8	6	14
Black or Black British - Caribbean	0	1	1
Black or Black British - Other Black	1	3	4
Other Ethnic Group - Arab	0	0	0
Other Ethnic Group - Any Other Ethnic Group	12	16	28
Not stated	1424	3973	5397

Acorn Socio-Economic Category	Public	Staff	Total
Lavish Lifestyles [A]	23	33	56
Executive Wealth [B]	687	826	1523
Mature Money [C]	1031	1221	2252
City Sophisticates [D]	20	18	38
Career Climbers [E]	77	217	294
Countryside Communities [F]	634	698	1332
Successful Suburbs [G]	338	655	993
Steady Neighbourhoods [H]	440	859	1299
Comfortable Seniors [I]	406	390	796
Starting Out [J]	139	421	560
Student Life [K]	45	86	131
Modest Means [L]	542	952	1494
Striving Families [M]	262	424	686
Poorer Pensioners [N]	194	174	386
Young Hardship [O]	310	574	887
Struggling Estates [P]	75	126	201
Difficult Circumstances [Q]	98	114	212
Not Private Households [R]	73	100	173
Not available [NA]	64	12	76

Office for National Statistics NHSI Classifications	Public	Staff	Total
AB	1506	2122	3628
C1	1571	2354	3925
C2	1165	1732	2897
DE	1146	1685	2831

### Part 1: Statement on Quality from the Executive Chief Nurse



I am pleased to present to you our Quality Statement for 2019/20, which is a summary of the quality of NHS healthcare services provided by University Hospitals of Morecambe Bay NHS Foundation Trust (UHMBT) during 2019/20. It also outlines the key priorities for improvement to be undertaken in 2020/21.

In light of COVID-19, the usual requirements to publish a Quality Account have been suspended until later in the year. However, in the interest of providing information about the quality of services offered by the Trust we have this year decided to complete this anyway. We believe that it is important for local NHS services to report on quality and show improvements in the services they deliver to local communities and stakeholders.

The quality of the services is measured by looking at patient safety, the effectiveness of treatments patients receive, and patient feedback about the care provided.

UHMBT aims to be one of the safest organisations within the NHS with our staff committed to providing safe, high quality care to patients all of the time. This statement highlights some of the work that has been undertaken in 2019/20. We do not always get this right, but we work hard to improve continually and this statement sets out our priorities for quality improvement for 2020/21.

The early part of 2019/20 has been a challenging year as increasing demand continued to place pressure on our services and staff and this has meant financial and operational targets have not been met consistently. In response to safety concerns in some of our services we have provided support and developed recovery plans to ensure quality and safety are maintained. The later part of 2019/20 was even more challenging as we responded to the COVID-19 pandemic. However, it is testament to the hard work and dedication of all our staff that we have continued to deliver safe, effective quality care.

Our Quality Improvement Strategy is being refreshed and will reiterate the Board of Directors' commitment to delivering high standards of safe, quality care to our patients, as well as providing a working environment and culture which promotes and welcomes honesty, safety first, openness and compassion in everything we do.

2020/21 will be another challenging year for UHMBT as we continue to respond to the COVID-19 pandemic whilst focusing on delivering the best in care and achieving outcome and access targets alongside an ever increasing demand for our services coupled with tighter financial constraints.

UHMBT will continue working with patients, citizens, staff, regulators, commissioners, healthcare providers and other organisations to influence future models of care delivery and deliver further improvement to quality during 2020/21.



Sue Smith  
Executive Chief Nurse

Date: 24 June 2020

## Part 2: Listening to our Patients and Meeting their Needs

The Board has approved a Patient Experience Strategy for 2019-2024

The Patient Experience Commitments for 2019/20 are:

- Continuous improvement in patient quality, safety and outcomes as the foundation for improvement;
- Listening to patients, carers and families to ensure we focus on creating a great place to be cared for, including a particular focus on our environment;
- Feedback from our patients will be the most important measure of our progress; and
- Develop an approach of engagement, co-design and learning with our patients and communities that is truly inclusive and will become the way in which services are developed and improved in Morecambe Bay.

We are rightly proud of our patient experience programmes and use a range of approaches to actively engage with the people who use our services. This allows us to understand where we may need to improve care, and also design and deliver services that people really need.

We continue to be committed to integrating “Always Events” and experienced based design methodologies in the way we approach engagement and involvement. Using these approaches helps the Trust focus on aspects of patient experience that are so important to patients and families that we must perform for them consistently for every patient, every time. These can only be developed with the patient firmly being a partner and the co-production is key to ensuring we meet the patients’ needs and what matters to them.

During 2019/20, we undertook a number of Always Event projects within the Trust and across Bay Health and Care Partners. Here are three case studies highlighting what we did and what has changed.

**Improving the patient Journey** – these events focused on people with learning disability and autism.

The Autism Improvement Group was formed to improve the experience of patients, parents and carers with autism that use our services. Following on from the Autism Listening event improvement work in relation to hospital passports will become an Always Event ® supported by NHS England.

**Improving communication** – this event focuses on our provision to support people with hearing loss or those patients who are profoundly deaf.

We co-opted patient representatives from Lancashire and Cumbria Deaf Clubs. Lancaster Deaf Club ran an open day and a patient focus group; patient representatives were also invited. We were also invited to monitor the deaf community’s social media platforms which provided an insight to what matters to those citizens who are born deaf and those citizens who experience deafness over a period of time.

We learnt that our British Sign Languages services particularly in Barrow in Furness were poor. Cumbria Deaf Association has recommended the Trust investigate the use of an App called SignLive, this will enable deaf patients to access online interpretation themselves, giving them the confidence that they will have an interpreter at the touch of a button 24 hours per day while in hospital or while accessing our community services, the App also enables deaf citizens to telephone into the Trust using the SignLive App.

**Helping to shape the future of mental health services in Lancashire and South Cumbria.** People with mental health problems need a range of support and the input of key partners to ensure the best possible services are available in the right locations. Listening and engagement events are currently taking place remotely using a whole range of information technology platforms.





We have utilised a number of different online tools to create audience interaction, taking our learning from the Lancaster autism event where we live streamed our first listening event online, we found this was a great way to increase audience accessibility.

We are investing in additional community mental health services to support people before they reach crisis point. For example, we have expanded Improving Access to Psychological Therapies (talking therapies to help people with conditions such as anxiety and depression). We are also working with third sector organisations such as the Well and Richmond Fellowship to support people with a mental health crisis in the community as an alternative to A&E.

We are working with children and young people on a ‘thrive’ model for wellbeing and resilience. We have also been accepted as a ‘trailblazer’ to pilot new Mental Health Support Teams for early intervention on mental health and emotional wellbeing issues within school and college settings.

The Trust undertakes an analysis of themes raised in complaints and uses this to make improvements.

**The Friends and Family Test (FFT)**

People only want the best health care for themselves and their family and friends. Asking patients if they would recommend the care, they have just received to those they care about and love is a good way to test people’s true feelings about their experience. We have redesigned and personalised the FFT Trust questions to ensure the patient knows exactly which service they are commenting on. We are very proud of our year end outcomes



The Friends and Family Test question has traditionally been asked after the service has been received. We now have an established Patient Experience Network (PEN). These are a team of volunteers who visit long stay patients to talk about their hospital experience. We have developed this network to allow patients to provide feedback at any point in their health and care journey and enable interventions to be instigated if necessary.

We have also introduced digital solutions to support collecting feedback including iPads, text messages and interactive voice messages. Text messages and interactive voice messaging is primarily being used for Accident and Emergency Departments, Outpatients and Day Cases.

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## Part 3: Our Quality Improvements and Progress Against our Priorities

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We are working towards embedding a culture of quality improvement across our Trust

To achieve this we have used a number of tools and techniques to support this.

- Listening Into Action;
- Quality, service improvement and redesign;
- Lean Improvement Process methodology;
- Coaching;
- Human factors approach; and
- Research and development.

In 2019/20 we focussed on a number of priorities to develop and embed a culture of quality improvement (QI) across the organisation and to include services and teams in the priorities. These were:

### Care that is safe

The areas of focus were:

- Reducing Harm;
- Improving Documentation; and
- Reducing Avoidable & Premature Mortality.

### Care that is clinically effective

The focus was to deliver effective and reliable care achieved by:-

- Reduce E-coli infection rates for Hospital Acquired E-Coli BSI;
- Quality Assurance Assessment System: Quality Accreditation Scheme;
- Commissioning for Quality and Innovation (CQUIN);
- Consistent application of best evidence; and
- Get it Right First Time, Right Care and Model Hospital and Analytical Review & Implementation of Recommendations.

### Care that provides a positive experience for patients

The areas of focus were to improvement in patient flow and experience and improve staff experience achieved by:-

- Reduce formal complaints and continue to improve complaints response timescales and commitment in handling complaints in a sensitive and professional manner from which learning is made and implemented across the Care Groups;
- Increase the scope and depth of public engagement;
- Patient Experience Strategy;
- Roll out of e-documentation;
- Increased voice for staff in how their organisation can be improved, monitored by the overall staff engagement figure identified in the Staff Survey; and
- Colleague Experience Strategy.

Some of the progress we have made includes:

### Community engagement

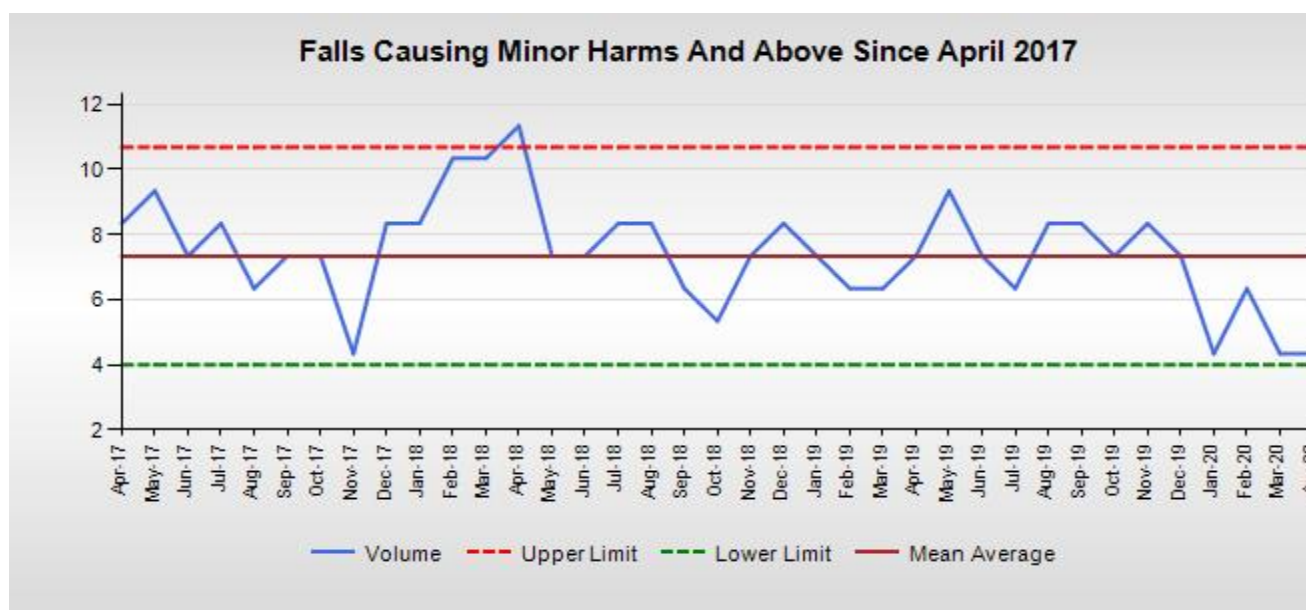
Patient and citizen experience and involvement feedback sessions have benefited the Trust during the year and we have used a comprehensive range of opportunities and methods for local people to get involved, from information sharing, focus groups and public events to social media, town halls, table top involvements, patient panels, user groups, what matters to you and Always Events ® to name a few.

Tried and tested engagement and involvement approaches have proved popular. We have further embedded our involvement of patients and the public in co-production activities, and these include:

- The development of our Youth Forum;
- Learning Disabilities and Autism Network;
- Farmers' Health checks;
- Stroke Master class;
- Community Wellbeing Fair – Windermere;
- Foundation Trust Members' Annual meeting and local information events;
- Diabetic Engagement Day;
- Dementia Hubs;
- Critical Care patient and Carers event; and
- Health Screening promotional events.

## Falls Harm

Each month there about 10,000 patients in hospital and we might expect as many as 100 falls. The vast majority result in no injury. The Trust continues to take action to reduce the level of harm caused by falls. The graph below shows how many falls cause minor harm or above each month since 2017.



## Flu Campaign 2019/20

Aim: Achieving an 80% uptake of flu vaccinations by frontline clinical staff between 1 September 2019 and 28 February 2020.

### Key Achievements

- ✓ 2019/20 Flu Strategy developed and delivered
- ✓ Flu campaign delivered
- ✓ Extra 1000 vaccines ordered so campaign could start 2 weeks earlier than planned
- ✓ Peer vaccination training on TMS
- ✓ Vaccinated:
  - 81 % Overall trust staff
  - 83% Acute frontline staff
  - 86% Community Care Group Front line staff

Outcome: Reducing the spread of flu during winter months, where it can have a significant impact on the health of patients, staff, their families and the overall safe running of NHS services.

## Complaints

We value the contributions patients and their carers have made to our feedback channels, and listening to concerns allows us to make the necessary improvements in our care.

The Patient Advice and Liaison Service (PALS) handle an average of 3000 concerns/enquiries per year across the three sites. PALS staff are available to provide resolution to concerns as they arise, on the spot advice and support patients and their relatives to navigate NHS services or signpost them to appropriate voluntary or public sector services. Early identification of concerns enables the Trust to respond to those enquiries in a timely and efficient manner which in turn reduces patients and relatives anxieties and formal complaints.

The table below shows that the Trust continues to receive fewer complaints than it did several years ago.

#### Analysis of Number of Complaints

Year	Concerns/Comments PALS Received	Complaints Received
2015/16	2659	488
2016/17	2662	516
2017/18	2511	425
2018/19	2669	430
2019/20	2541	440

#### Safety Culture

As an open and transparent organisation, we want our staff to feel empowered to raise any concerns or issues they may have come across.

We encourage this in a number of ways:

#### Reporting Incidents

The National Reporting and Learning Service recognises that organisations, like ours, that report more incidents usually have a better and more effective safety culture.

In 2019/20 26,877 incidents were reported onto the Trust's local risk management system (LRMS), Ulysses Safeguard. This is an increase of 1162 incidents (4.52%) from 2018/19 when 25,715 incidents were reported.

The Trust is ranked 11th (High/Best) out of 131 Acute Trust for incident reporting by the National Reporting and Learning System and that more than 50% of Trust staff report an incident every year.

In 2019/20 the Patient Safety Team completed a full 'root and branch' review of the incident reporting system to make it easier and quicker for staff to report incidents.

73 incidents met the Serious Incident Framework's criteria for reporting on Strategic Executive Information System (StEIS) which is similar to the volume reported in 2018/19. The Trust reported its lowest number of Never Events since 2015/16.

When compared with our peer group, the Trust's position is not disproportionate. The level of 'no harm' and 'low harm' and 'moderate' incidents is comparable to other Trusts within our peer group. The number of 'severe' and 'death' incidents reported is lower than the national average.

We will continue to work with all staff to emphasise and publicise the importance of reporting incidents whenever they are witnessed.

#### Duty of Candour

As with all Trusts, we are required to comply with the Duty of Candour after becoming aware of any notifiable safety incident. This is an unintended incident that may have resulted in death or severe harm to a patient or service user. The Trust applied Duty of Candour to 440 incidents. Further work is underway to ensure the Trust meets the 10 working day target for completion.

We have made our staff aware of their responsibilities around Duty of Candour through internal communication briefings, amendments to Trust policies and procedures and also through our induction process.

### Freedom to Speak Up

Staff can speak to our Freedom to Speak Up Guardian about any concern they have through an app, text, email or phone. They will receive confidential support and advice on how to escalate or manage their concerns.

They are encouraged to speak to their line manager, or the Guardian can escalate the issue through an appropriate route.

### Infection Prevention

Last year we worked with Morecambe Bay Clinical Commissioning Group to revise our trajectory for *Clostridium difficile* cases to 53. Our outcome against this locally agreed target was 56. This figure includes both hospital and community onset-healthcare infections.

NHS England maintains a zero tolerance approach to MRSA blood stream infections. The total reported MRSA blood stream infections was 4. Three were community onset infections and 1 hospital onset infection.



There were a total of 9 outbreaks due to viral gastroenteritis in 2018/19

These outbreaks resulted in:

- 101 patients affected;
- 29 staff affected; and
- 43 lost bed days.

There were a total of 19 outbreaks due to viral gastroenteritis in 2019/20

These outbreaks resulted in:

- 168 patients affected;
- 57 staff affected; and
- 473 lost bed days.

The Infection Prevention Team supports the post-infection reviews of many cases and provides lessons learned from reviews together with on-going support and training across the Trust.

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## Part 4: Our Priorities for 2020/21

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### Our safety and quality priorities 2020/21

#### Patient first - continuous improvement in patient quality, safety and outcomes and reducing variation

The areas of focus will be:

- Listening to and working with patients, carers and families to ensure we focus on creating a great place to be cared for, including a focus on our environment; and
- Building capacity and capability in transformation improvement with a partner that will support sustainable and continuous improvement in our everyday care delivery, building and understanding the impact of behaviours and culture on safety including the adoption of Safety 2 and development of a support mechanism for teams in trouble.

#### Strengthen and demonstrate consistently strong levels of clinical engagement and ownership of key clinical governance, risk and assurance processes across all teams

The areas of focus will be:

- Reducing avoidable and premature mortality and a review of the mortality review process;
- Get It Right First Time, Right Care and Model Hospital;
- Incident and complaint oversight;
- Moving through COVID-19 to business as usual; and
- Developing the Trust's Enhanced Support Programme.

#### Post-COVID-19 engagement and clinical leadership to deliver transformation of clinical services

The areas of focus will be to build on the momentum we have gained through working in a better, more effective way as part of our COVID-19 response.

#### Deliver against CQC and external/internal service reviews to support delivery of clinically-led high standards of practice across every clinical team

The areas of focus will be:

- Support and interventions for services who will benefit from enhanced support;
- Reviews of culture and systems and processes for delivering hotspot improvements via the Patient Safety Unit; and
- CQC Improvement Plan and CQC Announced Inspection with Use of Resources Assessment and Well Led Review.

## Further Information

The Trust's website gives more information about the Trust and the quality of our services. You can also sign up as a Trust member, read our magazine or view our latest news and performance information via: <http://www.UHMBT.nhs.uk/trust/>





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## Annex B – Statement of Directors' Responsibilities in Respect of the Quality Report

In light of pressures caused by the public sector response to COVID-19, the format and content of the Annual Report and Accounts for 2019/20 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 2019/20 in April 2020. The requirement for a Statement of Directors' Responsibilities in Respect of the Quality Report has been suspended.

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## **Annex C – External Auditor’s Limited Assurance Report on the Contents of the Quality Report**

In light of pressures caused by the public sector response to COVID-19, the format and content of the Annual Report and Accounts for 2019/20 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 2019/20 in April 2020. The requirement for an external auditor’s Limited Assurance Report on the contents of the Quality Report has been suspended.

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## Annex D – A Statement of the Chief Executive's Responsibilities as the Accounting Officer

### Statement of the Chief Executive's Responsibilities as the Accounting Officer of University Hospitals of Morecambe Bay NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require University Hospitals of Morecambe Bay NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of University Hospitals of Morecambe Bay NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

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

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

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

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



Aaron Cummins  
Chief Executive

Date: 24 June 2020

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## Annex E – An Independent Auditor’s Report to the Council of Governors

### Independent auditor’s report to the Council of Governors of University Hospitals of Morecambe Bay NHS Foundation Trust

#### Report on the Audit of the Financial Statements

#### Opinion

##### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of University Hospitals of Morecambe Bay NHS Foundation Trust (the ‘Trust’) for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers’ Equity, the Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Accounts Directions issued under the National Health Service Act 2006, the NHS foundation trust annual reporting manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Accounting Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust’s future operational arrangements.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust’s future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.



## Material uncertainty related to going concern


We draw attention to Note 1.1 in the financial statements which indicates that the Trust recorded a deficit of £39.2million in 2019-20 and the cumulative deficit position on retained earnings amounts to £314.3million. The Statement of Financial Position shows negative net current assets and liabilities of £120.7million.

As disclosed in Note 1.1, in line with national guidance, a draft operational plan was submitted to NHS Improvement for 2020-21, which forecast a deficit of £72.8million. Due to the Covid-19 national pandemic, planning has been suspended and therefore the Trust has not yet agreed a formal plan for 2020-21. National arrangements have been made to provide the Trust with block contract payments from commissioners and other additional central income to meet ongoing expenditure. These arrangements are in place to 31 July 2020 and it is anticipated that a national framework will be developed for the remainder of the year 2020-21. The Directors have an expectation that any shortfall in earned income over expenditure for the remainder of the year will be met in the form of revenue support from the Department of Health and Social Care. The Trust expects to receive additional Public Dividend capital (PDC) in 2020-21 to meet any deficit, but this additional PDC has not been confirmed.

These events or conditions, along with the other matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

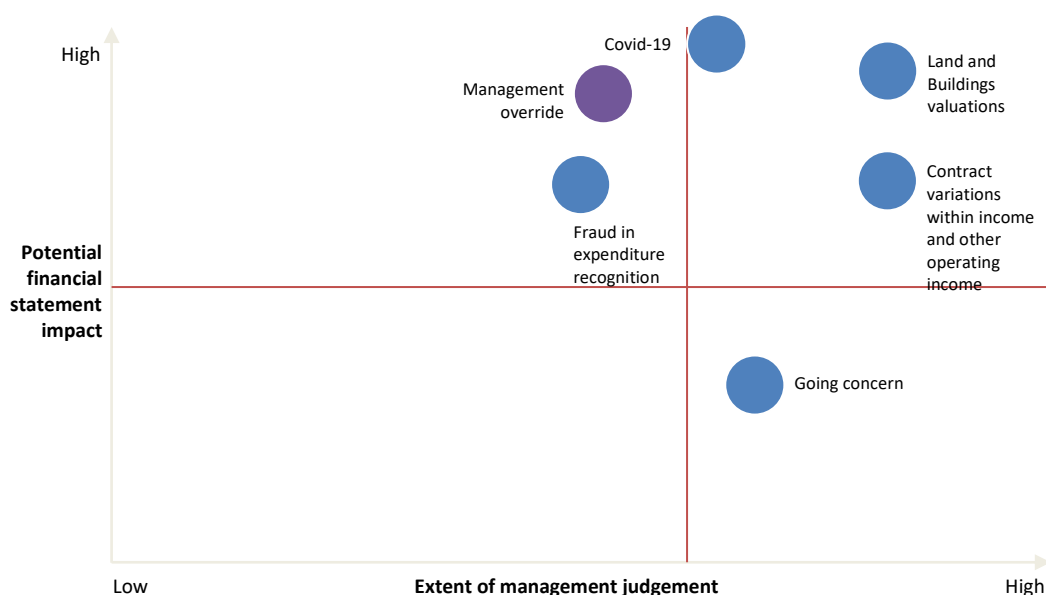
In concluding that there is a material uncertainty, our audit work included but was not restricted to assessing:

- the likelihood of NHS Improvement transferring services to other NHS bodies;
- the information available regarding future funding and planning assumptions for the group and Trust included in the Trust's cash flow forecasts over the period under assessment;
- whether the Trust had updated its cash flow forecasts to reflect the impact of COVID-19;
- the completeness and accuracy of the disclosures in the going concern Note 1.1.

 Grant Thornton	<p><b>Overview of our audit approach</b></p> <p><b>Financial statements audit</b></p> <ul style="list-style-type: none"><li>• Overall materiality £6,434,000, which represents 1.47% of the Trust's gross operating costs (consisting of operating expenses and finance expenses);</li><li>• Key audit matters were identified as:<ul style="list-style-type: none"><li>– Valuation or current value of land and buildings</li><li>– Occurrence and accuracy of contract variations within income and other operating income (excluding Education and Training income), and existence of associated receivable balances</li><li>– COVID-19.</li></ul></li></ul> <p><b>Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources</b></p> <ul style="list-style-type: none"><li>• We identified two significant risks in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (see Report on other legal and regulatory requirements section).</li></ul>
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## Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Risk 1 Valuation or current value of property plant and equipment</b></p> <p>The Trust revalues its land and buildings on a regular basis to ensure the carrying value in the Trust financial statements is not materially different from current value at the financial statements date. In the intervening years, such as 2019-20, the Trust requests a desktop valuation from its valuation expert. This valuation represents a significant estimate by management in the financial statements.</p> <p>We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>Evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>Evaluating the competence, capabilities and objectivity of the valuation expert;</li> <li>Discussing with the valuer the basis on which the valuation was carried out; and</li> <li>Challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding.</li> </ul> <p>The Trust's accounting policy on valuation of property, including land and buildings, is shown in Note 1.9 to the financial statements and related disclosures are included in Note 10.</p> <p>As disclosed in Note 1.3.2 to the financial statements, the outbreak of COVID-19 has caused uncertainties in markets. The Trust carried out a full revaluation in March 2019 but did not carry out a valuation as at 31 March 2020. The Trust has carried out a desktop</p>

Key Audit Matter	How the matter was addressed in the audit
	<p>exercise to demonstrate that the carrying value of land and buildings is not materially different from their current value at 31 March 2020. The Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice notice, which gives guidance to valuers where a valuer declares a material uncertainty attached to a valuation in the light of the impact of COVID-19 on markets. In light of this and following discussions with its own Valuer, the Trust acknowledges that there may now be greater uncertainty around its valuation as at 31 March 2020. The Trust has disclosed the material estimation uncertainty related to the year-end valuations of land and buildings in Note 1.3.2 to the financial statements.</p> <p><b>Key observations</b></p> <p>We obtained sufficient audit assurance to conclude that:</p> <ul style="list-style-type: none"> <li>the basis of the valuation of land and buildings was appropriate, and</li> <li>the assumptions and processes used by management in determining the estimate of valuation of property were reasonable.</li> </ul> <p>The valuation of land and buildings disclosed in the financial statements is reasonable, following the classification correction of £4.062 million assets wrongly classified as assets under construction, which were in use at 31 March 2020. The values in the 2018/19 valuation report have been used to inform the measurement of property assets at valuation in the financial statements.</p> <p>The Trust has disclosed the estimation uncertainty related to the year-end valuations of land and buildings in Note 1.3.2 to the financial statements.</p> <p>The Trust's valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates.</p>
<p><b>Risk 2 Improper revenue recognition</b></p> <p>Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, we have considered the rebuttable presumed risk under ISA (UK) 240 that revenue may be misstated due to the improper recognition of revenue.</p> <p>We have rebutted this presumed risk for</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>Evaluating the Trust's accounting policy for recognition of income from patient care activities and other operating income for appropriateness and compliance with the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) 2019 to 2020.</li> <li>Updating our understanding of the Trust's system for accounting for income from</li> </ul>

Key Audit Matter	How the matter was addressed in the audit
<p>the revenue streams of the Trust, that are principally derived from contracts, which are agreed in advance at a fixed price. We have determined these to be revenue from:</p> <ul style="list-style-type: none"> <li>• Block contract revenue element of patient care revenues</li> <li>• Education &amp; training revenue</li> <li>• Provider Sustainability Funding and Financial Recovery Funding.</li> </ul> <p>We have not deemed it appropriate to rebut this presumed risk for all other material streams of patient care revenue and other operating revenue.</p> <p>We have therefore identified the occurrence and accuracy of these revenue streams of the Trust and the existence of associated receivable balances as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>patient care activities and other operating income and evaluating the design of the associated controls.</p> <ul style="list-style-type: none"> <li>• Obtaining an exception report from the DHSC that details differences in reported income and expenditure and receivables and payables between NHS bodies, agreeing the figures in the exception report to the Trust's financial records and obtaining supporting information for all differences over £300,000 to corroborate the amount recorded in the financial statements by the Trust.</li> <li>• Corroborating a sample of income from contract variations and year-end receivables to supporting evidence.</li> <li>• Assessing and challenging management's estimates and judgements taken in order, to arrive at the income from contract variations recorded in the financial statements.</li> </ul> <p>The Trust's accounting policies for recognition of revenue from contracts with customers and from NHS contracts and from other operating income is shown in Note 1.4 to the financial statements and related disclosures are included in Notes 3, 4 and 13.</p> <p><b>Key observations:</b></p> <p>We obtained sufficient audit evidence to conclude that:</p> <ul style="list-style-type: none"> <li>• the Trust's accounting policies for recognition of contract income and other operating income comply with the DHSC Group Accounting Manual 2019 to 20 and have been applied appropriately; and</li> <li>• Contract variations within income and other operating income and the associated receivable balances are not materially misstated.</li> </ul>
<p><b>Risk 3 COVID 19</b></p> <p>The global outbreak of the COVID 19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented.</p> <p>We expected the current circumstances to have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:</p> <ul style="list-style-type: none"> <li>• Remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation</li> </ul>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Working with management to understand the implications of the response to COVID 19 pandemic has on the Trust's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach.</li> <li>• Liaising with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise.</li> </ul> <p>We have also evaluated:</p> <ul style="list-style-type: none"> <li>• the adequacy of the disclosures in the financial statements in light of the COVID 19 pandemic;</li> <li>• whether sufficient audit evidence using alternative approaches can be obtained for</li> </ul>

Key Audit Matter	How the matter was addressed in the audit
<ul style="list-style-type: none"> <li>Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates</li> <li>Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties have arisen; and</li> <li>Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1.</li> </ul> <p>We therefore identified the global outbreak of the COVID 19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<ul style="list-style-type: none"> <li>the purposes of our audit whilst working remotely;</li> <li>whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances;</li> <li>management's assumptions that underpin the revised financial forecasts and the impact on management's continuing going concern assessment;</li> <li>the impact of COVID 19 on the Trust's 2019-20 financial performance; and</li> <li>the reasonableness of the assumptions made on bad debt provisions around non-public sector debt recovery.</li> </ul> <p>This is a financial statement level risk and a key audit matter for financial statements as a whole. Therefore, there is no specific accounting policy. However, implications on COVID 19 are disclosed at Notes 1.2 on Going concern and Note 1.26.1 on land and buildings valuations and Inventories.</p> <p><b>Key observations:</b> We obtained sufficient audit evidence to conclude, other than the basis for the material uncertainty attached to valuation of land and buildings included at risk 1 in this report, any other risks in relation to COVID 19's impact in the 2019-20 financial statements have been reduced to an acceptably low level.</p>

### Our application of materiality

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

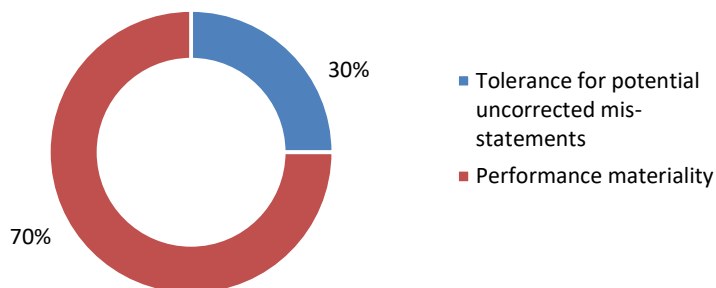
Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	<p>£6,434,000 which is 1.5% of the Trust's gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding.</p> <p>Materiality for the current year is a reduction in materiality compared to the previous year and reflects the higher profile of local audit following external reviews such as those led by Sir John Kingman and Sir Tony Redman and increased risks profiles associated with a hospital with significant transactions and financial challenges.</p>
Performance materiality used to drive the extent of our testing	70% of financial statement materiality
Specific materiality	Disclosures of senior manager remuneration in the Remuneration Report of £22,000 is based on 1.5% of the total executive and non-executive directors'

Materiality Measure	Trust
	remuneration.
Communication of misstatements to the University Hospitals of Morecambe Bay NHS Foundation Trust's Audit Committee	£300,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

### Overall materiality – Trust



### An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Trust's business, its environment and risk profile and in particular, included:

- Updating our understanding of and evaluating the group's internal control environment including its IT systems and controls over key financial systems and processes.
- Performing tests of detail on a sample basis on:
  - all of the Trust's material income streams, covering 100% of the Trust's income;
  - operating expenses, covering 100% of the Trust's expenditure;
  - 98% of the Trust's assets; and
  - 100% of the Trust's liabilities.

### Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance - the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy, to be materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit committee reporting in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance - the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2019/20 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Our opinion on other matters required by the Code of Audit Practice is unmodified**

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2019/20 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, 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.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accounting Officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust without the transfer of the Trust's services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Adverse conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, because of the significance of the matters described in the Basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, University Hospitals of Morecambe Bay NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

#### **Basis for adverse conclusion**

In considering the Trust's arrangements for securing efficiency, economy and effectiveness in its use of resources, we identified the following matters:

- During 2019/20 the Trust reported an adjusted financial performance deficit of £61.7million. The actual deficit was £39.2 million, which has increased the cumulative deficit position of the Trust to £314.3 million as at 31 March 2020.
- As a condition of the enforcement undertaking on the Trust's licence issued in May 2018, the Trust was required to submit a sustainability and financial recovery plan to NHS Improvement covering the period to 2023/24. This plan projects a deficit position in each of the five years up to 2023/24. In total, these in-year deficits cumulate to £299 million before any financial support.
- In line with national guidance, a draft operational plan was submitted to NHS Improvement for 2020-21, which forecast a deficit of £72.8 million. Due to the Covid-19 national pandemic, planning has been suspended and therefore the Trust has not yet agreed a formal plan for 2020-21. The forecast deficit of £72.8 million represents a shortfall of £19.4 million against the financial improvement target, and a £12 million shortfall against the Trust's sustainability and financial recovery plan.
- The pre COVID 19 financial planning, which has been suspended nationally, identified a Cost Improvement Programme (CIP) target for 2020-21 of £22 million. This was revised to £19.2 million in the March 2020 Finance and Performance Committee. As part of the planning process, the Trust had identified a base CIP of £11.6 million and further opportunities totalling £7.6 million. This position represents a significant risk that the Trust's forecast deficit for 2020-21 may be greater than planned.

These matters highlight pervasive weaknesses in the Trust's arrangements for setting a sustainable budget with sufficient capacity to absorb emerging cost pressures due to the current configuration of services and levels of demand on services.

This issue is evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

#### **Significant risks**

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table



below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risks forming part of our qualified conclusion	How the matter was addressed in the audit
<p><b>Risk 1 Financial resilience and sustainability</b></p> <p>The Trust faces significant financial challenges in the short and medium term, which will require robust 'informed decision making' and 'sustainable resource deployment'.</p> <p>The Trust has a history of reporting a deficit outturn position, the cumulative impact of which was £210.2 million at 31 March 2019. The Trust was forecasting a further deficit of £61.9 million in 2019-20, which requires further revenue borrowing from the Department of Health and Social Care.</p> <p>The Trust had a Cost Improvement Programme (CIP) of £22 million for 2019-20, which includes 83% of non-recurrent savings. High levels of non-recurrent savings put greater pressure on future operational budgets.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Review of financial outturn, and CIP performance against plans in 2019-20;</li> <li>• Inquiries of senior members of the finance team;</li> <li>• Review of the 2020-21 Draft Operational Plan, including CIP targets, and medium-term financial recovery plans to understand financial projections to address the in-year and cumulative deficit position, and capital financing requirements; and</li> <li>• Consideration of impact of reconfiguration of services and working with partners on financial performance.</li> </ul> <p><b>Key findings</b></p> <p>We have qualified our conclusion in respect of this risk, as set out in the Basis for adverse conclusion section of this audit report.</p>
Significant risks not forming part of our qualified conclusion	How the matter was addressed in the audit
<p><b>Risk 2 Reconfiguration of services – Better Care Together</b></p> <p>The Trust is 'working with partners' more closely than ever in order to help address the operational and financial challenges faced by the Trust and the wider health economy across South Cumbria and North Lancashire. In 2018 Healthier Lancashire and South Cumbria was confirmed to be one of the first areas of the country to work as a shadow integrated care system (ICS) with the intention to be a formal ICS in the future.</p> <p>The Trust is a key partner in the 'Bay Health and Care Partners', which is one of five integrated care partnerships within the ICS. The ICS is working together to improve patient care, population health and ultimately health outcomes for the local population. The Trust has developed medium-term financial recovery plans in conjunction with its partners. The partnership has continued to transform and integrate services, evidenced by the transfer of community services into the Trust during 2018/19 and the development of cross-Bay specific teams such as the Integrated Community Stroke Team.</p> <p>The Trust's operational and financial plans</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Inquiries with senior management responsible for managing key partnerships, reconfiguration of services and the transfer of community services;</li> <li>• Understanding the oversight and governance structures the Trust has in place to ensure partnership working is successfully managed;</li> <li>• Understanding the process, controls and governance procedures in place to ensure the transfer of Community services to the Trust was successful; and</li> <li>• Review of key Trust plans and strategies to understand the impact of partnership working on these, and how this is being managed by the Trust.</li> </ul> <p><b>Key findings</b></p> <p>We concluded that, the risk was sufficiently mitigated, and the Trust has proper arrangements to work with other parties to</p>

have strong links to partnership working and therefore the failure to work with partners effectively represents a significant risk to the Trust achieving its strategic and operational priorities.	deliver strategic and operational priorities. We acknowledge the Trust is taking an active role in the new reconfigurations of services that are starting to deliver better patient outcomes, but the challenge remains on making these services financially sustainable in the short to medium term.
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## Responsibilities of the Accounting Officer

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

## Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of University Hospitals of Morecambe Bay NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

## Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

**Gareth Kelly**

**Gareth Kelly, Key Audit Partner**

for and on behalf of Grant Thornton UK LLP, Local Auditor

Glasgow

24 June 2020

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## Annual Governance Statement 2019/20

### University Hospitals of Morecambe Bay NHS Foundation Trust

#### 1. Scope of Responsibility

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

#### 2. The Purpose of the System of Internal Control

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

#### 3. Capacity to Handle Risk

##### 3.1 Leadership

As Accounting Officer, I have overall accountability and responsibility for ensuring that there are effective risk management and integrated governance systems in place within the Trust and for meeting all statutory requirements and adhering to guidance issued by NHS Improvement in respect of governance and risk management.

During 2018/19, a Care Quality Commission (CQC) Unannounced Core Service Inspection of the Trust took place mid November 2018. This was followed by a Use of Resources Assessment late November 2018, led by NHS Improvement (NHSI). There was an announced CQC 'Well-led' inspection in December 2018. When the CQC published its Quality Report in May 2019, the CQC also published a Use of Resources (UoR) assessment undertaken by NHSI that rated the Trust as inadequate for the use of resources. The combined rating for the Trust, taking into account CQC's inspection for the quality of services and NHSI's assessment of Use of Resources was Requires Improvement. The CQC rated the Trust as Requires Improvement for the well-led domain and amongst the recommendations made; the CQC suggested that the Board of Directors should undertake an external governance review.

During 2019/20, an external governance review was conducted by Deloitte supported by the Deputy Chief Executive and Company Secretary. The review focused on three key areas:

- 1) Processes for managing risk, issues and performance;
- 2) Roles, responsibilities and systems for accountability; and
- 3) Effective use of information.

Throughout the review, Deloitte found a number of examples of good governance practice in relation to the work that had been undertaken to refresh and revise the organisational strategy; a clear Committee structure which aligned with the strategic priorities and was comparable to that in place in other Foundation Trusts and a broad range of activities in place to support Governors to undertake their statutory roles and responsibilities.

During the course of the review, a number of improvements were also undertaken by the Trust in order to refine the effectiveness of arrangements. These included:

- Aligning the Annual Plan to the 5P's (People, Performance, Partnerships, Patients and Progress);
- Improving the format of the Board Assurance Framework and its use in practice;

- The introduction of Quarterly Reviews and updating the format of the Integrated Performance Report to include greater use of statistical process control and forecast performance information; and
- Establishing a Chairs of Assurance Group to better co-ordinate the work of the Assurance Committees.

The review noted areas where there was scope to further refine the governance arrangements currently in place and in particular to the following areas:

- Recognising the strengths outlined in relation to the strategy, there was a need to fully embed the annual planning process, clarify priority areas, and to develop detailed implementation plans to support the delivery of the vision;
- Acknowledging the work which had been undertaken to strengthen the Board Assurance Framework, there remained scope to utilise this to greater effect in practice in order to drive Board and Committee debate around areas of greatest risk;
- Noting the effective Committee structure in place, there was further opportunity to clarify the remit of some meetings, including prioritising agendas and minimising levels of duplication. The planned introduction of a routine meeting of the Committee Chairs and Executive leads should assist with this process. Expectations around Care Group attendance at these meetings should also be clarified;
- Whilst good levels of Board cohesion were noted, Board debate could be further strengthened by ensuring that significant risks facing the Trust were subject to in-depth scrutiny, and also ensuring greater levels of collective input to the development of proposed actions to address issues outlined;
- The format, frequency and content of Care Group meetings required review in order to minimise duplication. Alongside this, processes for escalating risks and issues should be clarified. There was also a need to strengthen the process for overseeing Care Group performance at performance meetings which whilst helpful do not currently allow sufficient time for detailed debate and scrutiny of key risks within each Care Group; and
- A review of the effectiveness of the Council of Governors (CoG) should be undertaken on an annual basis, and used to inform the implementation of the proposed CoG training programme.

The Review did not find any area of weakness in the governance arrangements of the Trust. The review identified how the system of governance could be strengthened to ensure that it was more effective and recommended the following 7 key areas were reviewed:

- 1) Strengthening the Annual Planning process;
- 2) Ensure the Board focuses on key priorities and areas of greatest risk;
- 3) Improving the effectiveness of the Board Committees;
- 4) Improving the effectiveness of the Council of Governors;
- 5) Strengthening the approach to performance management including data quality;
- 6) Ensure risk drives the business of the Trust; and
- 7) Streamlining the clinical and corporate governance architecture.

Having reviewed the recommendations of the Deloitte review, the Trust's approach to risk was reviewed and benchmarking with other Trusts was undertaken. This work was suspended due to COVID-19. However the current arrangements remain in place and the Trust's Risk Management Strategy describes the roles and responsibilities of all employees within the Trust and sets out the requirement for an active lead from managers at all levels to ensure risk management is a fundamental part of the total approach to quality, safety, corporate and clinical governance, performance management and assurance. There is a clearly defined structure for the management and ownership of risk which through the Risk Register enables significant risks to be escalated to the Board via the Board Assurance Framework and Corporate Risk Register. For 2019/20, the Board Assurance Framework was revised to reflect the findings of the governance review and was developed alongside the production of the Operational Plan. The format and construct of the Integrated Performance Report (IPR) was also reviewed and was based on statistical process control (SPC) charts. SPC charts are recognised as good practice by the CQC and by building the IPR using SPC charts, the Trust was able to improve its approach to performance management.

The Board of Directors has overall responsibility for setting the strategic direction of the Trust and managing the risks in delivering the strategy. All committees with risk management responsibilities have reporting lines to the Board.

A lead Executive Director has been identified for each strategic risk defined within the Board Assurance Framework; each risk is in relation to the Trust's strategic objectives. These 'high level' strategic risks within the Board Assurance Framework, supported by the Corporate Risk Register which contains 'high level' operational risks, are subject to ongoing review by the Board and its Committees on a quarterly basis. To align the Board Assurance Framework and Corporate Risk Register to the Operational Plan, a quarterly review of the operational plan priorities are undertaken by the Board and its Committees.

The Deputy Chief Executive has overall responsibility for the implementation and compliance with the Risk Management Framework within the Trust in order that the Executive Directors are supported in providing strategic leadership for:

- Financial risks and the effective coordination of financial controls throughout the Trust;
- Clinical quality and safety risks;
- Workforce and staffing risks;
- Medical risks;
- Information risks;
- Estate and capital risks;
- Governance risks; and
- Care Group risks.

All Care Group triumvirate members have responsibility for the risk management activity in their Care Group, including:

- Providing leadership for risk management activities in their Care Group;
- Promoting and supporting the implementation of the Risk Management Strategy;
- Monitoring the risk mitigation activities within their Care Group to ensure that risks and remedial action plans are being appropriately managed, reviewed and updated in accordance with the Risk Management Strategy;
- Monitoring and, where appropriate, challenging the scoring of risks to ensure consistency with the Risk Matrix;
- Ensuring that Care Group risk management activity is discussed and reviewed at relevant Care Group meetings;
- Ensuring that staff are given necessary information, instruction, training and supervision in relation to risk management activities;
- Ensuring staff are made aware of risks within their work environment and of their personal responsibilities for risk management;
- Presenting risk management reports to Trust Committees, where required;
- Management of the identified risks within their Care Group/Department, including the escalation of risks, where appropriate;
- To promote and embed an 'open' and 'just' culture; and
- Monitoring that all relevant risk assessments are undertaken, reviewed and documented appropriately.

Senior Managers and specialist advisors routinely attend each meeting to advise on special matters and provide assurance on operational risk management and Care Group risk registers. Clinical Directors and Associate Directors of Operations for each Care Group are then able to provide assurance to the Board and its Committees on the Board Assurance Framework and Corporate Risk Register.

The Care Group Clinical Director is responsible for the Care Group Risk Register. The Care Group Risk Registers are reviewed at the Care Group Governance and Assurance Groups on at least a quarterly basis to ensure actions have been taken to mitigate the risks and to provide a formal minute. The Care Group Clinical Director is responsible for ensuring that any agreed local risks that are rated at 15 and above are included in the Care Group Risk Register Report that is submitted to the relevant Assurance Committee and addition to the Corporate Risk Register. Care Group Risk Registers are presented in a standard format providing a progress report on actions taken to mitigate risk by the Care Group Clinical Director to the relevant Assurance Committees according to the annual schedule.

Governors on behalf of members are able, through the governance framework and via the Council of Governors, to raise concerns and seek assurances from the Chair and the Non-Executive Directors on issues affecting the Trust. Through their involvement in the strategic planning processes and the development of the UHMB Strategy, Operational Plan and the Quality Account, Governors are able to ensure the Trust adequately addresses the risks that impact on the Trust.

### **3.2 Training**

Through the Governance Division, training is provided to staff members who have direct responsibility for risk management within their area of work, as defined by the Trust Risk Management Strategy including the principles of risk management and escalation, when a risk is deemed to be tolerable and the frequency of review for the controls that mitigate risks and the operation and review of the Risk Register Module of the Safeguard System. Training is provided via e-learning courses on the Trust's Training Management System (TMS) system, 'tailored' class room sessions for specific clinical or operational areas, one to one sessions for specific individuals and risk awareness training sessions for Directors and Senior Managers.

Through the local workplace induction checklist, new employees are trained and notified of local risk arrangements including health and safety, incident reporting / escalation and risk assessments. In addition, the Trust's mandatory training programme reflects essential training needs and includes risk management processes such as health and safety, clinical risk management, incident reporting, fire safety, conflict resolution, resuscitation, moving and handling, safeguarding adults, safeguarding children, infection prevention, information governance and equality and diversity.

Facilitated by the Training and Development Team, the Trust has a Training Needs Analysis (TNA) in place which documents the mandatory training requirements for all staff within the financial year.

#### **4. The Risk and Control Framework**

##### **4.1 Key Elements of the Risk Management Strategy**

The Trust's Risk Management Strategy covers all aspects of risk and will be reviewed in quarter 1 of 2020 to ensure it remains appropriate and current. The Risk Management Strategy assigns responsibility for the ownership, identification and management of risks to all individuals at all levels in order to ensure that risks are managed appropriately at a local level together with a framework which allows risks to be escalated through the organisation. The process populates the Board Assurance Framework and Corporate Risk Register, Assurance Committee Risk Registers, Care Group Risk Registers and Specialty / Departmental Risk Registers to form a systematic record of risks including the control measures designed to mitigate and minimise identified risks. As part of the Risk Management Strategy the Board has adopted the following risk appetite statement to help guide staff with risk management activities:

*The Trust recognises that it is operating in a competitive healthcare economy where patient safety, quality of service and organisational viability are vitally important.*

*The Trust also recognises that there is always a level of inherent risk in the provision of acute healthcare which must be accepted or tolerated, but which must also be actively and robustly monitored, controlled and scrutinised.*

*The Trust also recognises that it has finite resources in terms of staff, equipment and finances available to it in the delivery of healthcare services.*

*In response to these factors the Trust will seek to manage risks in accordance with the well-established ALARP principle - As Low As Reasonably Practicable, with priority being placed upon maintaining or improving patient safety ahead of any other aim or objective.*

*All identified Risks will be allocated a Risk Mitigation Strategy that ensures compliance with the ALARP Principle.*

Risks can be identified from a variety of different sources through the operation of the Trust's business; these can be proactive processes (planning processes, general observations and internal / external audits) or reactive processes (incidents, complaints, claims, inspections / assessments / accreditations / reviews and regulatory assessments). All identified risks are then assessed and are entered into the Trust's Risk Register System, Ulysses Safeguard. The Trust's Risk Management Strategy is referenced to a series of related risk management documents, for example, reporting and management of incidents including serious incidents procedure, management procedure for the investigation and resolution of complaints and claims management procedure. The Risk Management Strategy is available to all staff via the Trust's Procedural Document Library, on the Trust's Intranet.

The Trust requires that all risks on the Risk Registers have an active, robust and time specific mitigation plan. The Board believes that the Trust must do all that is reasonable in the management of all risks and once it is satisfied that controls and assurances are in place and effective, the Board is prepared that a residual risk may be tolerated or accepted. The Board understands that some strategic risks associated with the business of the Trust carry a high level of inherent risk and provided that the condition of reasonableness has been met, the Trust is prepared to tolerate strategic risks at a high level. This approach forms a fundamental part of the Trust's thinking on risk, risk tolerance and corporate decision making. To aid the Trust in making decisions on risk, the Trust utilises the National Patient Safety Agency Risk Matrix, which the Board uses as the basis of identifying acceptable and unacceptable risk.

In January 2019, the Trust obtained an opinion of Substantial Assurance from Internal Audit in the last audit of the Trust's risk management arrangements to ensure that the risks are identified, managed, reported on and escalated through the appropriate governance structures.

## 4.2 Key Elements of the Quality Governance Arrangements

### Strategy

Patient safety, clinical effectiveness and patient experience, alongside improving efficiency, drive the Board's strategic framework, which identifies key elements in the quality of care it delivers to its patients and provides the basis for annual objective setting. The potential risks to patient safety, clinical effectiveness or patient experience are identified and escalated to the Board in accordance with the process outlined in section 4.1 above.

### Capabilities and Culture

The Board of Directors is ensuring it has the necessary leadership, skills and knowledge to deliver on all aspects of the quality agenda. Board development activities are in place to support the Board in its leadership and strategic decision making. Deloitte provided Board Development support during 2019/20. All Board of Directors receive an annual appraisal and the Chair reports to the Nominations Committee and the Remuneration Committee on the composition of the Board.

The Board keeps under review its clinical leadership model which puts senior medical and nursing colleagues at the heart of decision-making and management of each Care Group within the Trust. During 2018/19 a review of the clinical leadership structure took place with appointments of Deputy Medical Directors, Care Group Clinical Directors, the Chief Clinical Information and the Lead Clinician roles completed. The appointments were linked to a two year leadership development programme which continued during 2019/20. The Trust's culture continues to place patient care at the heart of everything the Trust does in addition to being honest and open and striving for excellence.

During 2019/20, the Colleague Experience Strategy was approved by the Board of Directors. The strategy sets out the ambition to create a positive culture where all staff feel valued, included and respected through leadership and engagement at all levels. The Trust's Behavioural Standards Framework (BSF) is central to this. The BSF was developed through the Listening into Action (LiA) initiative in 2015 and was refreshed in October 2017 to ensure that the Trust employ (and retain) people with the right values, attitudes and behaviours to deliver the high standards of care expected for every patient every time. Within this, behaviours were not 'something extra', but integral to everything that the Trust does and will drive excellence in patient and employee experience. Building on from this, during 2019/20 the Trust continued to promote the BSF. The Trust's approach to talent management and leadership development was launched during 2019/20 which set out developments in the way that the Trust managed, identified and developed leaders, managers and key specialists in alignment with the current organisational strategy and vision. During 2019/20 the Trust continued to promote opportunities for staff to make improvements through LiA and Quality, Service Improvement and Redesign approach.

### Processes and Structure

Accountability for patient safety, clinical effectiveness and patient experience and improved efficiency are set out in the Trust's Quality Improvement Strategy. The Board of Directors is reviewing its Quality Improvement priorities for 2020 and a revised Quality Improvement Strategy is scheduled for later in 2020/21. The new strategy was developed using co-design and co-production with input from staff, patients, carers, strategic partners and other key stakeholders. The strategy sets out ambitious plans over the next three years to deliver sustained, significant and continuous improvements to the quality and safety of the care provided to patients. The Quality Improvement Strategy incorporates national requirements and locally identified measures. Quality goals have been selected to have the highest possible impact across the overall Trust. The majority of measures are specific, measurable and time-bound.

The Board of Directors hold ultimate accountability for ensuring the Trust's services are safe, effective and reflective of the needs of patients; to that end it is the responsibility of the Board to foster a culture of quality and patient safety within the organisation by driving and overseeing the implementation of this strategy and plan. The Trust has established a Quality Assurance Committee, a Serious Incident Reporting Panel and a weekly patient safety summit to ensure escalation and oversight of significant issues.

The Board of Directors monitors the work streams that underpin this strategy and plan by scrutinising the information contained in the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections are produced for the Board of Directors and its Assurance Committees.

Care Group Clinical Directors, Assistant Chief Nurses, Lead Allied Health Professionals and Associate Directors of Operations have responsibility for facilitating the implementation of this strategy and plan within their Care Groups. Furthermore, it is the responsibility of the Care Group team to contribute to the delivery of



the Trust's quality targets. This is managed through the development and delivery of Care Group business plans which include specific requirements relating to quality, patient safety and risk.

All Trust managers and Trust staff have a responsibility for supporting the Trust in its implementation of this strategy and plan and to adopt the principles of quality to guide them in their day to day roles.

The Board of Directors commences every meeting with a patient story, reflecting on positive and negative experiences of patients using the Trust's services. The Assurance Committees of the Board receive Quality and Integrated Performance Reports to provide assurance on quality outcomes including compliance with Care Quality Commission (CQC) registration requirements and CQC Essential Quality and Safety Standards. This is achieved through the Care Group Governance and Assurance Groups and the Care Quality Assessment Tool report.

The Board actively seeks feedback from patients, members, governors, commissioners and other stakeholders in the pursuit of excellence as part of the continuous improvement cycle. All members of the Board of Directors routinely participate in patient safety walkabouts, corporate quality reviews and leadership visits in clinical areas to engage with frontline teams, patients and visitors to evaluate the safety, clinical effectiveness and experience of care for patients.

Information reported to the Board, regarding performance against nationally mandated targets, is collated from the dataset submitted to the Department of Health. Likewise data to support compliance with locally commissioned services and targets is reported to the Board of Directors from the dataset provided to commissioners.

### 4.3 How Risks to Data Security are Being Managed

Data quality and data security risks are managed by the Informatics, Information and Innovation (I3) via the I3 Risk Management Forum and Information Governance and Data Quality Group reporting to the Trust's Finance Committee with information generated through the risk management system. Any risks identified are added to the risk registers. In addition, independent assurance is provided by the Data Security and Protection Toolkit self-assessment review process.

During 2019/20 the Informatics, Information and Innovation (I3) Service has overseen:

- Continued development of a system to support secure information sharing for delivery of care;
- Continued development of assurance systems to monitor and assure the privacy of patient records accessed within the Trust;
- Continued roll-out of secure electronic record keeping in place of paper record systems;
- Implementation of Microsoft 365; and
- IT system risk and criticality assessments.

During the financial year 2019/20, the Trust had 121 Personal Data related incidents reported, all were thoroughly investigated and reported upon, with 0 incidents being reported to the Information Commissioner, Department of Health or NHS Digital. In comparison there were 138 personal data information security related incidents recorded during 2018/19.

The tables below provide a summary of the incidents that were reported in 2019/20.

Summary of personal data related incidents					
Breach Type		No Impact	An impact is unlikely	Reported to ICO <sup>1</sup>	Reportable to ICO and DHSC <sup>2</sup> Notified
Confidentiality	Unauthorised or accidental disclosure	72	30	0	0
	Unauthorised or accidental access	6	1	0	0
Availability	Unauthorised or accidental loss	8	1	0	0
	Unauthorised or accidental destruction	0	0	0	0
Integrity	Unauthorised or accidental alteration	1	2	0	0

<sup>1</sup> ICO – Information Commissioners Office

<sup>2</sup> DHSC – Department of Health and Social Care

The Trust achieved Data Security and Protection Toolkit (DSPT) internal assessment compliance score of “Standards Met”. The DSPT submission is subject to independent audit; the Trust’s internal auditors Mersey Internal Audit Agency (MIAA) have reviewed the evidence provided as part of the DSPT compliance and provided an overall Substantial Assurance opinion in respect of our process of self-assessment.

#### 4.4 Organisation’s Key Risks

On 19 March 2020 the Trust was informed that operational planning was cancelled due to the NHS response to the COVID-19 pandemic.

Up until this point the Board had developed planning and priorities for 2020/21 focused on delivery of a £19.1 million Cost Improvement Programme and commencing on delivery of this plan working with our Bay Health and Care Partners on the transformation programme which we had agreed would focus on 4 key priority areas:

- Transformation of outpatients;
- Reshaping inpatient care to release Medical Unit 2;
- Theatre improvement programme; and
- Long term conditions.

The Trust established very quickly a strategic, tactical and operational governance process through which it responded to the pandemic. In light of the impact of COVID-19, a review of priorities and the challenges facing the Trust for 2020/21 has been undertaken.

In-Year Risks 2019/20	Future Major and Significant Clinical Risks 2020/21
These are taken from the Board Assurance Framework, Corporate Risk Register, Bay Health and Care Partners’ Financial Recovery Plan, Operational Plan, Integrated Performance Report and Quality Account	Whilst the Trust’s operational priorities for 2020/21 had been agreed, in light of the COVID-19 situation the Board of Directors reviewed and refined these into 4 key areas of focus for 2020/21; details of which are set out below.
<b>Strategic Priorities:</b>  <b>Patients</b>  Strategic Priority 1: If we do not meet regulatory standards for quality and safety we will not be a fit for purpose health and care provider.  <b>People</b>  Strategic Priority 2: If we do not maintain a sufficiently motivated and engaged workforce, in sufficient numbers, appropriately trained and working in a positive work culture, to deliver safe, sustainable care and the aspiration to be a great place to be cared for, a great place to work will not be achieved.  <b>Performance</b>  Strategic Priority 3.1: If we do not have adequate capital funding to enable priority schemes including maintenance the physical condition of the Trust’s estate, infrastructure and medical equipment will fail leading to poor patient outcomes and experience.  Strategic Priority 3.2: If we do not achieve operational performance trajectories towards the NHS Constitutional Access Standards this will lead to poor patient outcomes and experience.  Strategic Priority 3.3: If we do not meet financial objectives and plans we will not be able to provide	1. Dealing with the current COVID-19 pandemic as safely and effectively as we can.  2. A core focus on colleague wellbeing.  3. Continued priority on Quality and Safety of our services.  4. Post COVID-19 Future – operational recovery and transformation programme.

In-Year Risks 2019/20	Future Major and Significant Clinical Risks 2020/21
These are taken from the Board Assurance Framework, Corporate Risk Register, Bay Health and Care Partners' Financial Recovery Plan, Operational Plan, Integrated Performance Report and Quality Account sustainable services.	Whilst the Trust's operational priorities for 2020/21 had been agreed, in light of the COVID-19 situation the Board of Directors reviewed and refined these into 4 key areas of focus for 2020/21; details of which are set out below.
<p><b>Partnerships</b></p> <p>Strategic Priority 4: If we do not build and maintain strong partnerships we will not deliver on the triple aim and our ambitions for Better Care Together.</p>	

The risks were assessed and validated by the Board of Directors as part of the response to the COVID-19 pandemic. The Trust has identified mitigating actions to reduce the overall exposure arising from these risks.

Mitigating actions against the risks are set out in the Board Assurance Framework and the COVID-19 Response Plan. Each risk remains under constant review and are assessed by reviewing progress with measurable targets, and auditing compliance with national and local standards / regulations. Mitigating actions and outcomes are monitored on a quarterly basis by the reporting Committees identified in the Risk Management Strategy. Escalation and de-escalation of risks is dependent upon progress to achieve outcomes. Further information is given under Section 7.

#### 4.5 Effectiveness of Governance Structures

The Trust has reviewed its corporate objectives and visions and values which focus on quality. Underpinning these will be objectives and work programmes. Progress will be reported to the Board of Directors and its Assurance Committees.

The corporate governance team works with Care Group management teams and governance leads to strengthen and embed the following areas within the Trust:

- Risk management;
- Incident reporting and investigation;
- Clinical Audit;
- NICE guidance;
- Patient reported outcome measures;
- Complaints and litigation;
- Safety Alerts;
- Care Group Governance Leads;
- Involving and engaging patients and the public; and
- Programme Management Office.

Each Care Group has a Care Group Governance Framework in place. Care Group performance meetings are held on a monthly basis and areas of concern are escalated to the Assurance Committees. At Care Group performance meetings, the Executive Directors hold Care Groups to account for their performance.

To test the effectiveness of its governance structures and process, the Trust employs Mersey Internal Audit Agency (MIAA) as its internal auditors. Each year the Trust agrees priority areas for MIAA to audit. Set out below is the 2019/20 work programme delivered by Internal Audit and the outcomes of the Audit Work:

Review Title	Assurance Level
	High/Substantial/Moderate/Limited/No
Consultant Job Planning	Substantial
Care Quality Commission Action Plan – Part 1 Review	Substantial
Key Financial Systems	Substantial
Serious Incidents	Substantial
Data Security and Protection Toolkit	Substantial
Agency Staffing	Moderate
Waiting Lists and Follow-Up Appointments	Moderate
Staff Training	Moderate
Conflicts of Interest Part 1 Review	Partial Compliance
Payroll Overpayments	Not applicable*

\*As Payroll services transferred to ELFS during 2019/20, it was not possible for MIAA to complete their testing on records held within SBS or query inconsistencies in the overpayment reports provided by SBS to the Trust. As such it was not appropriate for MIAA to provide an assurance rating on a service that no longer existed.

In view of the impact of COVID-19, it was agreed with the Trust that MIAA would scale back internal audit activity and that the following 2019/20 reviews would be deferred to 2020/21:

- Consultant additional activity claims;
- Cyber security; and
- Care Quality Commission Action Plan Part 2 Review.

The Assurance Committees seek assurance from Executive Directors and Care Groups about risk and performance. Through the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections, Non-Executive Directors are able to seek assurance and hold Executive Directors to account for quality, risk and performance.

The Board also receives assurances through the Programme Management Office, external assessments, clinical audit, internal and external audit and clinical and non-clinical Committees, which report on a regular basis to the Assurance Committees. Regular leadership visits are undertaken by all Board members which enable the Board to meet with staff and patients and triangulate assurances received in formal meetings.

The Board of Directors receive submission of timely and accurate information to assess risks to compliance with the Trust's Licence by scrutinising the information contained in the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections.

Together with internal and external audit, the Deputy Chief Executive and the Company Secretary report to the Audit Committee on the effectiveness of governance systems and structures to ensure they remain fit for purpose. The Audit Committee is a sub-committee of the Board of Directors and provides independent assurance on aspects of governance, risk management and internal controls.

A review of the fit and proper person assessment was undertaken by the Trust's internal auditors, Mersey Internal Audit Agency (MIAA), as part of the internal audit plan for 2018/19. The overall objective of the review was to ensure that individuals who hold Executive and Non-Executive Director level roles within the Trust were fit and proper persons to lead the organisation in charge of the provision of direct patient care. Following their assessment, the Trust obtained an opinion of Limited Assurance from MIAA. Although a robust control design framework was found to be in place to administer and meet the obligations of the fit and proper persons requirements, MIAA recommended a number of actions to comply with the requirements of the fit and proper persons assessment. These included a review of the Trust's pre-employment checks to assess a director's fitness on appointment and record keeping. In 2019/20 a Standard Operating Procedure was developed to improve the robustness of the processes used by the Trust and the Fit and Proper Persons Policy was reviewed to confirm that the Trust has in place robust systems to ensure continuous assessment of the fit and proper persons requirements. The outcomes of the appraisal process were used to measure on-going competence to perform the role.

The Trust continues its approach to lessons learned through the Learning to Improve Steering Group, established in 2015. The Group reports to the Quality Committee and reviews its Terms of Reference on an annual basis; these are available on the Trust's procedural document library. This Group has responsibility for seeking assurances on the effectiveness of systems for sharing lessons learned across the Trust. Learning from both good and bad practice is key to improving services to patients. It brings together Care Group safety and lessons-learned and considers these alongside organisational data from patient safety, audit, patient experience and legal services. This Group produces the monthly learning to improve bulletin.

#### **4.6 How Risk Management is Embedded in the Activity of the NHS Foundation Trust**

The Trust has in place a Risk Management Strategy and Framework which ensures that risks are considered and managed as part of the activity of the Trust. Each Care Group has a Risk Register which is regularly reviewed and updated and operational risks are considered through the Care Group Governance Framework. Care Group Risk Registers in turn are used to develop the quarterly Corporate Risk Register report for the Board of Directors' meeting and quarterly Committee Risk Register report for its Assurance Committees.

The Assurance Committees also receive reports from clinical and non-clinical committees, on a regular basis which include details of how operational risks are being managed.

The Trust openly encourages staff to report incidents and near misses using the Trust's incident reporting system (Ulysses). The Trust encourages reporting within an open and fair culture, where reporting is congratulated and individuals are not blamed or penalised if they speak out. The Trust has adopted and

supported Speak Out Safely. Following the publication of the NHS Employers review into Raising Concerns in the Trust in March 2015, the Trust has continued to promote the culture of speaking up for patients to improve and maintain the patient and staff experience. As one of the first Trusts in the country to appoint a Freedom to Speak up Guardian, the Trust is seen as exemplar in its approach and the Trust continues to closely follow the recommendations from Robert Francis' "Freedom to Speak up" report while being supported by the National Guardian's office. The Trust's Freedom to Speak up Guardian is supported by a Non-Executive Director and the Trust's Medical Director and continues to work closely with the National Guardian's Office. During 2019/20, the Freedom to Speak Up Guardian presented quarterly reports to the Board of Directors' meetings.

An incident reporting system is in place and incidents are entered onto a database for analysis. All incidents that are submitted using the incident reporting system are evaluated with root cause analyses undertaken for instances of harm that are deemed to be serious under the Trust's reporting and management of incidents including serious incidents procedure. There is a weekly Patient Safety Summit meeting led by the Medical Director and / or Executive Chief Nurse that review the previous week's incidents and determine whether rapid reviews or other actions are required. All identified changes in practice required following a root cause analysis are overseen and implemented by the Serious Incidents Requiring Investigation Panel which is chaired by a Non-Executive Director.

The Trust has an ambition to become one of the safest organisations in the country; the aspiration is to be recognised nationally and internationally as being at the forefront of patient safety through delivering high quality safe care. The Trust has a Patient Safety Unit; the members of which include the Medical Director, Deputy Medical Director, Associate Director of Nursing, governance team, trainee representative, university representative and research team. The Patient Safety Unit was established to provide a resource for investigating and acting on potential patient safety concerns for example through issues arising from the Serious Incidents Requiring Investigation Panel, lessons learnt and the Risk Safeguard team with a view to investigating trends of human factors, behaviours and conducting research to see how behavioural change could result in improved patient safety. The Patient Safety Unit will seek to link clinical patient safety activity with academic research through its partnership with Lancaster University.

The Trust Research and Innovation Strategy sets out the vision and strategic role in establishing the Trust and partners as a high-performing health economy by 2021. At the core of this vision is the fostering of a culture in which research and innovation are embedded in routine clinical practice and the creation of an environment in which research findings lead to sustained improvements in the quality of patient care. The goal of the strategy is to deliver research for all by increasing opportunities for all patients and staff to participate in high quality research studies. During 2019/20, the Board of Directors received regular updates on the progress made towards achieving the ambitions of the strategy.

The Central Investigation Support Unit was established in 2017 to provide guidance and support for staff and the teams undertaking a serious patient safety incident investigation. The CISU team is a 'virtual team' that are continuing in their current posts and undertaking investigation cases on a rota basis to provide support to the lead investigator and the investigation team. A 'soft launch' began in October 2017 initially concentrating on serious incidents reportable to the Strategic Executive Information System (StEIS) - NHS England's web-based serious incident management system, through which providers record incidents. The Unit reviewed its standard operating procedure in January 2019 and will be reviewed again in 2021.

Quality impact assessments and due diligence are used by the Trust in respect of business cases, programme management activities and cost improvement programme proposals. Significant proposals are signed off by the Medical Director and the Executive Chief Nurse. Impact Assessments are kept under review.

The Trust has a zero-tolerance approach to fraud. The Counter Fraud service is provided by Mersey Internal Audit Agency. This helps to embed and tackle fraud and potential fraud in several ways:

- developing an anti-fraud culture across the Trust's workforce;
- fraud proofing of all Trust policies and procedures;
- conducting fraud detection exercises into areas of risk;
- investigating any allegations of suspected fraud; and
- obtaining, where possible, appropriate sanctions and redress.

Since their inception within the Trust, all policies, procedures, guidelines, schemes, strategies have to have a completed Equality Impact Assessment (EIA) attached before being submitted to the relevant Committee for discussion and sign off. Likewise completion of an EIA is expected when there is a new service to be implemented, a change to a service or cessation of a service along with the relevant consultation and engagement with service users. Where an adverse impact is identified during the completion of the initial assessment, a full EIA is carried out. This involves consulting and engaging with people who represent protected characteristic groups and other groups if required to do so.

The Trust's Equality Objectives are:

- To eliminate unlawful discrimination, harassment and victimisation;
- To improve year on year the reported patient experience for protected groups;
- To improve year on year the reported employee experience for protected groups; and
- To reduce health inequalities for protected groups by improving access to all services.

The Trust's Inclusion and Diversity Strategy sets out the organisation's approach to becoming a truly inclusive employer and service provider in creating an environment and culture that celebrates inclusion and diversity, dignity and respect, and which values, nurtures, and harnesses difference for the benefit of patients, service users, their families, carers, members of the public and our employees. The Trust has demonstrated an unprecedented level of commitment and focus on the inclusion agenda over the last few years. Delivery of year 4 (2019/20) of the 5 year strategy was presented to the Board of Directors in July 2019 which saw a continued commitment to delivering on the effortlessly inclusive ambitions. This includes reporting of progress and improvement plans related to the National NHS Workforce Race Equality Standard (WRES), National NHS Workforce Disability Equality Standard (WRES), Gender Pay Reporting and local Sexual Orientation Equality Standard.

The Trust is now regarded as a leader in the field of inclusion and diversity. The Trust has remained within the Top 10 in the Top 50 Inclusive Employer awards. The Trust was also a finalist for the Inclusive Employers Disability Network of the Year, where the Staff Disability Network shared their journey at the first NHS Disability Summit.

The Trust has established networks for protected groups all with an executive sponsor: lesbian, gay, bisexual and transgender, disability; black and minority ethnic, gender, forces, and an emerging carers' network. The Trust has also established a network focusing on supporting European (non-UK citizen) colleagues through the Brexit process and the associated changes to their status and right to remain in the UK.

Skills development is a key element of the Trust's Towards Inclusion Strategy. In partnership with CETAD at Lancaster University, the Trust has developed a half day Inclusive Behaviours workshop with a 5 year plan for all colleagues to complete. Over 1600 colleagues have now participated in the programme. Senior leaders will participate in a new Inclusive and Compassionate Leadership programme in 2020.

The Trust follows the Equality Delivery System 2 (EDS2) performance framework to aid the delivery of personal, fair and diverse services. It demonstrates compliance with the statutory Public Sector Equality Duty - Equality Act 2010 which expanded to cover 9 protected characteristics. EDS2 focuses on these groups. The framework is mapped to Care Quality Commission regulations, the NHS Constitution, and the NHS outcomes framework.

The Trust is hugely privileged to be an Alumni partner of NHS Employers Equality and Diversity Partners programme. This continues to be a fantastic opportunity for the Trust to work with NHS Employers, other partners as well as national stakeholders to support the Trust to embed and integrate inclusion and diversity into the culture and structure at the Trust.

#### **4.7 Elements of the Assurance Framework**

Through its Corporate Governance Statement (required under NHS Foundation Trust Condition 4(8) (b)) the Trust will demonstrate its on-going compliance with:

- Board leadership;
- Organisational management; and
- Quality governance.

Through its governance structures the Trust is able to assure itself on the Trust's performance. The Board of Directors receive submission of timely and accurate information in the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections, the Board Assurance Framework and the Corporate Risk Register which are produced quarterly for the Board and its Assurance Committees.

The Board also receives assurances through the Programme Management Office, external assessments, inspections and visits, clinical audit and internal and external audit and clinical and non-clinical committees, which report on a regular basis to the Assurance Committees and the Audit Committee. The Trust is, therefore, satisfied that there is a high degree of rigour and Board oversight of risk and performance.

As a consequence of breaching its licence conditions, the Trust had several action plans to ensure it became compliant. Through submission of timely and accurate information and its action plans the Board is able to assess risks to compliance with the Trust's Licence.

The Board, therefore, is able to assure itself of the validity of its Corporate Governance Statement.

Through the Governance Division and the governance action plan, the Board of Directors has laid the foundations to provide the framework to manage risks in these areas.

During 2019/20, the Board Assurance Framework (BAF) was revised to reflect the findings of the external governance review. The revised BAF covers the following areas:

- The strategic priority that the BAF risk has been aligned to;
- Identifies the risks to the achievement of the aligned strategic priority;
- Identifies the system of internal control in place to manage the risks;
- Identifies and examines the review and assurance mechanisms, which relate to the effectiveness of the system of internal control; and
- Records the actions taken by the Board of Directors and Officers of the Trust to address control and assurance gaps.

In April 2020, the Trust obtained from Internal Audit an opinion that confirmed that 'the organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board'.

Following the recommendations of the governance review, the BAF was revised in 2019/20 and developed alongside the production of the Operational Plan. To align the Board Assurance Framework and Corporate Risk Register to the Operational Plan, a quarterly review of the operational plan priorities are undertaken by the Board and its Committees.

Risk prioritisation and action planning is informed by the Trust's corporate objectives. The Board of Directors in preparation for the start of the new fiscal year identifies the key strategic risks to the organisation's objectives and ensures that mitigating measures are established and managed. The Trust uses its Risk Register to both manage the key strategic risks, receiving assurances that mitigating actions are effective and to enable the escalation of any new areas of risk that present in year. The risks managed on the Risk Register are derived from a number of internal and external sources including national requirements, national guidance, complaints, claims, incident reports and internal audit findings but are all contextualised against the Trust's strategic objectives. Strategic risks are owned at an executive level in the organisation (Board of Directors) but the management of higher level value operational risks and their control measures and actions is undertaken at various levels in the Trust. Lead Executive Directors and Lead Managers are identified for each risk who assume responsibility for addressing any gaps in control or gaps in assurance by developing and managing the corresponding action plans.

The Board Assurance Framework (BAF) serves to assure the Board of Directors that the Trust is addressing its risks systematically. The action plan arising from each risk also serves as a work plan for the Trust through the Lead Managers to ensure mitigation against risks and closure of any gaps in control or assurance.

The 'elements' of the Board Assurance Framework are monitored and reviewed on a quarterly basis by the Executive Directors, Assurance Committees and the Board of Directors. The Board Assurance Framework is a live document and is used as a key component in the formulation of the Trust's annual reports.

The Trust's risk management and assurance processes are evaluated on an annual basis by the Audit Committee. The Audit Committee provides assurance that the Trust's internal controls are enabling it to achieve its objectives. Where there are gaps in assurance, these are highlighted to the Board of Directors who are responsible for overseeing the completion of action plans to address the gaps.

#### **4.8 How Public Stakeholders are Involved in Managing Risks Which Impact on Them**

The Trust involves both patients and public stakeholders in the governance agenda, strategic planning and risks facing the Trust.

This has been achieved through engagement with the Trust Membership and Governors, Morecambe Bay Clinical Commissioning Group, Lancashire and Cumbria Overview and Scrutiny Committee, local Safeguarding Children's Boards and local Healthwatch groups. The Trust is also represented at local Health and Well Being Boards.

If a risk that is affecting the Trust is also directly relevant to its commissioners, this can be recorded in the risk register. These risks are then included in reports to the Quality Assurance meeting that is held with commissioners.

Through Bay Health and Care Partners (BHACP), the Trust has worked with its partners to remodel the local health economy to provide a sustainable integrated health care system. During 2019/20, consultation with the public, communities and voluntary and special interest groups took place to inform development of the Better Care Together (BCT) 2.0 Strategy, building on the first strategy which was produced in 2014. The BCT 2.0 Strategy sets out the BHACP response to the NHS long term plan commitments and will support the delivery of the Lancashire and South Cumbria Integrated Care System Plan. The BCT 2.0 Strategy sets out the following themes:

- Delivering on priorities and commitments: how delivery of good quality care, delivery of constitutional standards and delivery of services will be achieved within allocated resources;
- Population health approach: investment in prevention and earlier intervention with communities to help people stay fit and well for longer and when people do become ill, support them better to manage their care and be as independent and in control as possible;
- Integration of care: bring services together; and
- Economic, environmental and social responsibility: work with local authorities, other public sector organisations, local businesses and communities to contribute to improving wider economic, social and environmental wellbeing.

The Trust has regular contact and performance meetings with its commissioners. The Trust attends and provides regular reports to the Local Overview and Scrutiny Committees and works closely with Healthwatch.

The Trust has worked closely with governors to help them fulfil their statutory roles. The Governors continue to contribute to the Annual Plan and the Quality Account.

With externally facilitated support the Board of Directors, the Governors conducted a review of how they hold Non-Executive Directors to account. The new Chair of the Trust has instigated a review of the effectiveness of the Council of Governors and introduced new working arrangements aimed at improving how they hold the Non-Executive Directors to account.

During 2019/20, Governors have also participated in:

- CQC mock inspections and other assessments; and
- Several working groups and workshops.

The Trust has a Patient and Public Involvement Strategy in place and this has been continuously implemented throughout 2019/20.

During 2019/20, the Trust held a series of talks for members on a number of different subjects. These included the service available in the Trust for treating patients with autism, the service for patients with dementia and a talk on the way the Trust prepares for an emergency situation. We are now planning a series of talks for 2020/21.

During 2019/20, the first Bay Health and Care Partners' Public Assembly meetings were held in autumn 2019 across locations in Barrow, Lancaster and Kendal. Further meetings were held in late November 2019.

Around 300 local people have already become members of the Assembly. The intention is to provide a sounding board. Facilitated by independent external volunteers, the Assembly meetings agreed they would agree their own terms of reference, demonstrating co-production, and at their last meetings agreed a series of future topics including how NHS and care services are financed, population health - and how to improve the health of our community overall, and how to improve access to healthcare for individuals.

Attendees were largely older (50+ years old) and many had previous professional experience of the NHS. While some attendees did have an existing health condition (or were caring for someone who had) this wasn't cited as their specific reason for attending.

There are plans to advertise for additional members and organise further meetings later in 2020/21.

#### **4.9 How the Trust Complies with the Developing Workforce Safeguards Recommendations**

The People and Organisational Development (OD) Strategy focuses on creating the right conditions for colleagues to flourish developing a highly engaged workforce that is productive and focused on achieving excellence every time.

The people and OD model at the Trust has been built to address the key workforce challenges and priorities, with the creation of a 'Great Place to be Cared For; Great Place to Work' at the core. There are four cornerstones of the strategy to achieve the ambition of creating a great place to work:



- Recruit and retain – attracting and retaining the right people with the right values to deliver services, in line with plans;
- Grow and develop – providing learning and development interventions and opportunities, career frameworks and feedback;
- Engage and involve – ensuring that all employees are actively involved in decisions that affect them (and the services they provide) and participate in service improvement; and
- Health and well-being – providing positive and safe working environments, with access to specialist health & wellbeing when employees need it.

Maintaining a sufficiently motivated and engaged workforce, in sufficient numbers, ensuring staff are appropriately trained and working in a positive work culture, to deliver safe, sustainable care remain amongst the Trust's top strategic risks. The people and OD team has a leading role in supporting the Care Groups and operational teams to put the right conditions in place to mitigate against these risks and ensure that the Trust is a great place to be cared for and a great place to work.

In the refreshed UHMB Strategy for 2019-2024, it set out aims for improved colleague experience through the development and delivery of a Colleague Experience Strategy. During 2019/20, the Colleague Experience Strategy was developed and approved by the Board of Directors. The Strategy has been deployed alongside all the other strategic interventions and plans such as the Recruitment and Retention Strategy, Talent Management approach, Health and Wellbeing Strategy and the Quality, Service Improvement and Redesign approach.

During the COVID-19 outbreak in March 2020 many of the strategies listed above were paused in order to concentrate on the workforce demands of the pandemic. Amongst other efforts the focus has been on ensuring redeployment safely; providing emergency advice seven days a week; setting up additional psychological support services; coaching services; providing a COVID-19 hotline; facilitating support for colleagues including accommodation away from home; enabling ward reconfiguration; providing online support and guidance; and re configuring sickness absence reporting; whilst maintaining business as usual services such as payroll.

#### **4.10 Disclosure of Registration Requirements**

University Hospitals of Morecambe Bay NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is compliant with conditions.

A CQC Unannounced Core Service Inspection of the Trust took place mid November 2018. This was followed by a Use of Resources Assessment late November 2018. This was led by NHS Improvement (NHSI) and consisted of a day of interviews with members of the Board and senior operational teams. There was an announced CQC 'Well-led' inspection in December 2018. The final CQC Quality Report was published in May 2019.

The CQC rated the services provided by the Trust as Requires Improvement overall. Previously it was rated Good. The Trust was rated as Requires Improvement for being safe, responsive and well-led and Good for being effective and caring. A team of CQC inspectors assessed three core services: urgent and emergency care, surgery and medicine. They also looked specifically at management and leadership to answer the key question: Is the trust well-led? While the overall rating for Royal Lancaster Infirmary fell to Requires Improvement, Furness General Hospital and Westmorland General Hospital remained rated as Good overall.

The CQC also published the Trust's Use of Resources (UoR) report, which is based on an assessment undertaken by NHS Improvement. The Trust was rated as Inadequate for using its resources productively. The combined rating for the Trust, taking into account CQC's inspection for the quality of services and NHSI's assessment of Use of Resources, is Requires Improvement.

Following the publication of the CQC Quality Reports the Trust developed a new CQC Hospital Improvement Plan which incorporated all the Trust Wide and Care Group Must and Should Do actions which were identified as areas for improvement within the CQC Quality Reports. The Improvement Plan was presented to the CQC on 12 June 2019. Throughout 2019/20, the Board of Directors received monthly reports on the CQC Hospital Improvement Plan identifying any exceptions or areas of concerns. The CQC Improvement Plan includes 144 recommendations, of which 47 were completed in 2019/20. There are 7 recommendations that are significantly off-target, which are as follows:

- Trust Financial Position (Use of Resources);
- Estates Capital Build Requirements (Pre-Emptive);
- Emergency Department Performance Targets (Pre-Emptive);
- Referral to Treatment Performance Targets (Should Do);
- Achieving Medicine Reconciliation with 24 Hours of Admission (Pre-Emptive);

- Achieving 16 hour per day Consultant cover at Furness General Hospital Emergency Department (Should Do); and
- Achieving National Hip Fracture Audit Standards: Treatment within 36 hours (Should Do).

The Board of Directors has asked each of the Assurance Committees to review these recommendations as they relate to their portfolio to agree the actions to be taken.

During December 2019, there was unannounced focused inspection in Women and Children's including maternity and services for children and young people. This was a focussed inspection so the ratings in the CQC Quality Reports are not ratings from this review, but held over from the previous full inspection. A number of good practices were noted together with areas for improvement. The recommendations of this report have been included in the overall CQC Improvement Plan.

The CQC published the final quality reports and ratings on their website which can be visited at [www.cqc.org.uk](http://www.cqc.org.uk).

#### **4.11 Publication of Trust Register of Interests**

The Trust publishes on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past 12 months as required by the *Managing Conflicts of Interest in the NHS* guidance.

MES Declare was introduced in February 2019 to provide a digital platform for declaring and managing conflicts of interests across the Trust.

#### **4.12 Compliance with the NHS Pension Scheme Regulations**

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

#### **4.13 Compliance with Equality, Diversity and Human Rights Legislation**

Control measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with. This is evidenced by the annual review and self-assessment carried out during the year, as the Trust is required to publish and monitor a variety of workforce metrics. This is also evidenced by demonstrating that all procedural documents incorporate an equality impact assessment prior to ratification by the relevant Committee.

#### **4.14 Compliance with Climate Adaptation Requirements under the Climate Change Act 2008**

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

### **5. Review of Economy, Efficiency and Effectiveness of the Use of Resources**

The Trust has an Operational Plan which is approved by the Board of Directors and submitted to NHS Improvement. Performance against the Plan is monitored by the Assurance Committees and the Board of Directors.

The monthly Integrated Performance Report is produced which contains performance indicators and NHS Improvement metrics for finance, performance, quality and workforce information.

The Trust's resources are managed within the Corporate Governance Framework, which includes Standing Financial Instructions. Financial governance arrangements are supported by internal and external audit who assess the economic, efficient and effective use of resources and provide assurance to the Audit Committee.

Care Group and corporate departments are responsible for the delivery of financial and other performance targets via a performance management framework incorporating service reviews with the executive team for key areas and compliance with the Trust's Financial Accountability Framework.

The Trust has in place a Programme Management Office and the Head of Programme Management Office and administrative support to scrutinise planning and delivery. In addition, the Trust is utilising external support to identify areas of improvement and develop / implement action plans to deliver the required efficiency.

Through the contracts and commissioning team, business cases are developed to ensure that rigour is applied to significant changes in operation or service provision. This includes impact assessments and due diligence tests.

## 6. Data Quality and Governance

In light of the pressures caused by the public sector response to COVID-19, a number of revisions were made to the annual reporting requirements for 2019/20. The Annual Report is no longer required to include a quality report for 2019/20. The following section focuses on data quality and governance in accordance with the revised reporting requirements. Steps have been put in place to assure the Board that there are appropriate controls in place to ensure accuracy of data. These steps cover the following areas as detailed below:

- **Governance and Leadership**

The quality improvement system is led directly by the Board of Directors which also exercises its governance responsibilities through monitoring and reviewing the Trust's quality performance. The Quality Committee reporting directly to the Board leads the Trust's quality agenda and takes assurance on compliance with the Trust's Quality Indicators.

- **Policies**

The Trust has in place a suite of policies which have quality at their heart, focusing on care that is safe, effective and reflective of the needs of patients and staff. The Quality Improvement Strategy sets out the framework in which quality improvements will be achieved within the Trust, with other key policies such as the Incident Policy and Complaints Policy.

- **Systems and Processes**

The Board of Directors ensures that adequate systems and processes are maintained to measure and monitor the Trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery. The Board regularly reviews the performance of the Trust in these areas against regulatory requirements and approved plans and objectives.

- **People and Skills**

The Trust provides a suite of mandatory training in alignment with the NHS National Core Skills Framework, as well as mental health and safeguarding mandatory training.

The Trust also actively encourages and supports employees to gain the skills and qualifications that will support their career development and meet the needs of the organisation. A number of non-mandatory courses are provided covering soft-skills such as communication, coaching skills, and assertiveness training. Additionally the Trust fully utilises the apprenticeship levy to develop colleagues to certified levels. The following apprenticeship activity has taken place over the course of 2019/20:

<b>Apprenticeship course</b>	<b>Total</b>
Level: 6 Registered Nurse (Standard)	24
Level: 3 Senior healthcare support worker, (Standard)	6
Level: 4 Healthcare science associate, (Standard)	12
Level: 3 Health Pharmacy Services	15
Level: 3 Business and Administration	16
Level: 2 Commis chef, (Standard)	1
Level: 2 Intermediate Apprenticeship in Team Leading	1
Level: 3 Installation electrician / maintenance electrician, (Standard)	1
Level: 4 Manufacturing Engineering: Mechanical continuation of Pathway 3	1
Level: 4 Electrical/Electronic Apprenticeships (HNC)	2
Level: 6 Project Manager	1
Accountancy Taxation Professional, Level: 7 (Standard)	1
Level: 3 Leadership and Management	11
Level: 5 Leadership and Management	27

Level: 7 Leadership and Management	30
Level: 2 Performing Engineering Operations Apprenticeship	2
Level: 3 Plumbing Apprenticeship	4
B Eng (Hons) Building Services and Sustainable Engineering Apps	4
Level: 5 Trainee Nursing Associate Apprenticeship	41
Level: 5 Healthcare Assistant Practitioner Degree Apprenticeship	4
Level: 3 Engineering Manufacturing (Installation and Commissioning)	1
Level: 4 Higher Apprenticeship in Advanced Manufacturing – Mechanical (HNC)	1
Level: 3 Software Development Technician	1
Level: 4 Mammography	1
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The Trust's well established Listening into Action (LiA) programme, along with Quality Service Improvement and Redesign (QSiR), form the learning and development strands of the Trust's improvement skills strategy. LiA enables and empowers staff to develop their own improvement initiatives. Since inception the Trust has had 140 LiA schemes taken through by staff at all levels. QSiR delivers a more in depth improvement science training that enables participants to become local champions and experts in improvement knowledge and practice. This allows the Trust to develop the organisational capacity and capability to support our transformational agenda. Within year a total number of 175 QSiR practitioners were trained, including an additional number of colleagues from Bay Health and Care Partners.

- **Data Use and Reporting**

The Trust is provided with external assurance on a selection of the quality data identified within the Quality Report which was taken from national data submissions and national patient survey results, local inpatient survey results and information governance toolkit results. Local internal assurance is also provided via the analysis of data following local internally led audits in relation to nursing care indicators, analysis of data following incidents in relation to medication errors and slips, trips and falls incidents for patients and other patient harm. The quality and safety metrics are also reported monthly to the Board of Directors through the business monitoring report and the quality and safety report.

The Trust has a data warehouse that has significant controls to ensure data gathering and reporting is validated by internal and external control systems.

- **Assurances for Data Quality for elective waiting time data**

There are a number of ways in which the Trust carries out checks to validate data quality for referral to treatment (RTT) elective waiting time reporting:

- Clinicians' feedback on what RTT status each patient is at every time they are seen in clinic by completing an Electronic Outcome form. Our patient administration system Lorenzo aids completion of this by only offering logical sequences of RTT statuses to be picked, thus reducing human error mistakes;
- A Standard Operating Procedure (SOP) is still being used to define validation and lists the criteria and point in the pathway that validation checks are made. It is called the "Validation of Lists of Patients Waiting for Treatment" and can be found on the Trust's Procedural Document Library. This SOP demonstrates that we validate patients at several points along their pathway and not just when they reach more than 18 week wait. Analysis of the patients that had been validated on our January 2020 national RTT return showed that 1,421 patients waiting between 0 and 12 weeks had been validated and 771 patients waiting between 12 and 18 weeks had been validated. This is important because it demonstrates that not only patients waiting over 18 weeks are routinely validated. 5,625 patients out of the total 20,067 patients waiting had been validated;
- The Trust has a number of "safety net" indicators in a data quality dashboard that are reviewed on a daily basis to ensure that patients are progressed to the next stage of their treatment pathway and so that they are not lost. This helps to mitigate against human errors;
- The Trust is again working with the NHS Improvement Intensive Support Team to review processes and governance around RTT. This involved updating the RTT sustainability tool that was initially completed in November 2017. This tool scored the Trust against a range of elements covering leadership and accountability, access policy and SOP's, training and expertise, pathway design, operational management, breach analysis, demand and capacity, reports and information and data quality. The outputs of this re-assessment have demonstrated improvements in several areas since the initial assessment;
- The Trust has specific Lorenzo RTT training modules which can be accessed by all staff, from consultants to booking staff;

- A Data Quality "Getting it right first time" task and finish group was launched on 10 February 2020 to improve training, awareness and digital solutions to improve the quality of RTT coding; and
- Every patient waiting longer than 30 weeks is individually manually tracked through their pathway to ensure that they receive their treatment in a timely way and that national rules around waiting times are adhered to.

New initiatives:

In late January 2020, UHMB submitted their patients waiting for treatment as part of the national Patient Target List (PTL) Validation Programme run by the North of England Commissioning Support Unit (NECS). We have had the initial feedback and are waiting for more detailed benchmarking information comparing us to the other 51 Trusts that took part.

Points from the Executive Summary:

- NECS were encouraged to see a relatively low number of pathways that were unvalidated;
- The data also suggests that the Trust has an effective validation strategy;
- Compared to other Trusts in the programme, there are relatively few pathways flagged as capacity concerns, especially with waiting for first appointment; and
- Feedback from the NECS is that we are the only Trust they have come across that adheres to good practice by including Elective - Planned patients in the RTT reporting once they have waited past their review dates (as outlined in the national RTT waiting times guidance).

Patient pathways have been identified by NECS for further validation and the Trust will work with the programme to review these. The aim of the programme is to remove patients from the active RTT waiting list that shouldn't be counted and decrease the number of patients waiting. NECS have initially flagged 5,010 patients for validation, but after exploring the criteria behind these, at least 50% are not a priority, due to specific ways in which the Trust works, as several criteria of patients that NECS have flagged are legitimately still waiting for treatment under RTT rules and our Joint Access Policy. It is anticipated that learning from this exercise will help us to revise our validation strategy and processes.

## 7. Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Assurance Committees and the Trust's plans to address weaknesses and ensure continuous improvement of the system are in place.

In describing the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control I will detail below some examples of the work undertaken and the role of the Board of Directors, the Audit Committee, the Assurance Committees, clinical audit, internal audit and external audit in this process.

However I first must report that the Trust remains in breach of its NHS Improvement Licence conditions and has a single oversight framework segmentation of 3. This means the Trust is receiving mandated support for significant concerns – there is actual / suspected breach of licence, and a Regional Support Group has agreed to seek formal undertakings from the provider or the Provider Regulation Committee has agreed to impose regulatory requirements.

One enforcement undertaking is now attached to the Provider Licence by NHS Improvement. This relates to finance and sustainability. A revised enforcement notice in respect of financial sustainability was received in May 2018. The notice required the Trust to take all reasonable steps to deliver its services on a financially sustainable basis and set out a number of key actions; one of which required the Trust to present to NHS Improvement a summary of a Board of Directors approved Sustainability Plan. The Board of Directors approved the Bay Health and Care Partners' five year financial recovery plan at their meeting in October 2018, which will address the enforcement notice. The plan was co-produced by the Trust and Morecambe Bay Clinical Commissioning Group. It took into account the geography, health inequalities, ageing demographic, GP and hospital and community workforce constraints and the poor and ageing estate. The plan set out the actions Bay Health and Care Partners (BHACP) intended to make to transform patient pathways, reduce variation, digitally connect patients, primary care and secondary care and reshape workforce. The draft Better Care Together 2.0 Strategy sets out the BHACP response to the NHS long term plan commitments for 2020/21 and supports the Lancashire and South Cumbria Integrated Care System Plan as well as national planning guidance and the Trust's overall system 2019/20 financial out-turn.

The Trust does not wish to continue to rely upon revenue loans and support and national sustainability funding to meet its commitments and is in discussion with NHS England and NHS Improvement to secure a sustainable funding package. The Trust is committed to bringing the organisation back into balance by addressing the structural deficit. The BHACP 'Sustainability and Financial Recovery' Plan indicates an annual deficit over the life of the plan, and does not address the cumulative deficit. As part of its financial plans for the next five years the Trust is working with its partners to secure the necessary resources to continue its operations and in the long term achieve financial sustainability.

For 2019/20 the Board resolved to agree a Control Total with NHS Improvement on the grounds that the Trust could achieve the financial targets without compromising patient safety. I am pleased to report that the Trust achieved its Control Total for 2019/20 and as result, the Trust secured access to provider sustainability funding and an additional financial recovery fund of more than £20 million which provided the Trust a significant opportunity to address the financial deficit. Achievement of the Control Total was due to the high level of cost improvements in 2019/20. The Cost Improvement Plan of £22 million was delivered in full, with a final delivery of £22.7 million. The outturn was considerably different to plan with 71% of delivery being non-recurrent. The cross cutting schemes, planned to deliver £13.2 million, underachieved by £9.2 million, with only Procurement and Prescribing schemes delivering planned levels. This shortfall was offset by non-recurrent savings made centrally via review and release of creditors, fortuitous savings, allowable revenue to capital transfers and other technical adjustments. There needs to be a fundamental shift in culture to dealing with efficiency programmes particularly in the Medicine Care Group. There is a requirement to recurrently reduce costs as opposed to reliance on increased clinical income.

On 2 April 2020, the Department of Health and Social Care, 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 total £291.8 million. As the repayment of these loans will be funded through the issue of PDC, this no longer presents a going concern risk for the Trust.

However there are significant risks that will move forward into 2020/21 that need urgent attention in order to halt further deterioration and to make progress in reducing the underlying deficit of the Trust. There needs to be a cultural shift in how the Trust delivers an efficiency programme. The over-reliance on non-recurrent savings cannot continue. The Trust needs transformative programmes to be delivered that reduce the cost base of the Trust and set us on the way to a financially sustainable position. Care Groups need to manage their spending to their funded levels. Where there is a pressure identified within a Care Group, actions need to be taken to address the cause and mitigations must be identified to restore the financial balance of the Care Group. The impact of COVID-19 has forced significant change to the way we are delivering clinical and non-clinical services. The Trust needs to assess the risks and benefits of our new ways of working and when the pandemic is finally over ensure it does not go back to old ways of working where new, more efficient processes have delivered safe healthcare to our patients. The Board of Directors has therefore agreed to establish a Transformation and Recovery Programme for 2020/21.

Performance indicators such as breaches of the Emergency Department 4 hour standard and the Referral to Treatment standard suggest that there is still some way to go and the new processes and procedures introduced need to be further strengthened.

The Trust will continue to work with the Care Quality Commission and NHS England/Improvement to ensure that the quality and safety of services delivered to patients continues to improve. Urological services at the Trust have been subject to a long-standing climate of patient safety concerns and complex employee relations history. In July 2019 a former employee of the Trust, Mr Peter Duffy, consultant urologist published a book about his experience of working in that department and the associated media exposure led to questions and concerns from patients, staff and communities relating to the management of these issues.

The impact of the concerns was felt widely by local patients (past and present), by staff and on our services. Based on our recent history it is considered that a fully independent and external review of the issues raised, the related actions taken to date, actions currently in train and a review of both the Trust response to historical concerns and the safety of the current service was the best way to move forward.

In the interim, the Trust has established a sub-committee (Task and Finish Group) to oversee a programme of work including assurances regarding improvements in Urology. The Trust regularly publishes on its website details of the work of the Task and Finish Group and the progress that is being made.

The Trust also wrote a letter to the Department of Health/NHSI to request they consider commissioning an independent review of the allegations made and the response of the Trust. The request was approved and Niche Consulting were appointed. The Investigation is scheduled to last until December 2020.

On 30 January 2020 the first phase of the NHS's preparation and response to COVID-19 was triggered with the declaration of a Level 4 National Incident. The Trust established very quickly a strategic, tactical and

operational governance process through which it has responded to the COVID-19 pandemic. The Trust approved a [COVID 19 Emergency Response Plan](#). The purpose of the plan was to clarify the planning assumptions and predicted increased pressure arising from the COVID-19 pandemic on the population of Morecambe Bay and details the Trust and partners' responses. This included:-

- Management of Non-essential activity;
- Bed expansion at Royal Lancaster Infirmary;
- Bed expansion at Furness General Hospital;
- Workforce requirements; and
- Avoiding admissions and expediting discharges.

The Head of Internal Audit Opinion is that Moderate Assurance can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.

The internal audit reports show that the Trust has been successful in embedding good governance at many levels within the Trust with the number of reports receiving Substantial or Moderate Assurance. No reports received Limited Assurance. However the Trust remains vigilant and continues to strive for further improvements across all areas.

The External Auditor has issued an 'adverse qualified' opinion for 2019/20 in respect of financial sustainability as part of the Value for Money conclusion. The Auditor has a duty to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

In considering the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the External Auditor identified the following matters:

- During 2019/20 the Trust reported an adjusted financial performance deficit of £61.7 million. The actual deficit was £39.2 million, which has increased the cumulative deficit position of the Trust to £314.3 million at 31 March 2020;
- As a condition of the enforcement undertaking on the Trust's licence issued in May 2018, the Trust was required to submit a sustainability and financial recovery plan to NHS Improvement covering the period to 2023/24. This plan projects a deficit position in each of the five years up to 2023/24. In total, these in-year deficits cumulate to £299 million before any financial support;
- In line with national guidance, a draft operational plan was submitted to NHS Improvement for 2020/21, which forecast a deficit of £72.8 million. Due to the COVID-19 national pandemic, planning has been suspended and therefore the Trust has not yet agreed a formal plan for 2020/21. The forecast deficit of £72.8 million represents a shortfall of £19.4 million against the financial improvement target and a £12 million shortfall against the Trust's sustainability and financial recovery plan; and
- The pre COVID-19 financial planning, which has been suspended nationally, identified a Cost Improvement Programme (CIP) target for 2020/21 of £22 million. This was revised to £19.2 million at the Finance and Performance Committee in March 2020. As part of the planning process, the Trust had identified a base CIP of £11.6 million and further opportunities totalling £7.6 million. This position represents a significant risk that the Trust's forecast deficit for 2020/21 may be greater than planned.

The External Auditor concluded these matters highlighted pervasive weaknesses in the Trust's arrangements for setting a sustainable budget with sufficient capacity to absorb emerging cost pressures due to the current configuration of services and levels of demand on services.

The External Auditor also concluded that this issue was evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Although the Trust remains in breach of its Licence Conditions there have been no other significant failings identified in 2019/20.

In the light of the internal and external audit work I am able to provide assurance that the system of internal control is well designed and is now effective and enables the Trust to isolate and respond to issues of concern. The Trust is not complacent and recognises that whilst new systems have been introduced, it will take time for them to become effective and will require ongoing monitoring and evaluation.

The Trust continues to address those areas of risk identified by its Regulators in addition to the priorities for 2020/21 as set out in section 4.

## 8. Conclusion

In reviewing the Trust's system of internal control I am satisfied that the Trust has systems in place that support the achievement of the Trust's policies, aims and objectives whilst safeguarding the public funds and assets. I am pleased that the Trust's internal auditors have provided the Trust with positive assurance in respect of the Trust's overall level of internal control.

The scale of the annual and cumulative deficit and the material uncertainty regarding financial sustainability, however, warrant a disclosure as a significant control issue for the Trust. In reaching this conclusion, I have taken into account:

- The external audit Value for Money conclusion relating to financial sustainability;
- The NHS Improvement findings in the Use of Resources assessment;
- The financial outturn and revenue support levels the Trust requires; and
- Although there has been an announcement to convert the long term debt as public dividend capital, interest payments will continue and the Trust will continue to have a deficit because of the structural challenges it faces.

The Trust has in place mitigations and recovery plans within these areas which I have identified within the Annual Governance Statement.



Aaron Cummins  
Chief Executive

Date: 24 June 2020



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**University Hospitals of Morecambe Bay  
NHS Foundation Trust**

**Annual Accounts**

**2019/20**

## **ANNUAL ACCOUNTS 2019/20**

### **Foreword to the accounts**

#### **UNIVERSITY HOSPITALS OF MORECAMBE BAY NHS FOUNDATION TRUST**

These accounts for the 12 months ended 31 March 2020, have been prepared by the University Hospitals of Morecambe Bay NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

A handwritten signature in black ink, appearing to read 'A Cummins', with a stylized flourish at the end.

Aaron Cummins  
Chief Executive

Date : 24 June 2020

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020**

	NOTE	2019/20 £000	2018/19 £000
Revenue from continuing operations	3-4	<b>393,369</b>	336,247
Operating expenses	5	<b>(428,956)</b>	(408,919)
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(35,587)</b>	(72,672)
<b>Finance costs</b>			
Interest received	8	<b>133</b>	108
Interest payable	8	<b>(6,062)</b>	(4,121)
Unwinding of discount on provisions	8	<b>(7)</b>	(2)
<b>Net finance costs</b>		<b>(5,936)</b>	(4,015)
Gains from transfers by absorption	25	<b>2,323</b>	643
<b>SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>(39,200)</b>	(76,044)
<b>Other comprehensive income</b>			
Revaluation gains/(losses) and impairment losses on property, plant and equipment	10	<b>0</b>	6,585
<b>TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR</b>		<b>(39,200)</b>	(69,459)
<b>Adjusted financial performance (control total basis):</b>			
Surplus/(deficit) for the period		<b>(39,200)</b>	(76,044)
Remove impact of PSF and FRF funding		<b>(20,535)</b>	0
Remove impact of impairments charged to I&E		<b>0</b>	7,145
Remove (gains)/losses on transfers by absorption		<b>(2,323)</b>	(643)
Remove I&E impact of capital grants and donations		<b>350</b>	220
<b>Adjusted financial performance surplus/(deficit)</b>		<b>(61,708)</b>	(69,322)

Adjusted financial performance shows the figures used by NHS Improvement to assess the Trust's performance for the year against the annual plan. The Trust's agreed control total for 2019/20 was a deficit of £61.9 million. The plan for 2018/19 was a deficit of £69.4 million.

The notes on pages 163 to 209 form part of these accounts.

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	NOTE	31 March 2020 £000	31 March 2019 £000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	630	751
Property, plant and equipment	10	169,650	159,840
Trade and other receivables	13	3,821	2,898
<b>Total non-current assets</b>		<b>174,101</b>	<b>163,489</b>
<b>CURRENT ASSETS</b>			
Inventories	12	4,210	3,740
Trade and other receivables	13	25,693	15,083
Non current assets held for sale	14	196	0
Cash and cash equivalents	15	5,772	2,380
<b>Total current assets</b>		<b>35,871</b>	<b>21,203</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	(27,232)	(24,722)
Borrowings	19	(292,265)	(56,944)
Provisions	20	(240)	(256)
Tax payable	16	(6,296)	(5,938)
Other liabilities	18	(930)	(584)
<b>Total current liabilities</b>		<b>(326,963)</b>	<b>(88,444)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(116,991)</b>	<b>96,248</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	19	(1,268)	(179,174)
Provisions	20	(2,484)	(2,167)
<b>Total non-current liabilities</b>		<b>(3,752)</b>	<b>(181,341)</b>
<b>TOTAL ASSETS EMPLOYED</b>		<b>(120,743)</b>	<b>(85,093)</b>
<b>FINANCED BY TAXPAYERS' EQUITY</b>			
Public Dividend Capital		153,787	150,237
Revaluation Reserve		39,803	39,803
Retained Earnings		(314,333)	(275,133)
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>(120,743)</b>	<b>(85,093)</b>

The financial statements on pages 159 to 162 were approved by the Trust Board on 24 June 2020 and signed on its behalf by the Chief Executive. The notes on pages 163 to 209 form part of these accounts.



Signed: .....(Chief Executive)

Date: 24 June 2020

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**

	Public dividend capital (PDC) £000	2019/20 Revaluation reserve £000	Retained earnings £000	Total £000
<b>TAXPAYERS' EQUITY AT 1 APRIL 2019</b>	<b>150,237</b>	<b>39,803</b>	<b>(275,133)</b>	<b>(85,093)</b>
<b>Changes in taxpayers' equity</b>				
Retained deficit for the year	0	0	(39,200)	(39,200)
Transfers by absorption, transfers between reserves	0	0	0	0
Impairment of property, plant and equipment	0	0	0	0
Revaluation gains on property, plant and equipment	0	0	0	0
Public Dividend Capital received	3,550	0	0	3,550
<b>TAXPAYERS' EQUITY AT 31 MARCH 2020</b>	<b>153,787</b>	<b>39,803</b>	<b>(314,333)</b>	<b>(120,743)</b>
	Public dividend capital (PDC) £000	2018/19 Revaluation reserve £000	Retained earnings £000	Total £000
<b>TAXPAYERS' EQUITY AT 1 APRIL 2018</b>	<b>148,397</b>	<b>33,186</b>	<b>(199,057)</b>	<b>(17,474)</b>
<b>Changes in taxpayers' equity</b>				
Retained deficit for the year	0	0	(76,044)	(76,044)
Transfers by absorption, transfers between reserves	0	32	(32)	0
Impairment of property, plant and equipment	0	(2,542)	0	(2,542)
Revaluation gains on property, plant and equipment	0	9,127	0	9,127
Public Dividend Capital received	1,840	0	0	1,840
<b>TAXPAYERS' EQUITY AT 31 MARCH 2019</b>	<b>150,237</b>	<b>39,803</b>	<b>(275,133)</b>	<b>(85,093)</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	NOTE	2019/20 £000	2018/19 £000
<b>Cash flows from operating activities</b>			
Operating surplus/(deficit)		(35,587)	(72,672)
<b>Non-cash revenue and expenses</b>			
Depreciation and amortisation		14,802	14,092
Impairments	8	0	7,145
(Increase)/decrease in inventories		(470)	(470)
(Increase)/decrease in trade and other receivables		(11,533)	(6,528)
Increase/(decrease) in trade and other payables		3,189	4,837
Increase/(decrease) in other liabilities		346	(385)
Increase/(decrease) in provisions	20	294	(598)
<b>Net cash generated from operating activities</b>		<b>(28,959)</b>	<b>(54,579)</b>
<b>Cash flows from investing activities</b>			
Interest received	8	133	108
Purchase of intangible assets	9	0	(414)
Purchase of property, plant and equipment		(22,685)	(21,104)
<b>Net cash used in investing activities</b>		<b>(22,552)</b>	<b>(21,410)</b>
<b>Cash flows from financing activities</b>			
Public Dividend Capital received		3,550	1,840
Loans received from the Department of Health & Social Care		64,901	76,800
Loans repaid to the Department of Health & Social Care		(7,040)	(620)
Other loans repaid		(507)	(254)
Interest paid		(6,001)	(3,737)
Cash flows from/(used in) other financing activities		0	(70)
<b>Net cash used in financing activities</b>		<b>54,903</b>	<b>73,959</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>3,392</b>	<b>(2,030)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,380</b>	<b>4,410</b>
<b>Cash and cash equivalents at 31 March</b>	15	<b>5,772</b>	<b>2,380</b>

## NOTES TO THE ACCOUNTS

### 1 Accounting

### Policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy judged to be most appropriate to the Trust's particular circumstances 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.

#### 1.1 Accounting convention and going concern

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.

The Trust's accounts for 2019/20 have recorded a deficit of £39.2 million and the cumulative deficit position on retained earnings amounts to £314.3 million. The Statement of Financial Position shows negative net current assets and liabilities of £120.7 million. The Trust agreed a control total of £61.9 million deficit with NHS Improvement for 2019/20 and this resulted in entitlement to Provider Sustainability funding during the year provided the control total was met. The final deficit recorded is after the receipt of £20.5 million from the Provider Sustainability Fund and the Financial Recovery Fund operated by the Department of Health and Social Care (DHSC).

In line with national guidance a draft operational plan was submitted to NHS Improvement for 2020/21, which forecast a deficit of £72.8 million. Due to the COVID-19 pandemic, national planning was suspended and therefore the Trust has not been required to agree a formal plan for 2020/21. Even with this national change the Trust continues to review its financial plan and capital investment programme. Current national arrangements have been made to provide the Trust with block contract payments from commissioners and other additional top up arrangements to cover Covid, funding shortfalls and to meet ongoing expenditure. These arrangements are currently in place to 31 July 2020 and it is anticipated that a national framework will be developed for the remainder of the year 2020/21. The Trust continues to work with its partners on financial planning in this period of uncertainty. The Directors have an expectation that any shortfall in earned income over expenditure for the remainder of the year will be met in the form of revenue support from the Department of Health and Social Care. The Trust expects to receive additional Public Dividend Capital (PDC) in 2020/21 to meet any deficit, but this additional PDC has not been confirmed.



## Notes to the Accounts - 1. Accounting Policies (continued)

On 2 April 2020, the Department of Health and Social Care, 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 £291.8 million 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.

Significant work is ongoing with all statutory health and care partners in the Morecambe Bay area to create an integrated health and care system which is sustainable for the long term. The Bay Health and Care Partners represents 6 organisations across health and social care and aims to co-ordinate ways of working across the system to provide a platform for integration. The Trust remains an integral part of this initiative.

In accordance with IAS 1, management have made an assessment of the Trust's ability to continue as a going concern considering the significant challenges described above. Although these factors represent a material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern, the Directors, having made appropriate enquiries, still have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts and the financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

## 1.2 Consolidation

### Subsidiaries

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full to the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

### Charitable funds

The Trust is Corporate Trustee for the Bay Hospitals Charity. The Charity's relationship with the Trust is that of a subsidiary because the Trust has the power to govern the financial and operating policies of the Charity so as to obtain benefits from its activities for itself, its patients or its staff.

All subsidiary NHS charities must be consolidated if material. Having considered the level of materiality applicable for the Trust, management have taken the decision not to consolidate the Charity on the grounds of immateriality.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **Joint working arrangements**

The Trust operates as a third partner in a GP Practice within its geographical boundary. This partnership is in the form of a collaborative working arrangement and does not meet the definition of a Joint Arrangement as defined in accounting standard IFRS 11. The Trust does not have control over the operation of the entity and has no rights to its assets.

The extent to which the Trust has contributed financially to this arrangement is shown in note 13.1 Receivables and note 23 Related party transactions. As this is not a Joint Arrangement no other accounting adjustments have been made.

### **1.3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **1.3.1 Critical judgements in applying accounting policies**

Estimates and judgements have to be made in preparing the Trust's annual accounts. These are continually evaluated and updated as required, although actual results may differ from these estimates.

The Trust has reviewed the application of accounting standard IAS 16 for non-current land and property assets. The valuation basis applied incorporates: alternative site methodology where the modern equivalent asset could be constructed in an alternative location; a number of components over which asset values are assessed; and a review of useful economic lives. The Trust continues to apply this valuation basis.

In accordance with accounting standard IAS 27 the Trust has decided not to consolidate its charitable funds. This decision is based on the current value of funds held, which represent only 0.4% of the Trust's annual income. In addition, the majority of expenditure relating to the activities of the Charity is reflected in the Trust's accounts as operating income. This includes charitable donations for the purchase of non-current assets and contributions towards the revenue activities of the Trust. These items are included within charitable and other contributions to expenditure in note 4.1.

#### **1.3.2 Key sources of estimation uncertainty**

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 period.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **Asset valuations**

Revaluations of land and building assets should be undertaken with sufficient regularity to ensure that asset values are reflected with reasonable accuracy in the accounts. The Trust revalues its assets at least every five years in accordance with accounting standards. In between full revaluations indices may be applied to asset values if it is deemed that a material change in value has occurred. If the change is assessed and found to be immaterial no adjustments are made.

The Trust undertook a full revaluation of its land and building assets in line with accounting standards as at 31 March 2019. The Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice notice which gives guidance to valuers where there may be a material uncertainty attached to a valuation in the light of the impact of COVID-19 on markets. The Trust has not obtained a valuation report for 2019/20 but it should be noted that there may now be greater uncertainty in markets on which the valuation obtained in March 2019 and reflected in these financial statements is based and this may represent a material uncertainty in relation to the carrying value of the Trust's land and buildings at 31 March 2020.

The Trust's valuer has confirmed that the BCIS build cost and tender price index data that is used in the calculations of asset values lags months behind and it is too early to ascertain what impact COVID-19 has had on the cost of construction. If construction costs were to increase by 1% this would result in an increase in the Trust's asset valuation of buildings of approximately £1.2 million, other things being equal. As it is not possible to anticipate the future impacts the Trust will be required to keep the revaluation of assets under review and further revaluations may result in future material changes to the carrying value of non-current assets. Details of the basis of asset valuation and asset values can be found in note 10.

### **Actuarial assumptions for costs relating to the NHS pension scheme**

The Trust reports, as operating expenditure, employer contributions to staff pensions. This employer contribution is based on an annual actuarial estimate of the required contribution to meet the scheme's liabilities. It is an expense that is subject to change.

#### **1.4 Revenue from contracts with customers**

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

## **Notes to the Accounts - 1. Accounting Policies (continued)**

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by the transfer of promised goods/services to the customer and is measured at the amount of transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in the year. Where 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.

### **1.4.1 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 that care. The customer is the commissioner but customer benefits are realised as services are provided to the patient. Even where contracts could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. Where a patient care spell is incomplete at the year end, the Trust accrues income relating to the activity delivered in that year. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is only dependent on the passage of time.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income. Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this by reducing revenue in line with the value of the penalty.

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

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

The majority of contracts held by the Trust with commissioners are agreed at the year end and revenue is recognised in line with the agreed full and final settlements. This results in material certainty in respect of consideration due under revenue from NHS contracts.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.4.2 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 practice this means that treatment has been provided, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the relevant 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. This allowance is in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

### **1.4.3 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. Income earned from these funds is accounted for as variable consideration.

## **1.5 Other forms of income**

### **1.5.1 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 expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where a grant is used to fund capital expenditure, it is credited to the Statement of Comprehensive Income once conditions attached to the grant have been met. Donations are treated the same way as government grants.

### **1.5.2 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 account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition of the benefit.

## **1.6 Expenditure on employee benefits**

### **Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, except for leave earned but not yet taken, which is not accrued for at the year end, on the grounds of immateriality.

## Notes to the Accounts - 1. Accounting Policies (continued)

### Pension

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. Both are unfunded, defined benefit schemes that cover NHS employers, General 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 the Trust to identify its 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 Trust of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

To ensure that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined by a full actuarial valuation, the Schemes are normally subject to a full actuarial valuation every four years and an accounting valuation every year.

The annual valuation of scheme liability is undertaken by 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 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 HM Treasury discount rate have also been used. The latest assessment of the Schemes is contained in the Scheme actuary report 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.

The purpose of the full actuarial valuation is to assess the level of liability in respect of benefits due under the Schemes, taking account of 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 Schemes relative to the employer cost cap set following the 2012 valuation. This 'employer cost cap' allows for member benefits or contribution rates to be adjusted if the cost of the Schemes changes by more than 2% of pay. Following a judgement by the Court of Appeal in December 2018 the Government announced a pause to that part of the valuation pending conclusion of the continuing legal process.

Employers pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the Schemes except where the early retirement is due to ill health. 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.

## Notes to the Accounts - 1. Accounting Policies (continued)

### Alternative pension provision

Employees who are not members of the NHS Pension Scheme are automatically enrolled in an alternative pension scheme in accordance with Government guidance. The scheme offered by the Trust is the National Employment Saving Trust (NEST) scheme. Employees have an option to opt out of the scheme within one month of being automatically enrolled. The Trust contributed to the scheme at a rate of 3% of the employee's remuneration during 2019/20. This contribution rate will also be applied for the year 2020/21.

The NEST scheme is also accounted for as a defined contribution scheme. The Trust is unable to identify its share of the assets and liabilities of the scheme and therefore shows only the contributions made to the scheme, which are included in operating expenses as and when they become due. This scheme is relevant to a minority of Trust employees.

### 1.7 Expenditure on other goods and services

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

### 1.8 Discontinued operations

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

### 1.9 Property, plant and equipment

#### Recognition

Property, plant and equipment is capitalised if:

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

## Notes to the Accounts - 1. Accounting Policies (continued)

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

### Measurement

All property, plant and equipment assets are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are measured subsequently at valuation. Items of property, plant and equipment which are surplus with no plan to bring them back into use are valued at fair value where there are no restrictions on sale and where they do not meet the definitions of investment properties or assets held for sale.

Land and buildings used for the Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying values are not materially different from the current values that would be determined at the end of the reporting period. Valuations are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

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

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

Fixtures and equipment are carried at depreciated historic cost. In addition, the Trust undertakes an annual validation of equipment assets to re-assess the useful economic lives remaining and makes adjustments as and when appropriate.

### Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification and it is probable that additional future economic benefits or service potential will flow to the Trust, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to operating expenses in the period in which it is incurred.



## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.10 Intangible assets**

#### **Recognition**

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

Intangible assets acquired separately are initially recognised at cost. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Expenditure on development is capitalised when it meets the requirements set out in IAS 38.

#### **Measurement**

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

Following initial recognition, intangible assets are 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. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale and where it does not meet the definition of an investment property or asset held for sale.

### **1.11 Depreciation and amortisation**

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the 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. Assets held under finance leases are depreciated over their estimated useful lives.

### **1.12 Revaluation gains and losses**

An increase arising on revaluation is taken to the Revaluation Reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there.

## 2019/20 Notes to the Accounts - 1. Accounting Policies (continued)

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

Gains and losses recognised in the Revaluation Reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

### 1.13 Impairments

Impairment losses that arise from a clear consumption of economic benefit are charged to operating expenses. A compensating transfer is made from the Revaluation Reserve to Retained Earnings of an amount equal to the lower of the impairment charged and the balance in the Revaluation Reserve attributable to the asset before the impairment.

An impairment arising from loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is recognised in operating income to the extent of the decrease previously charged to expenditure and thereafter to the Revaluation Reserve. Where, at the time of the impairment, a transfer was made from the Revaluation Reserve to Retained Earnings, an amount is transferred back to the Revaluation Reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversal of other impairments are treated as revaluation gains.

### 1.14 Donated and grant funded assets

Donated and grant funded non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated as for purchased assets. Deferred income is recognised only where conditions attached to the donation or grant preclude immediate recognition of the income.

The Trust has no non-current donated assets for which donors have imposed such conditions that would prevent the condition from being met in the future and therefore no income in relation to donated assets has been deferred.

### 1.15 De-recognition

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

Following reclassification, held for sale assets are measured at the lower of their existing carrying amount and 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 that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.16 Leases**

#### **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 as an item of property, plant and equipment.

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

#### **Operating leases**

Operating lease payments are recognised as expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised initially in other liabilities in the Statement of Financial Position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

#### **Leases of land and buildings**

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

### **1.17 Inventories**

Inventories of consumables are valued at cost. Inventories of drugs and energy are valued at net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation of fair value due to the high turnover of stocks.

### **1.18 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.

### **1.19 Provisions**

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where the effect of the time value of money is significant, i.e. for early retirement and injury benefit provisions, the estimated risk-adjusted cash flows are discounted using HM Treasury's pension discount rate of minus 0.5% in real terms.

## Notes to the Accounts - 1. Accounting Policies (continued)

### 1.20 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. The contribution is charged to expenditure. 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 20. These provisions are not recognised in the Trust's accounts.

### 1.21

#### Non-clinical risk pooling

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

### 1.22

#### Contingencies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

Where the time value of money is material, contingencies are disclosed at their present value.

### 1.23

#### Financial instruments

##### 1.23.1 Financial assets

Financial assets are recognised when the Trust becomes party to the contractual provisions of a financial instrument and as a result has a legal right to receive 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. This includes the sale of non-financial items such as goods or services which are recognised when performance occurs i.e. when delivery of the goods or services is made. Items classified as a tax by the Office of National Statistics are not classified as financial instruments.

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

## Notes to the Accounts - 1. Accounting Policies (continued)

The Trust holds financial assets in the form of cash and cash equivalents and non-current and current receivables, which are all classified as subsequently measured at amortised cost.

### Financial assets at amortised cost

Financial assets at amortised cost are those held with the objective of collecting contractual cash flows and include cash and contract receivables. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of the financial asset and recognised in the Statement of Comprehensive Income as financing income.

#### 1.23.2 Impairment of financial assets

For all financial assets measured at amortised cost the Trust recognises an allowance for expected credit losses. The Trust adopts the simplified approach to impairment for contract receivables, measuring expected losses as at an amount equal to lifetime expected losses.

Receivables are assessed based on the likely probability of the cash due from the financial asset being realised. No impairment losses are recognised in respect of NHS receivables in accordance with the guidance specified in the GAM. Differences in the value of income received or expected to be received from NHS contracts are offset directly against the value of revenue recognised in the Trust's accounts.

For impaired financial assets, 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. 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.

### Financial liabilities

#### 1.24

Financial liabilities are recognised on the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

### Financial liabilities at amortised cost

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method. 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.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

The Trust holds financial liabilities in the form of trade and other payables which are included within current liabilities and borrowings. Borrowings held are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

### **1.25 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.26 Foreign exchange**

The functional and presentational currencies of the Trust are sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Any resulting exchange gains and losses are taken to the Statement of Comprehensive Income.

### **1.27 Corporation Tax**

Under s519A Income and Corporation Taxes Act 1988 the Trust is regarded as a Health Service body and is therefore exempt from taxation on its income and capital gains. Section 148 of the Finance Act 2004 provided HM Treasury with powers to disapply this exemption. Accordingly the Trust is potentially within the scope of corporation tax in respect of activities which are not related to or ancillary to the provision of healthcare and where annual profits exceed £50,000. Any tax liability will be accounted for in the relevant tax year.

### **1.28 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. Details of third party assets are given in note 24 to the accounts.

### **1.29 Public Dividend Capital (PDC) and PDC dividend**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of the establishment of the predecessor NHS Trust. 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 the Trust and require repayment of PDC from the Trust. PDC is recorded at the value received and there is no subsequent remeasurement.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health and Social Care as Public Dividend Capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of assets less the value of liabilities, except for, donated and grant funded assets, average daily cash balances with the Government Banking Service and any PDC dividend receivable or payable.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

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 is therefore not revised should any adjustment to net assets occur as a result of the audit of the annual accounts. As at 31 March 2020 the Trust has negative average relevant net assets and this results in no PDC dividends being payable for the year 2019/20.

### **1.30 Losses and Special Payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the Health Service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis. The losses and special payments note 26 is compiled directly from the Trust's Losses and Special Payments Register.

### **1.31 Transfers of functions from other NHS bodies**

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain corresponding to the transfer is recognised within income but not within operating activities.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised Revaluation Reserve balances attributable to the assets, the Trust makes a transfer from its Income and Expenditure Reserve to its Revaluation Reserve to maintain transparency within public sector accounts.

During 2018/19 the Trust transferred in functions from other NHS bodies. The net gains as a result of these transfers are shown as transfers by absorption on the Statement of Comprehensive Income and the Revaluation Reserve balance has been adjusted in line with the value held by the transferring bodies. Details of transfers by absorption can be found in note 25.

### **1.32 Accounting standards that have been issued but have not yet been adopted**

The DH GAM does not require the following Standards and Interpretations to be applied in 2019/20 as these standards are still subject to HM Treasury FReM adoption. IFRS 14 is not EU-endorsed and is not applicable to DHSC bodies. Implementation of IFRS 16 has been deferred until 2021/22 for the public sector and IFRS 17 is not applicable until 2023/24.

- IFRS 14 Regulatory Deferral Accounts
- IFRS 16 Leases
- IFRS 17 Insurance Contracts

## Notes to the Accounts - 1. Accounting Policies (continued)

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

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

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the Income and Expenditure Reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments.

For 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 lease term.

The Trust has begun the process of identifying existing leases. The majority of potential leases relate to properties owned by other NHS organisations where the Trust is an occupier with a number of other tenants and an exercise is ongoing to identify and quantify the lease terms and amounts relating to these transactions. The Trust is updating its systems and controls in respect of leases in accordance with the new standard.

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 from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impractical.

### 1.33 Accounting standards issued that have been adopted early

No accounting standards in issue have been adopted early.



## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.34 Information on reserves**

#### **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 reduction in service potential.

#### **Income and expenditure reserve**

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

## **2**

### **Operating segments**

The Foundation Trust is engaged mainly in healthcare activity and the majority of revenue is received from Clinical Commissioning Groups who are the main purchasers of the Trust's services. The majority of expenses incurred are payroll expenditure on staff involved in the delivery or support of healthcare activities together with the related supplies and overheads.

The Board of Directors is considered to be the Chief Operating Decision Maker and they receive reports on the Trust's financial position with supplementary information relating to income and Care Group expenses. Decisions are based on the overall financial position.

The single segment of 'Healthcare' has therefore been identified as consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments. In addition, as the whole of the Trust's activities relate to the provision of healthcare and operate in the same economic environment, the aggregation criteria set out in IFRS 8, paragraph 12, are met.

### 3. Revenue from patient care activities

#### 3.1 Revenue from patient care activities by type of activity

	2019/20 £000	2018/19 £000
Elective income	41,824	42,445
Non elective income	90,401	80,476
Outpatient income	51,386	49,551
A & E income	16,759	13,971
Community services income	37,470	29,945
Local Authority income	166	0
Other NHS clinical income	86,341	86,632
Private patient income	144	170
AfC Pay award central funding	0	3,993
Additional pension contribution central funding	11,657	0
Other clinical income	5,406	903
	<b>341,554</b>	<b>308,086</b>

Private patient income includes income for the treatment of overseas patients where no reciprocal or bi-lateral agreement exists for their treatment.

The latest revaluation of public sector pensions schemes resulted in a 6.3% increase in the employer contribution rate for the NHS Pension Scheme. This additional amount has been paid to the Pensions Agency centrally on behalf of the Trust. The Trust has accounted for the additional expenditure and notional income to offset these costs is shown in the above note.

During 2018/19 the Trust received national funding from the Department of Health and Social Care for the additional costs incurred as a result of the pay award made to staff on Agenda for Change employment contracts.

Other clinical income includes income from injury cost recovery, prescription charges and non English healthcare commissioners. For 2019/20 there is an additional accrual for income agreed to meet the costs of responding to the COVID-19 pandemic.

**3.2 Revenue from patient care activities by source**

	<b>2019/20</b>	2018/19
	<b>£000</b>	£000
Public Health England	<b>214</b>	214
NHS England and CCGs	<b>339,735</b>	302,646
NHS Foundation Trusts	<b>132</b>	121
NHS Trusts	<b>13</b>	39
Local Authorities	<b>166</b>	0
Department of Health & Social Care	<b>32</b>	3,993
Non-NHS: Private patients	<b>11</b>	31
Non-NHS: Overseas patients (non-reciprocal)	<b>133</b>	139
NHS Injury Cost Recovery Scheme	<b>817</b>	624
Other non-NHS income	<b>301</b>	279
	<b>341,554</b>	308,086

Injury cost recovery income is subject to a provision for impairment of receivables of 21.79% to reflect expected rates of collection.

**3.3 Overseas visitors income**

	<b>2019/20</b>	2018/19
	<b>£000</b>	£000
Income recognised during the year	<b>133</b>	139
Cash payments received in year	<b>129</b>	87
Amounts written off in-year	<b>6</b>	17

The above note relates to treatment of overseas visitors charged directly by the Trust in accordance with Guidance on implementing the overseas charging regulations 2015 issued by the Department of Health and Social Care.

**3.4 Revenue from commissioner requested services**

	<b>2019/20</b>	2018/19
	<b>£000</b>	£000
Income from commissioner requested services	<b>340,292</b>	307,013
Income from all other patient care activities	<b>1,262</b>	1,073
	<b>341,554</b>	308,086

The Trust is required to provide for the purposes of the health service in England, the commissioner requested services listed in Schedule 2 of the Foundation Trust's Terms of Authorisation.

**3.5 Private patient income**

Foundation Trusts are obliged to make sure that the income received from providing goods and services for the health service in England (their principal purpose) is greater than income from other sources including the provision of private healthcare. The Trust has been compliant with this requirement during 2019/20 and 2018/19.

**4. Other operating revenue****4.1 Operating revenue**

	<b>2019/20</b>	2018/19
	<b>£000</b>	£000
<b>Operating revenue recognised in accordance with IFRS 15</b>		
Research and development	<b>1,061</b>	791
Education and training	<b>10,732</b>	10,893
Non-patient care services to other bodies	<b>8,841</b>	7,559
Provider Sustainability Fund income	<b>20,535</b>	0
Other revenue	<b>8,395</b>	7,301
<b>Operating revenue recognised in accordance with other standards</b>		
Charitable and other contributions to expenditure	<b>666</b>	714
Education and training - notional income from the apprenticeship fund	<b>513</b>	0
Rental revenue from operating leases	<b>1,072</b>	903
	<b>51,815</b>	28,161

Provider Sustainability funding is available to NHS providers linked to the achievement of financial controls. The Trust operated within an agreed control total set by NHS Improvement during 2019/20 which resulted in access to this funding. The Trust was unable to agree a control total for 2018/19 and was not entitled to any Provider Sustainability funding for that year.

Charitable and other contributions to expenditure includes income received in the form of donations for the purchase of non-current assets. During the year £167,000 was received from the Bay Hospitals Charity for this purpose. The sum of £276,000 was received from this Charity in 2018/19.

The Trust pays into the Government apprenticeship service. Funds utilised from the Trust's account are paid directly to training providers on the Trust's behalf and notional income is recorded above to reflect the benefit obtained from this service.

**4.1 Operating revenue (continued)**

	<b>2019/20</b>	2018/19
	<b>£000</b>	£000
<b>Other revenue includes the following items</b>		
Car parking charges	<b>1,173</b>	1,141
Catering	<b>1,257</b>	1,267
Clinical excellence awards	<b>222</b>	264
Improved Better Care Fund	<b>1,300</b>	1,998
Rent from staff accommodation	<b>507</b>	507
Other miscellaneous items	<b>3,936</b>	2,124
	<b>8,395</b>	7,301

During the year 2019/20 and 2018/19 the Trust has received funding from the Improved Better Care Fund which is made up of CCG funding and local government grants.

**4.2 Operating revenue from operating leases**

The Trust leases various areas within its sites to other organisations. The majority of leases are to other NHS bodies who provide healthcare services to the same general population. In anticipation of the introduction of IFRS 16 it has been assumed that these leases will be in place for up to 10 years. Comparative information has not been amended for this change.

For 2019/20 operating lease income includes the sum of £1,037,000 relating to service level agreements with other Foundation Trusts (2018/19 £872,000) and £35,000 (2018/19 £31,000) for property leased by NHS Blood and Transplant. All of these leases relate to buildings only.

	<b>2019/20</b>	2018/19
	<b>£000</b>	£000
<b>Rental revenue</b>		
Rents recognised as revenue	<b>1,072</b>	903
Contingent rents	<b>0</b>	0
<b>Total rental revenue</b>	<b>1,072</b>	903
<b>Total future minimum lease payments receivable</b>		
Not later than one year	<b>1,072</b>	903
Between one and five years	<b>4,289</b>	3,611
After five years	<b>5,361</b>	0
<b>Total</b>	<b>10,722</b>	4,514

## 5. Operating expenses

<b>5.1 Operating expenses</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Purchase of healthcare from non NHS bodies	4,712	4,603
Chair and Non Executive directors costs	131	129
Employee benefits including Executive directors	302,554	273,969
Drugs costs	29,934	29,286
Supplies and services - clinical (excluding drugs)	29,280	30,284
Supplies and services - general	5,738	5,888
Establishment	5,636	5,387
Business travel	2,026	2,020
Transport	906	915
Premises - business rates payable to Local Authorities	1,740	1,922
Premises - other	11,431	11,495
Operating lease rentals	1,739	1,810
Depreciation and amortisation	14,802	14,092
Impairments of property, plant and equipment	0	7,145
Increase/(decrease) in provisions for impairment of receivables	34	(170)
Change in the discount rate on provisions	111	(42)
Audit fees - statutory audit	61	53
Other auditors remuneration - audit related assurance	0	7
Internal audit and counter fraud services	147	143
Redundancy costs	0	0
Early retirement costs	(382)	78
Clinical negligence premium	12,608	13,975
Legal fees	60	519
Insurance premiums	306	352
Consultancy services	195	18
Education and training	1,644	1,565
Other	3,543	3,476
	<b>428,956</b>	<b>408,919</b>

Negative expenditure showing against early retirement costs in 2019/20 is as a result of a reassessment of outstanding provisions during the year. As a consequence a credit has been made to the expenditure heading used when the provision was originally created.

## 5.2 Operating lease expenses

Leases paid during 2019/20 include £442,000 (2018/19 £510,000) in respect of leased vehicles which are usually contracted for a period of 3 years and towards which employees pay a contribution for any personal use element.

A lease commenced in November 2012 for temporary ward buildings at the Royal Lancaster Infirmary. This was due to expire in November 2017.

**5.2 Operating lease expenses (continued)**

In November 2015 an additional lease was established for further similar facilities at the site and this is due to expire in March 2021.

The original lease was re-negotiated in March 2016 to expire at the same time as the additional lease. Both leases therefore now extend until March 2021. The sum of £1,295,000 has been recognised as expenditure in 2019/20 in respect of these leases (2018/19 £1,295,000).

Other leases included a lease for endoscopy equipment which expired in November 2019. No leases extend beyond 5 years.

	2019/20 £000	2018/19 £000
<b>Payments recognised as an expense</b>		
Minimum lease payments	1,739	1,810
Contingent rents	0	0
	<u>1,739</u>	<u>1,810</u>
<b>Total future minimum lease payments payable</b>		
Not later than one year	1,972	2,035
Between one and five years	361	1,656
Total	<u>2,333</u>	<u>3,691</u>

**6. Employee costs and numbers**

6.1 Employee benefits	2019/20 Total £000	2018/19 Total £000
Salaries and wages	223,137	205,170
Social Security Costs	21,713	20,384
Apprenticeship levy	1,131	961
Employer contributions to NHS Pension scheme	26,656	24,718
Additional employer contributions paid centrally (6.3%)	11,657	0
Temporary staff (including agency)	19,607	23,794
<b>Employee benefits expense</b>	<u>303,901</u>	<u>275,027</u>

Of the total employee benefits shown above £1,347,000 has been charged to capital and the balance of £302,554,000 has been charged to revenue (2018/19 £1,058,000 was charged to capital and £273,969,000 was charged to revenue). Staff costs are capitalised in relation to work undertaken on capital projects.

## 6.1 Employee benefits (continued)

Expenditure incurred on agency staff in 2019/20 totalled £10,588,000 (2018/19 £15,063,000) and comprises 3.5% (2018/19 5.5%) of total staff costs. Agency staff continue to be utilised to cover recruitment gaps in specific specialities and to provide sufficient staff to patient ratios in respect of nursing and midwifery. The Trust continues to progress with recruitment, with the aim of reducing reliance on agency staff and expenditure remains within the agency ceiling set by NHS Improvement for 2019/20.

Costs of £131,000 relating to the chair and non executive directors are excluded from this note (2018/19 £129,000).

## 6.2 Directors' remuneration and other benefits

During the year key management received remuneration and benefits in kind as summarised below. Key management is defined as the Executive and Non Executive Directors of the Trust. Further details of their remuneration can be found in the Remuneration Report within the Trust's Annual Report.

	<b>2019/20</b>	2018/19
	<b>£000</b>	£000
Remuneration including employers national insurance contributions	<b>1,347</b>	1,378
Employers contribution to Executive Directors' pensions	<b>102</b>	91
Benefits in kind - leased vehicles	<b>31</b>	29

At 1 April 2019 there were a total of 4 Directors to whom benefits were accruing under a defined benefit scheme. At 31 March 2020 there are 5 Directors accruing these benefits.

## 6.3 Retirements due to ill health

During 2019/20 there were 6 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £360,000 (2018/19 there were 6 retirements with an additional liability of £168,000). The cost of ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.



**7. Better Payment Practice Code**

<b>7.1 Better Payment Practice Code - measure of compliance</b>	<b>2019/20</b>		<b>2018/19</b>	
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
Total Non-NHS trade invoices paid in the financial period	<b>80,747</b>	<b>199,231</b>	81,844	195,116
Total Non NHS trade invoices paid within target	<b>58,140</b>	<b>165,341</b>	64,719	166,024
<b>Percentage of Non-NHS trade invoices paid within target</b>	<b>72%</b>	<b>83%</b>	79%	85%
Total NHS trade invoices paid in the financial period	<b>2,635</b>	<b>29,262</b>	2,662	30,543
Total NHS trade invoices paid within target	<b>1,403</b>	<b>24,216</b>	1,516	26,334
<b>Percentage of NHS trade invoices paid within target</b>	<b>53%</b>	<b>83%</b>	57%	86%

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

**7.2 The Late Payment of Commercial Debts (Interest) Act 1998**

There were no amounts included within finance costs arising from claims made for late payment of debts under the above legislation.

**8. Finance costs**

<b>8.1 Finance income</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Interest on bank accounts	<b>133</b>	108
<b>Total</b>	<b>133</b>	108

All surplus cash balances are retained within the Government Banking Service which pays minimal interest.

<b>8.2 Finance expenses</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Interest payable on loans from the Department of Health & Social Care	<b>(6,062)</b>	(4,121)
Unwinding of discount on provisions	<b>(7)</b>	(2)
<b>Total</b>	<b>(6,069)</b>	(4,123)

<b>8.3 Impairment of assets</b>	<b>2019/20 £000</b>	<b>2018/19 £000</b>
Impairments charged to operating expenditure as a result of changes in market price	<u>0</u>	<u>(7,145)</u>
Total impairments charged to operating expenditure	<u>0</u>	<u>(7,145)</u>
Impairments charged to the revaluation reserve	<u>0</u>	<u>(2,542)</u>
<b>Total</b>	<u><b>0</b></u>	<u><b>(9,687)</b></u>

No revaluation has been undertaken in 2019/20. Impairments recognised during 2018/19 relate to the revaluation of land and property assets at 31 March 2019. Details of revaluations made are included in note 10.

<b>9. Intangible assets</b>	<b>2019/20 Computer software - purchased £000</b>	<b>2018/19 Computer software - purchased £000</b>
Gross cost at beginning of period	<b>2,974</b>	2,560
Additions purchased	<b>0</b>	0
Reclassifications	<b>48</b>	414
Disposals/derecognition	<u><b>0</b></u>	<u>0</u>
<b>Gross cost at 31 March</b>	<u><b>3,022</b></u>	<u>2,974</u>
Amortisation at beginning of period	<b>2,223</b>	2,082
Charged during the period	<b>169</b>	141
Disposals/derecognition	<u><b>0</b></u>	<u>0</u>
<b>Amortisation at 31 March</b>	<u><b>2,392</b></u>	<u>2,223</u>
<b>Net book value</b>		
Purchased	<b>629</b>	749
Donated	<u><b>1</b></u>	<u>2</u>
<b>Total at 31 March</b>	<u><b>630</b></u>	<u>751</u>

All intangible assets held are software licences that have been purchased by the Trust. These are held at amortised cost and the economic lives are adjusted to reflect fair value in use.

All intangible assets have finite useful lives and are amortised on a straight-line basis. Lives range from 1 to 6 years. The Trust holds no Revaluation Reserve balances for intangible assets.

**10. Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>2019/20:</b>								
Cost or valuation at 1 April 2019	11,063	114,665	1,879	3,051	48,607	21,889	3,786	204,940
Transfers by absorption	80	2,243	0	0	0	0	0	2,323
Additions purchased	0	5,533	23	11,380	5,260	0	1	22,197
Additions grants/donations	0	0	0	0	167	0	0	167
Reclassifications	0	3,437	0	(4,062)	625	(48)	0	(48)
Transfers to assets held for sale	(60)	(136)	0	0	0	0	0	(196)
<b>At 31 March 2020</b>	<b>11,083</b>	<b>125,742</b>	<b>1,902</b>	<b>10,369</b>	<b>54,659</b>	<b>21,841</b>	<b>3,787</b>	<b>229,383</b>
Depreciation at 1 April 2019	0	11	0	0	28,647	14,349	2,093	45,100
Charged during the period	0	8,487	177	0	3,806	1,964	199	14,633
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0
Disposals/derecognition	0	0	0	0	0	0	0	0
<b>Depreciation at 31 March 2020</b>	<b>0</b>	<b>8,498</b>	<b>177</b>	<b>0</b>	<b>32,453</b>	<b>16,313</b>	<b>2,292</b>	<b>59,733</b>
<b>Net book value</b>								
Purchased	11,083	114,933	1,725	10,369	20,921	5,528	1,303	165,862
Donated	0	2,311	0	0	1,285	0	192	3,788
<b>Total at 31 March 2020</b>	<b>11,083</b>	<b>117,244</b>	<b>1,725</b>	<b>10,369</b>	<b>22,206</b>	<b>5,528</b>	<b>1,495</b>	<b>169,650</b>
<b>Asset financing</b>								
Owned	11,083	117,244	1,725	10,369	22,206	5,528	1,495	169,650
Finance Leased	0	0	0	0	0	0	0	0
<b>Total at 31 March 2020</b>	<b>11,083</b>	<b>117,244</b>	<b>1,725</b>	<b>10,369</b>	<b>22,206</b>	<b>5,528</b>	<b>1,495</b>	<b>169,650</b>

**10. Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>2018/19:</b>								
Cost or valuation at 1 April 2018	11,003	122,549	1,845	772	44,301	18,772	3,322	<b>202,564</b>
Transfers by absorption	60	383	0	0	65	128	0	<b>636</b>
Additions purchased	0	8,503	25	8,555	3,682	34	319	<b>21,118</b>
Additions grants/donations	0	55	0	0	221	0	0	<b>276</b>
Impairments charged to operating expenses	0	(9,708)	0	0	0	0	0	<b>(9,708)</b>
Impairments charged to the revaluation reserve	0	(6,804)	0	0	0	0	0	<b>(6,804)</b>
Reclassifications	0	618	0	(6,276)	2,144	2,955	145	<b>(414)</b>
Revaluations	0	(931)	9	0	0	0	0	<b>(922)</b>
Disposals/derecognition	0	0	0	0	(1,806)	0	0	<b>(1,806)</b>
<b>At 31 March 2019</b>	<b>11,063</b>	<b>114,665</b>	<b>1,879</b>	<b>3,051</b>	<b>48,607</b>	<b>21,889</b>	<b>3,786</b>	<b>204,940</b>
Depreciation at 1 April 2018	0	7,995	160	0	27,200	12,624	1,850	<b>49,829</b>
Charged during the period	0	8,595	151	0	3,253	1,725	227	<b>13,951</b>
Impairments charged to operating expenses	0	(2,563)	0	0	0	0	0	<b>(2,563)</b>
Impairments charged to the revaluation reserve	0	(4,262)	0	0	0	0	0	<b>(4,262)</b>
Reclassifications	0	(16)	0	0	0	0	16	<b>0</b>
Revaluations	0	(9,738)	(311)	0	0	0	0	<b>(10,049)</b>
Disposals/derecognition	0	0	0	0	(1,806)	0	0	<b>(1,806)</b>
<b>Depreciation at 31 March 2019</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>28,647</b>	<b>14,349</b>	<b>2,093</b>	<b>45,100</b>
<b>Net book value</b>								
Purchased	11,063	112,169	1,879	3,051	18,521	7,540	1,473	<b>155,696</b>
Donated	0	2,485	0	0	1,439	0	220	<b>4,144</b>
<b>Total at 31 March 2019</b>	<b>11,063</b>	<b>114,654</b>	<b>1,879</b>	<b>3,051</b>	<b>19,960</b>	<b>7,540</b>	<b>1,693</b>	<b>159,840</b>
<b>Asset financing</b>								
Owned	11,063	114,654	1,879	3,051	19,960	7,540	1,693	<b>159,840</b>
Finance Leased	0	0	0	0	0	0	0	<b>0</b>
<b>Total at 31 March 2019</b>	<b>11,063</b>	<b>114,654</b>	<b>1,879</b>	<b>3,051</b>	<b>19,960</b>	<b>7,540</b>	<b>1,693</b>	<b>159,840</b>

## **10. Property, plant and equipment (continued)**

No overall revaluation of land, buildings or dwellings was undertaken during 2019/20 as the underlying indices upon which the valuation is based had not moved so significantly that they would have resulted in a material difference between the current and carrying value of the Trust's land or property assets.

During 2018/19 a full revaluation of the Trust's land, buildings and dwellings was undertaken as at 31 March 2019 by professional valuers GVA Grimley Limited. The revaluation undertaken resulted in a total of £9,127,000 upwards revaluations and £9,687,000 of impairments in respect of land and property assets. The net effect of these changes amounted to a reduction in asset values of £560,000. Of the impairments incurred, £7,145,000 was charged to operating expenses and the balance of £2,542,000 was charged to the Revaluation Reserve.

The valuer valued the assets in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards 2 of the RICS Valuation Standards - Global and UK 7th Edition, in so far as these terms are consistent with the requirements of HM Treasury, the National Health Service and the Independent Regulator of Foundation Trusts. The majority of the Trust's land, buildings and dwellings are classified as specialised operational assets and are valued on a depreciated replacement cost basis based on the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and obsolescence. Where properties are not considered to be specialised, market values for existing use have been applied.

Where appropriate, land and property assets can be valued based on an alternative location where relocation could be considered to be a factor in determining fair value. Of asset values at 31 March 2020, 40% of assets have been valued based on the modern equivalent asset valuation in their current location and for 59% of assets, alternative site valuations have been used. The remaining 1% of assets have been valued at market value in existing use.

Where individual parts of an asset are significant enough to be assigned separate depreciation profiles, these elements are treated as separate components of the asset. The Trust's assets are valued based on 4 individual components in accordance with accounting standard IAS 16 which allows for similar components to be grouped. The individual components are; frame; finishes and fittings; service engineering; and external works. Each component is assigned a maximum expected economic life which is adjusted for condition and deterioration as appropriate to the individual component.

## 10. Property, plant and equipment (continued)

Asset lives for non-current assets are as follows:	Minimum Life Years	Maximum Life Years
Buildings (excluding dwellings)	1	78
Dwellings	4	31
Plant and machinery	1	17
Information technology	1	8
Furniture and fittings	1	21

For all non-property assets, a validation exercise is undertaken during the year. In 2019/20 no revisions were made to asset lives as a result of this exercise. No revisions were made during 2018/19.

Assets bought with donated funds during the year totalled £167,000. All of this sum was received from the Bay Hospitals Charity for the purchase of assets. During 2018/19 the Bay Hospitals Charity donated funds for the purchase of assets totalling £276,000.

During 2019/20 assets amounting to £3,550,000 were purchased with Public Dividend Capital received from the Department of Health and Social Care. This included the sum of £2,700,000 for improvements to emergency care facilities at the Trust's main sites which was awarded from Urgent and Emergency Care capital to improve patient flows particularly over winter periods. The sum of £735,000 was awarded from the Provider Digitisation Programme for information technology enhancements to improve decision support tools and electronic patient records solutions across the wider Integrated Care System. A further £10,000 to upgrade the pharmacy medicines information system and £105,000 to cover costs incurred as a result of COVID-19 was also received.

During 2018/19 assets amounting to £1,840,000 were purchased with Public Dividend Capital. This included the sum of £936,000 for improvements to emergency care facilities and £687,000 for improvements to information technology. Both projects were awarded from Urgent and Emergency Care capital with the focus on improving patient flows through the healthcare system within Morecambe Bay. The sum of £205,000 was awarded for enhancements to public Wi-Fi and £12,000 to upgrade the pharmacy medicines information system.

There were no sales of equipment during the year 2019/20 or during 2018/19.

## 11. Capital commitments

At 31 March 2020 contracted capital commitments amounted to £3,722,000 for the following items:

£248,000 for installation of new X-Ray equipment at the Royal Lancaster Infirmary and the Queen Victoria Hospital due to be completed in May 2020.

£527,000 for theatre refurbishment works at the Royal Lancaster Infirmary due to be completed in June 2020.

£117,000 for asbestos removal works at the Royal Lancaster Infirmary due to be completed in June 2020.

£1,714,000 for theatre refurbishment works at Westmorland General Hospital due to be completed in March 2021.

£1,012,000 for the creation of day case theatres at Westmorland General Hospital due to be completed in August 2021.

£104,000 for planning fees in respect of a new Energy Centre at the Royal Lancaster Infirmary due to be completed in October 2021.

Although the Trust has planned for the above schemes to be completed as shown above, there is some uncertainty surrounding the ability to complete these works on time as a result of COVID-19.

Capital commitments which were outstanding at 31 March 2019 amounted to a total of £1,886,000. These included £228,000 for theatre refurbishments at Westmorland General Hospital, £126,000 to create drug preparation areas on two wards at Royal Lancaster Infirmary, £126,000 to create a mental health facility at the Royal Lancaster Infirmary and £636,000 for expansion of the Resuscitation Suite at Furness General Hospital. All of these schemes were completed during 2019/20.

Further Trust wide projects for electrical infrastructure (£127,000), replacement of BMS systems (£476,000) and fire stopping works (£167,000) which were committed to at 31 March 2019 have also been completed in full.

The capital programme in 2019/20 was funded from a mixture of internal resources generated by the Trust, loans received from the Department of Health and Social Care and Public Dividend Capital received. Details of capital loans are included in note 19.

## 12. Inventories

### 12.1 Inventories

	31 March 2020	31 March 2019
	£000	£000
Drugs	1,526	1,203
Consumables	2,584	2,355
Energy	100	182
<b>Total</b>	<b>4,210</b>	<b>3,740</b>

<b>12.2 Inventories recognised in expenses</b>	<b>31 March 2020</b>	31 March 2019
	<b>£000</b>	£000

Inventories recognised as an expense in the period	<b>29,144</b>	27,819
Write-down of inventories (including losses)	<b>85</b>	98
<b>Total</b>	<b>29,229</b>	<b>27,917</b>

### 13. Trade and other receivables

#### 13.1 Trade and other receivables

	<b>31 March 2020</b>	31 March 2019
	<b>£000</b>	£000
<b>Current</b>		
Contract receivables	<b>24,480</b>	14,600
Provision for the impairment of receivables	<b>(1,020)</b>	(1,074)
Prepayments	<b>1,495</b>	900
Other receivables	<b>738</b>	657
<b>Total</b>	<b>25,693</b>	<b>15,083</b>
<b>Non-current</b>		
Contract receivables	<b>3,085</b>	2,898
Other receivables	<b>736</b>	0
<b>Total</b>	<b>3,821</b>	<b>2,898</b>

The great majority of trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary. Within the sum shown as contract receivables above £21,848,000 relates to other NHS organisations. Contract receivables due from other NHS entities at 31 March 2019 was £12,331,000.

Items shown as non-current receivables include amounts due in future years from the Injury Costs Recovery scheme of £3,050,000 and working capital cash provided to the Waterloo GP Practice in Millom of £35,000. Non-current receivables in 2018/19 included £2,863,000 and £35,000 for these items.

Clinicians who are members of the NHS Pension Scheme and who face a tax charge upon retirement as a result of work undertaken in 2019/20 can elect to have the charge paid by the NHS Pension Scheme. The Trust will compensate the clinicians and a provision has been created for this purpose. Other receivables above includes an offsetting receivable which is equal to the provision. NHS England and the Government have committed to reimburse the costs to the Trust. The provision is shown at note 20.



**13.2 Allowances for credit losses 2019/20**

	Contract receivables £000
<b>Allowances as at 1 April 2019</b>	<b>(1,074)</b>
Changes in existing allowances	(34)
Utilisation of allowances (write offs)	88
<b>Allowances as at 31 March 2020</b>	<b>(1,020)</b>

Allowances for credit losses include £805,000 relating to anticipated unrecoverable items from the Injury Costs Recovery Scheme and £215,000 of other general impairment provisions.

**13.3 Allowances for credit losses 2018/19**

	Contract receivables £000
<b>Allowances as at 1 April 2018</b>	<b>(1,271)</b>
New allowances arising	(28)
Changes in existing allowances	42
Reversals of allowances	156
Utilisation of allowances (write offs)	27
<b>Allowances as at 31 March 2019</b>	<b>(1,074)</b>

Allowances for credit losses include £771,000 relating to anticipated unrecoverable items from the Injury Costs Recovery Scheme and £303,000 of other general impairment provisions.

**14. Non-current assets held for sale**

	2019/20 Property, plant & equipment £000	2018/19 Property, plant & equipment £000
<b>Net book value at beginning of year</b>	<b>0</b>	<b>0</b>
Assets classified as available for sale during the year	196	0
<b>Net book value of non-current assets held for sale at 31 March</b>	<b>196</b>	<b>0</b>

During the year the Board of Directors approved the sale of Abbey Road Clinic at Barrow in Furness following the relocation of staff to new premises. The property is currently offered for sale.

<b>15. Cash and cash equivalents</b>	<b>31 March 2020</b>	31 March 2019
	<b>£000</b>	£000
<b>Balance at beginning of year</b>	<b>2,380</b>	4,410
Net change in year	<b>3,392</b>	(2,030)
<b>Balance at end of year</b>	<b>5,772</b>	<b>2,380</b>
<b>Made up of</b>		
Cash with the Government Banking Service (GBS)	<b>5,743</b>	2,357
Commercial banks and cash in hand	<b>29</b>	23
<b>Cash and cash equivalents as in statement of financial position</b>	<b>5,772</b>	2,380
Bank overdraft	<b>0</b>	0
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>5,772</b>	<b>2,380</b>

<b>16. Trade and other payables</b>	<b>Current</b>	Current
	<b>31 March 2020</b>	31 March 2019
	<b>£000</b>	£000
NHS payables	<b>5,835</b>	2,380
Other trade payables	<b>4,938</b>	4,947
Capital payables	<b>500</b>	821
Accruals	<b>8,733</b>	9,149
Amounts due to other related parties	<b>3,710</b>	3,505
Tax payable	<b>6,296</b>	5,938
Other payables	<b>3,516</b>	3,920
<b>Total</b>	<b>33,528</b>	<b>30,660</b>

All trade and other payables are due within 12 months and are classified as current payables. There are no non-current payables at 31 March 2020.

Amounts due to other related parties comprise outstanding pension contributions due to be paid to the NHS Business Services Authority - Pensions Division.

There are no payables due at 31 March 2020 in respect of pensions for payments due for future years under the arrangements to buy out the liability for early retirement over 5 years.

**17. Finance lease liabilities**

The Trust has no finance lease liabilities at 31 March 2020.

**18. Other liabilities**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Deferred income	<b>859</b>	584
Deferred grants	<b>71</b>	0
<b>Total</b>	<b>930</b>	<b>584</b>

The Trust received a grant from Bayer PLC for the purchase of medical equipment for the Macular Unit at Westmorland General Hospital. The equipment was ordered prior to 31 March 2020 and delivery is expected during May 2020. This grant will be accounted for as income at the time the equipment is received.

**19. Borrowings**

Loan funding from the Department of Health and Social Care (DHSC) to support the deficit position of the Trust has been accessed since March 2015. Loans have also been agreed to enable the Trust to undertake capital works to reduce backlog maintenance and fund specific projects which could not be afforded from internal resources.

A capital loan was agreed with the DHSC in March 2016 for a total value of £13,600,000. The loan has an interest rate of 1.85% and the principal is repayable in equal instalments over a period of 22 years. This loan was fully drawn down by January 2018. Repayments of £1,505,000 have been made and the principal outstanding at 31 March 2020 is £12,095,000.

A second capital loan was agreed with the DHSC in January 2018 for a total value of £10,100,000. This loan has an interest rate of 2.52% and the principal is repayable in equal instalments over a period of 24 years. This loan was fully drawn down by March 2019. Repayments of £420,000 have been made during 2019/20 and the principal outstanding at 31 March 2020 is £9,680,000.

A third capital loan was agreed with the DHSC in February 2020 for a total value of £34,000,000. This loan has an interest rate of 0.97% and the principal is repayable in equal instalments over a period of 24 years. The sum of £7,000,000 relating to this loan has been drawn down during March 2020.

During 2017/18 the Trust also received a capital loan from Salix Finance Ltd which provides interest-free Government funding to the public sector to improve energy efficiency. The value of this loan is £2,535,789 and this was all drawn down by 31 March 2018. This loan is free of interest charges and principal is repayable in equal instalments over 5 years. The first instalment of principal was paid in October 2018 and subsequent instalments are due at six monthly intervals. As at 31 March 2020 principal has been repaid amounting to £760,737.

**19. Borrowings (continued)**

The Trust has received revenue loans from the DHSC to support the revenue position of the Trust and these have been issued at fixed interest rates of either 1.5% or 3.5%. Loans received between March 2015 and March 2017 were issued at a rate of 1.5%. Loans issued during 2018/19 were issued at 3.5% due to the inability of the Trust to agree the control total set by NHS Improvement for that year.

During 2019/20 further revenue loans amounting to £57,901,000 were drawn down. Of this sum £38,553,000 was to support the Trust's revenue position and £19,348,000 was borrowed in advance of the receipt of PSF and FRF funding. Following payment of PSF and FRF for quarter 2, the sum of £6,000,000 was repaid to the DHSC. The net effect of these loans is an increase in principal outstanding of £51,901,000 during the year. These loans have been issued at a rate of 1.5%.

<b>19.1 Outstanding loan values</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
<b>DHSC loans</b>		
<b>Current</b>		
Capital loan (1.85%)	12,179	705
Capital loan (2.52%)	9,708	443
Capital loan (.97%)	7,005	0
Revenue loans (1.50%)	151,633	54,526
Revenue loans (3.50%)	111,233	0
Interest payable on non-current revenue loans	0	763
<b>Total</b>	<b>291,758</b>	<b>56,437</b>
<b>Non-current</b>		
Capital loan DHSC (1.85%)		12,095
Capital loan DHSC (2.52%)		9,680
Revenue loans (1.50%)		39,100
Revenue loans (3.50%)		116,524
<b>Total</b>	<b>0</b>	<b>177,399</b>
<b>Total DHSC loans</b>	<b>291,758</b>	<b>233,836</b>
<b>Other loans</b>		
<b>Current</b>		
Capital loan (Salix)	507	507
<b>Non-current</b>		
Capital loan (Salix)	1,268	1,775
<b>Total other loans</b>	<b>1,775</b>	<b>2,282</b>
<b>Total loan values at 31 March</b>	<b>293,533</b>	<b>236,118</b>

In accordance with IFRS 9 loan values are shown at amortised cost, including the value of interest payable accrued at the year end.

**19.1 Outstanding loan values (continued)**

Reforms to the cash regime for 2020/21 were announced by the DHSC, NHS England and NHS Improvement on 2 April 2020. All interim capital and revenue loans will be extinguished as at 31 March 2020 and replaced with Public Dividend Capital. DHSC loans shown above which were previously due to be repaid are now classified as current borrowings as they will be repayable within 12 months.

**19.2 Reconciliation of liabilities arising from financing activities**

	2019/20			
	DHSC Loans £000	Other Loans £000	Finance Leases £000	Total £000
<b>Carrying value at 1 April 2019</b>	<b>233,836</b>	<b>2,282</b>	<b>0</b>	<b>236,118</b>
<b>Cash movements:</b>				
Financing cash flows - principal	57,861	(507)	0	57,354
Financing cash flows - interest	(6,001)	0	0	(6,001)
<b>Non-cash movements:</b>				
Interest charge arising in year	6,062	0	0	6,062
<b>Carrying value at 31 March 2020</b>	<b>291,758</b>	<b>1,775</b>	<b>0</b>	<b>293,533</b>

	2018/19			
	DHSC Loans £000	Other Loans £000	Finance Leases £000	Total £000
<b>Carrying value at 1 April 2018</b>	<b>156,685</b>	<b>2,536</b>	<b>71</b>	<b>159,292</b>
Impact of applying IFRS 9 at 1 April 2018	586	0	0	586
<b>Cash movements:</b>				
Financing cash flows - principal	76,180	(254)	0	75,926
Financing cash flows - interest	(3,737)	0	0	(3,737)
<b>Non-cash movements:</b>				
Interest charge arising in year	4,121	0	0	4,121
Other changes	1	0	(71)	(70)
<b>Carrying value at 31 March 2019</b>	<b>233,836</b>	<b>2,282</b>	<b>0</b>	<b>236,118</b>

**20. Provisions**

	<b>Pensions</b>	<b>Injury</b>	<b>2019/20</b>		<b>Clinicians</b>	
	<b>£000</b>	<b>benefits</b>	<b>Legal</b>	<b>Equal Pay</b>	<b>Pensions</b>	<b>Total</b>
		<b>£000</b>	<b>Claims</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
			<b>£000</b>			
At beginning of period	238	2,078	99	8	0	2,423
Arising during the period	19	72	58	3	736	888
Used during the period	(27)	(125)	(63)	0	0	(215)
Reversed unused	0	(473)	(6)	(11)	0	(490)
Change in the discount rate	9	102	0	0	0	111
Unwinding of discount	1	6	0	0	0	7
<b>At 31 March</b>	<b>240</b>	<b>1,660</b>	<b>88</b>	<b>0</b>	<b>736</b>	<b>2,724</b>

**Expected timing of cash flows:**

Within 12 months	28	124	88	0	0	240
Between 1 and 5 years	112	503	0	0	0	615
Over 5 years	100	1,033	0	0	736	1,869
	<b>240</b>	<b>1,660</b>	<b>88</b>	<b>0</b>	<b>736</b>	<b>2,724</b>

	<b>2018/19</b>				
	<b>Pensions</b>	<b>Injury</b>	<b>Legal Claims</b>	<b>Equal Pay</b>	<b>Total</b>
	<b>£000</b>	<b>benefits</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>£000</b>			
At beginning of period	296	2,129	58	536	3,019
Arising during the period	21	108	78	64	271
Used during the period	(24)	(121)	(16)	(592)	(753)
Reversed unused	(53)	0	(21)	0	(74)
Change in the discount rate	(2)	(40)	0	0	(42)
Unwinding of discount	0	2	0	0	2
<b>At 31 March</b>	<b>238</b>	<b>2,078</b>	<b>99</b>	<b>8</b>	<b>2,423</b>

**Expected timing of cash flows:**

Within 12 months	31	118	99	8	256
Between 1 and 5 years	125	470	0	0	595
Over 5 years	82	1,490	0	0	1,572
	<b>238</b>	<b>2,078</b>	<b>99</b>	<b>8</b>	<b>2,423</b>

Clinicians who are members of the NHS Pension Scheme and who face a tax charge upon retirement as a result of work undertaken in 2019/20 can elect to have the charge paid by the NHS Pension Scheme. A provision has been created to reflect this liability with a corresponding receivable shown in note 13.

None of the provisions held relate to former directors. Legal claims provisions relate to employer and public liability claims.

## **20. Provisions (continued)**

At 31 March 2018 the Trust provided for the anticipated cost of Equal Value Claims made by employees. Approval from HM Treasury was granted in June 2018 to settle the outstanding claims and payments were agreed and made to the claimants in February and March 2019. These claims have been recorded in the losses register and details are included in note 26. The residual value on this provision at 31 March 2020 was reversed unused.

Where appropriate the Trust has obtained independent advice and provisions are based on that advice. As far as can be ascertained, it is anticipated that these amounts are likely to become payable in the future.

The Trust is a member of the Clinical Negligence Scheme for Trusts (CNST) which is independently operated by NHS Resolution and is a risk pooling scheme. NHS Resolution accounts for provisions relating to the Trust's claims in its financial statements. At 31 March 2020 these provisions totalled £170,153,000 (31 March 2019 £156,898,000).

## **21. Contingent liabilities**

The Trust has no contingent liabilities as at 31 March 2020.

## **22. Financial Instruments**

### **22.1 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 the Trust faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with clinical commissioners and the way those clinical commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the Financial Reporting Standards mainly apply.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions, policies agreed by the Trust Board and guidance issued by NHS Improvement. The Trust is required to retain an appropriate level of working capital at all times in accordance with the borrowing regime guidance issued by the Department of Health and Social Care. All Trust treasury activity is subject to review by the Trust's internal auditors.

## 22.2 Exposure to risk

### 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 has been permitted to borrow to fund capital expenditure, subject to affordability as confirmed by NHS Improvement. The relevant interest rate was determined at the point of the first draw on the loan and did not vary for subsequent drawings. As at 31 March 2020, the Trust has entered into three loan arrangements with fixed interest rates of 0.97%, 1.85% and 2.52%. The Trust therefore has had a low exposure to interest rate fluctuations.

### Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in contract receivables, as disclosed in the Trade and other receivables note 13.

### Liquidity risk

The Trust's operating costs are incurred under contracts with clinical commissioners, which are financed from resources voted annually by Parliament and the Trust has funded its capital expenditure from funds generated from internal resources, loan finance and Public Dividend Capital. However, the Trust has a deficit of expenditure against its projected income and is therefore exposed to liquidity risks. Plans continue to be developed with the Regulator and Commissioners to mitigate this risk.

### Investment risk

The Trust does not currently invest cash which is not immediately required to fund operating expenses on a short term basis. The Trust is therefore not exposed to significant risk from investment activity.

## 22.3 Carrying value of financial assets

	Held at amortised cost £000	Total £000
<b>Carrying value of financial assets as at 31 March 2020 under IFRS 9</b>		
Trade and other receivables	27,297	27,297
Cash and cash equivalents	5,772	5,772
<b>Total at 31 March 2020</b>	<b>33,069</b>	<b>33,069</b>
	Held at amortised cost £000	Total £000
<b>Carrying value of financial assets as at 31 March 2019 under IFRS 9</b>		
Trade and other receivables	16,449	16,449
Cash and cash equivalents	2,380	2,380
<b>Total at 31 March 2019</b>	<b>18,829</b>	<b>18,829</b>



**22.4 Carrying value of financial liabilities**

	<b>Held at amortised cost £000</b>	<b>Total £000</b>
<b>Carrying value of financial liabilities as at 31 March 2020 under IFRS 9</b>		
Loans from the Department of Health & Social Care	<b>291,758</b>	<b>291,758</b>
Other borrowings	<b>1,775</b>	<b>1,775</b>
Trade and other payables	<b>23,595</b>	<b>23,595</b>
<b>Total at 31 March 2020</b>	<b><u>317,128</u></b>	<b><u>317,128</u></b>
	<b>Held at amortised cost £000</b>	<b>Total £000</b>
<b>Carrying value of financial liabilities as at 31 March 2019 under IFRS 9</b>		
Loans from the Department of Health & Social Care	<b>233,836</b>	<b>233,836</b>
Other borrowings	<b>2,282</b>	<b>2,282</b>
Trade and other payables	<b>21,300</b>	<b>21,300</b>
<b>Total at 31 March 2019</b>	<b><u>257,418</u></b>	<b><u>257,418</u></b>

**22.5 Fair value of Financial Instruments**

The fair values of financial assets and liabilities held by the Trust are estimated to be equal to book value. Amounts held in cash are repayable on demand at the carrying value. The majority of trade receivables and payables are current assets and liabilities and are not subject to material changes due to the effects of time on the future cash flows. The value of loans received from the Department of Health and Social Care are amortised using the interest rate applicable to the loan.

**22.6 Maturity of financial liabilities**

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
In one year or less	<b>315,860</b>	<b>78,244</b>
In more than one year but not more than two years	<b>507</b>	<b>87,771</b>
In more than two years but not more than five years	<b>761</b>	<b>73,788</b>
In more than five years	<b>0</b>	<b>17,615</b>
<b>Total financial liabilities</b>	<b><u>317,128</u></b>	<b><u>257,418</u></b>

All Trust loans from the Department of Health and Social Care have been reclassified as due within one year due to the changes in the cash regime announced in April 2020.

**23. Related party transactions**

During the year ending 31 March 2020 and the prior year (2018/19) none of the Board Members, key management or members of the Council of Governors (or parties related to them) has undertaken any material transactions with the University Hospitals of Morecambe Bay NHS Foundation Trust. Details of Directors' remuneration and other benefits are set out in the Remuneration Report in the Annual Report.

The Trust established a collaborative working arrangement with the Waterloo GP Practice in Millom and contributed a sum of working capital to the Practice during 2016/17. This sum will be repaid from any future surplus generated by the Practice and is therefore shown as a receivable in the tables below.

The Trust receives revenue and capital contributions from the Bay Hospitals Charity where the Trust Board members are Trustees of the Charity. The Charity is required by the Charities Commission to prepare a separate Annual Report and Accounts. The figures in the tables below relate to the income received from the Charity to support the provision of healthcare by the Trust.

The Department of Health and Social Care is regarded as a related party. The University Hospitals of Morecambe Bay NHS Foundation Trust has a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department.

	<b>2019/20</b>			
	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Receivable £000</b>	<b>Payable £000</b>
Waterloo GP Practice (Millom)	-	-	35	-
Bay Hospitals Charity	519	-	16	-
Department of Health & Social Care	222	-	-	-
Public Health England	214	47	-	4
NHS Foundation Trusts	6,509	5,710	5,021	4,107
NHS England and CCGs	353,858	33	16,652	460
Health Education England	11,183	-	98	64
NHS Resolution	-	12,815	-	-
NHS Pension Scheme	-	38,313	45	3,710
NHS Property Services	-	681	-	680
Community Health Partnerships	-	209	-	35
NHS Shared Business Services	-	360	-	419
NHS Trusts	700	1,631	77	478
HM Revenue and Customs	-	22,844	722	6,296
Cumbria County Council	122	-	23	-
Lancashire County Council	196	-	68	-
Welsh, Scottish & Irish Health Bodies	214	-	33	-
National Blood	99	1,310	-	7
Other NHS & Government Organisations	14	211	7	-
<b>Total</b>	<b>373,850</b>	<b>84,164</b>	<b>22,797</b>	<b>16,260</b>

**23. Related party transactions (continued)**

	2018/19			
	Income £000	Expenditure £000	Receivable £000	Payable £000
Waterloo GP Practice (Millom)	-	-	35	-
Bay Hospitals Charity	557	-	25	-
Department of Health & Social Care	4,201	-	-	-
Public Health England	214	45	-	11
NHS Foundation Trusts	6,041	4,722	2,190	1,420
NHS England and CCGs	305,956	-	9,556	240
Health Education England	10,741	17	178	16
NHS Resolution	4	14,236	-	-
NHS Pension Scheme	-	24,718	-	3,505
NHS Property Services	-	228	-	291
NHS Shared Business Services	-	451	-	135
NHS Trusts	1,104	1,045	403	357
HM Revenue and Customs	-	21,345	632	5,938
Cumbria County Council	116	-	24	-
Greater Manchester Combined Authority	43	-	52	-
Lancashire County Council	102	-	154	-
Welsh, Scottish & Irish Health Bodies	202	-	42	-
National Blood	100	1,259	4	27
Other NHS & Government Organisations	5	236	-	18
<b>Total</b>	<b>329,386</b>	<b>68,302</b>	<b>13,295</b>	<b>11,958</b>

**24. Third party assets**

The Trust held £3,000 cash and cash equivalents at 31 March 2020 which relates to monies held by the Trust on behalf of patients (31 March 2019 £4,000). This has been excluded from the cash and cash equivalents figure reported in the accounts.

**25. Transfers by absorption**

	2019/20		Total
	NCICFT		
	£000		£000
<b>Property plant and equipment</b>			
Land	80		80
Buildings excluding dwellings	2,243		2,243
<b>Net book value of PPE transferred</b>	<b>2,323</b>		<b>2,323</b>
<b>Net gain on absorption transfers</b>	<b>2,323</b>		<b>2,323</b>
	2018/19		Total
	CPFT	BTHFT	
	£000	£000	£000
Property plant and equipment			
Land	60	0	60
Buildings excluding dwellings	383	0	383
Plant & machinery	51	14	65
Information technology	91	37	128
<b>Net book value of PPE transferred</b>	<b>585</b>	<b>51</b>	<b>636</b>
Inventories			
Consumables	0	7	7
<b>Total inventories transferred</b>	<b>0</b>	<b>7</b>	<b>7</b>
<b>Net gain on absorption transfers</b>	<b>585</b>	<b>58</b>	<b>643</b>

**25. Transfers by absorption (continued)**

The Trust received transfers of functions from Cumbria Partnership NHS Foundation Trust on 1 April 2018 and Blackpool Teaching Hospitals NHS Foundation Trust on 1 October 2018. These related to the transfer of Community Services and resulted in the assets transferred by absorption as disclosed in this note. The transfer value is shown on the Statement of Comprehensive Income.

A Revaluation Reserve balance of £32,000 was transferred from Cumbria Partnership NHS Foundation Trust in respect of land transferred as part of the transfer by absorption. This is shown as included in the Trust's Revaluation Reserve with a corresponding entry to the Income and Expenditure Reserve on the Statement of Changes in Taxpayer's Equity.

One asset formerly belonging to Cumbria Partnership NHS Foundation Trust was retained in their books due to an ongoing capital scheme at the time of the initial transfer. Subsequently this Trust has been reorganised and is now incorporated within North Cumbria Integrated Care NHS Foundation Trust. Following completion of the capital works and the transfer of legal title, the remaining asset was transferred on 31 March 2020 and is shown in the table above for 2019/20.

The values of the functions transferred which are included within operating activities for the year 2018/19 amount to additional income of £29.9m shown within income from activities in note 3.1 and an equivalent amount of expenditure shown within operating expenses in note 5.1. Approximately 70% of expenditure relates to staffing costs. Income and expenditure for the year 2019/20 in respect of Community Services amounts to £37.6m.

**26. Losses and special payments**

	2019/20		2018/19	
	Number	Value £000	Number	Value £000
<b>Losses</b>				
Cash losses	37	60	25	5
Fruitless payments	0	0	0	0
Bad debts and claims abandoned	38	28	53	22
Stores losses	1	85	1	98
Other losses	1	20	0	0
<b>Total losses</b>	<b>77</b>	<b>193</b>	<b>79</b>	<b>125</b>
<b>Special payments</b>				
Compensation under court order	1	261	1	104
Ex gratia payments	48	58	49	28
Other employment related payments	0	0	69	592
Extra statutory and regulatory	0	0	3	0
<b>Total special payments</b>	<b>49</b>	<b>319</b>	<b>122</b>	<b>724</b>
<b>Total losses and special payments</b>	<b>126</b>	<b>512</b>	<b>201</b>	<b>849</b>

There have been no individual losses or special payment cases which have exceeded £300,000 in either 2019/20 or 2018/19.

Stores losses identified are aggregated in accordance with the net loss identified at each type of store and treated as one case. Those shown above relate to drugs stocks written off during the year. Bad debts and claims abandoned relate to the number of individual debtors.

## **26. Losses and special payments (continued)**

During 2019/20 one special payment was made relating to an employment tribunal case and this is shown as compensation under court order in the table above.

Special payments made during 2018/19 related to one employment tribunal case and the settlement of outstanding Equal Value Claims. HM Treasury approval was granted to the Trust in June 2018 to settle the Equal Value Claims and a total of 69 employees and former employees received payments. The employment tribunal case is shown as compensation under court order and the equal value settlements are shown as other employment related payments.

The above losses and special payments are reported on an accruals basis and do not include any provisions for future losses.

## **27. Private Finance Initiative (PFI) transactions**

The Trust has no PFI arrangements at 31 March 2019.

## **28. Audit fees**

During 2019/20 the Trust's audit contract was undertaken by Grant Thornton UK LLP who were re-appointed as the Trust's auditors with effect from 2017/18. Auditors remuneration amounted to £61,000 during the year all of which relates to the statutory audit function. Due to COVID-19 audit work on the Trust's Quality Accounts has been removed from the audit requirements for 2019/20.

During 2018/19, remuneration amounting to £60,000 was paid to Grant Thornton UK LLP. Of this sum £53,000 related to the statutory audit function and £7,000 to the cost of auditing the Trust's Quality Accounts. All audit fees are inclusive of VAT at 20%.

Grant Thornton UK LLP is also engaged to provide external audit for the Bay Hospitals Charity. Fees of £2,000 will be paid by the Charity in relation to this service for 2019/20 (2018/19 £2,000). This service is limited to an independent review in accordance with the income threshold specified for charities above which a full audit is required.

## **29. Limitation on auditor's liability**

The limitation on the auditor's liability is specified as £2 million.

In practice the liability will be assessed depending on the nature of the issue. Grant Thornton UK LLP's liability for any damages or losses incurred by the Trust will be limited to the proportion of the total damage which may be attributed to Grant Thornton UK LLP after taking into account any contributory negligence of the Trust and any other third party found to be liable to contribute to the damage incurred.

### **30. Events after the reporting period**

The Trust is working with statutory health and care partner organisations in the development of an integrated health and care system for the Morecambe Bay area which is sustainable for the long term. This may result in further transfers of services from other NHS organisations in the future.

On 2 April 2020, the Department of Health and Social Care (DHSC), 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 Public Dividend Capital (PDC) to allow the repayment. As 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. Outstanding interim loans totalling £291,758,000 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

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## Annex H – Preparation of the Annual Reports and Accounts

The Annual Reports and Accounts are prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2019/20.

The Annual Reporting Manual requires that the Directors explain in the Annual Report their responsibility for preparing the Annual Report and Accounts, and state that they consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

The co-ordination and review of the Trust-wide input into the Annual Report and Accounts is a sizeable exercise performed within an exacting time frame which runs alongside the formal audit process undertaken by the external auditors.

Arriving at a position where initially the Audit Committee, and then the Board are satisfied with the overall fairness, balance and clarity of the documents is underpinned by the following:-

- comprehensive guidance issued to contributors at strategic and operational level;
- verification process dealing with factual content of the report;
- comprehensive reviews undertaken at different levels in the Trust that aim to ensure constituency and overall balance; and
- comprehensive review by senior leadership team.

Therefore, each of the Directors considers that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

The Annual Report has been prepared on the same group basis as the accounts for 2019/20.

Further copies of the Annual Report and Accounts for the period 1 April 2019 to 31 March 2020 can be obtained by writing to:

Company Secretary  
University Hospitals of Morecambe Bay NHS Foundation Trust  
Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

Alternatively the document is accessible on the Trust's website:

<https://www.uhmb.nhs.uk/our-trust/key-publications-information>

If you would like to make comments on our Annual Report or would like further information, please write to:

Chief Executive  
University Hospitals of Morecambe Bay NHS Foundation Trust  
Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

### The Constitution of the Trust

The Constitution of the Trust is accessible on the Trust's website:

[https://www.uhmb.nhs.uk/application/files/5315/8332/9157/Foundation\\_Trust\\_Constitution.pdf](https://www.uhmb.nhs.uk/application/files/5315/8332/9157/Foundation_Trust_Constitution.pdf)



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## Annex I – Compliance with the NHS Improvement Code of Corporate Governance

The creation of Foundation Trusts has led to the requirement for a framework for corporate governance, applicable across the Foundation Trust Network. NHSI has produced the NHS Foundation Trust Code of Governance.

This code consists of a set of Principles and Provisions to ensure that Boards operate to the highest levels of corporate governance.

The Board of Directors has taken actions to comply with the Code, and where appropriate established governance policies that support the delivery of corporate governance.

Further information is contained throughout the Constitution of the Trust and this Annual Report.

Foundation Trusts are required to report against this Code each year in their Annual Report on the basis of either compliance with the Code provisions or an explanation where there is non-compliance.

The Board of Directors considers that, throughout the 2019/20 reporting year, the Trust has applied the principles and met the provisions and the requirements of the Code of Governance with no exception.

Set out below are the elements of the Code that the Foundation Trust is required to report against but do not form part of this Annual Report.

The disclosures set out in the NHS Foundation Trust Code of Governance		
NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
n/a	<p>If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.</p> <p>This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.</p> <p>* Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance).</p> <p>** As inserted by section 151 (6) of the Health and Social Care Act 2012)</p>	The Governors have not exercised this power during 2019/20.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
Provision B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Public Governors regularly attend the Hospitals and events at the Trust. They have been invited to Better Care Together Engagement events. Staff Governors and Appointed Governors are able to use formal structures to canvass opinions. Through these mechanisms Governors have been able to canvass opinions and provide feedback at Council of Governors when the Forward Plans and the Quality Account are being discussed. Governors regularly meet with Non-Executive Directors and attend the Board Assurance Committees. The Chair meets regularly with the Head Governor.
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	No such recommendation has been made in 2019/20.
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	No such arrangements exist.
A.1.6	The board should report on its approach to clinical governance.	This forms part of the Quality Account.
A.1.7	The chief executive as the accounting officer should follow the procedure set out by NHSI for advising the board and the council and for recording and submitting objections to decisions.	This forms part of the Constitution.
A.1.8	The board should establish the constitution and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life	The Constitution is formed on this basis.
A.1.9	The board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility.	The Trust's Behavioural Standards Framework reflects the values of the NHS Constitution.
A.1.10	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.	Insurance has been put in place.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
A.3.1	The chairperson should, on appointment by the council, meet the independence criteria set out in B.1.1. A chief executive should not go on to be the chairperson of the same NHS foundation trust.	The Chair meets the criteria. The Chief Executive is not the Chair of the Trust.
A.4.1	In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.	Bruce Jassi is the Senior Independent Director.
A.4.3	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.	The Constitution makes provision for this.
A.5.4	The roles and responsibilities of the council of governors should be set out in a written document.	These are set out in the Constitution.
A.5.5	The chairperson is responsible for leadership of both the board and the council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives, as appropriate.	The Chair of the Board is also the Chair of the Council of Governors.
A.5.6	The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.	The Constitution makes provision for this.
A.5.7	The council should ensure its interaction and relationship with the board of directors is appropriate and effective.	Within the cycle of meetings arrangements exist for joint Board of Directors' and Council of Governors' meetings.
A.5.8	The council should only exercise its power to remove the chairperson or any non-executive directors after exhausting all means of engagement with the board.	The Constitution makes provision for this.
A.5.9	The council should receive and consider other appropriate information required to enable it to discharge its duties.	The Trust is compliant with this requirement.
B.1.2	At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.	The Trust is compliant with this requirement.
B.1.3	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.	The Trust is compliant with this requirement.
B.2.4	The chairperson or an independent non-executive director should chair the nominations committee(s).	The Trust is compliant with this requirement.
B.2.5	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors.	The Trust is compliant with this requirement.
B.2.6	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors.	The Trust is compliant with this requirement.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
B.2.7	When considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position.	The Trust is compliant with this requirement.
B.2.9	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	The Trust is compliant with this requirement.
B.3.3	The board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.	The Trust is compliant with this requirement.
B.5.1	The board and the council governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	The Trust is compliant with this requirement.
B.5.2	The board and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	The Trust is compliant with this requirement.
B.5.3	The board should ensure that directors, especially non-executive directors, have access to the independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors.	The Trust is compliant with this requirement.
B.5.4	Committees should be provided with sufficient resources to undertake their duties.	The Trust is compliant with this requirement.
B.6.3	The senior independent director should lead the performance evaluation of the chairperson.	The Trust is compliant with this requirement.
B.6.6	There should be a clear policy and a fair process, agreed and adopted by the council, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	Provisions are contained in the Constitution.
B.8.1	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	The Trust is compliant with this requirement.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
C.3.3	The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.	The Trust is compliant with this requirement. An Audit Appointments Committee exists for this purpose.
C.3.7	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHSI informing it of the reasons behind the decision.	The Trust is compliant with this requirement.
C.3.8	The audit committee should review arrangements that allow staff of the NHS foundation trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.	The Trust is compliant with this requirement.
D.1.1	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.	The Trust is compliant with this requirement. This falls within the Terms of Reference of the Board's Remuneration Committee.
D.1.2	Levels of remuneration for the chairperson and other non-executive directors should reflect the time commitment and responsibilities of their roles.	The Trust is compliant with this requirement. This is reviewed by the Governors' Nominations Committee.
D.1.4	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.	The Trust is compliant with this requirement. This falls within the Terms of Reference of the Board's Remuneration Committee.
D.2.2	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.	The Trust is compliant with this requirement. This falls within the Terms of Reference of the Board's Remuneration Committee.
D.2.3	The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	The Trust is compliant with this requirement. This is reviewed by the Governors' Nominations Committee.
E.1.3	The chairperson should ensure that the views of governors and members are communicated to the board as a whole.	The Trust is compliant with this requirement. At the invitation of the Chair the Head Governor attends public and private meetings of the Board. The Board meets with the Council of Governors on a regular basis.
E.2.1	The board should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate.	The Trust is compliant with this requirement.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
E.2.2	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	The Trust is compliant with this requirement.

## Annex J – Notice of the Trust’s Annual Members’ and Public Meeting 2020

Due to the impact of COVID-19, the format and content of the Annual Report and Accounts for 2019/20 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 2019/20 in April 2020. One of the revisions related to the submission of the Annual Report and Accounts to the Parliamentary Office to be laid before Parliament. At the time of writing this report, it is anticipated that this Trust’s Annual Reports and Accounts will be laid before the summer recess. In the event that this does not occur and in line with guidance, it has been agreed by the Council of Governors to suspend the Annual Members' Meeting. A proposal to hold a digital Annual General Meeting to fulfil statutory requirements will be put forward once further guidance has been issued regarding the date Annual Reports and Accounts will be laid in the autumn of 2020.

Once we are in a position to agree a future date, a meeting of the Governors’ Foundation Trust Membership and Communications Group will be arranged to agree the format of the meeting and explore the possibility of holding a joint virtual meeting with Morecambe Bay Clinical Commissioning Group.

Further information can be obtained by writing to:

Paul Jones  
Company Secretary  
University Hospitals of Morecambe Bay NHS Foundation Trust  
Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

Alternatively further information can be obtained from our website [www.uhmb.nhs.uk](http://www.uhmb.nhs.uk)



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