

Western Sussex Hospitals NHS Foundation Trust

Annual Report and Accounts 2019 / 20

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Western Sussex Hospitals NHS Foundation Trust

Annual Report 2019-20

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# 1. Performance Report

The purpose of this section of the Annual Report is to provide a summary of the purpose and activities of Western Sussex Hospitals NHS Foundation Trust (WSHFT) the Trust's priorities and objectives for 2019/20, the key risks to achieving these objectives and how we have performed in relation to these during the year.

## 1.1 Welcome from the Chairman and Chief Executive

In years to come, when we reflect on 2019/20, three significant occurrences will be foremost in our minds. It was the year Western Sussex Hospitals NHS Foundation Trust made history with the publication of our second *Outstanding* CQC report; when we determined to cement the relationship with Brighton & Sussex University Hospitals NHS Trust (BSUH); and, of course, rose to the challenges presented by the greatest world-wide public health crisis in a century.

We will also recollect with fondness how the year began, on 1 April 2019, with celebrations across the Trust to mark the tenth anniversary of the formation of Western Sussex Hospitals from the merger of Royal West Sussex and Worthing & Southlands NHS Trusts. Within four years, Western Sussex Hospitals won Foundation Trust status and in April 2016 we became the first multi-site hospital trust to be rated "Outstanding" by the Care Quality Commission (CQC).

In 2019/20, our continuous journey of improvement reached yet new heights when in October Western Sussex Hospitals was rated 'Outstanding' for the second time by the Care Quality Commission (CQC) and we became the first non-specialist acute trust in the country to be rated 'Outstanding' in all the key inspection areas assessed, as well as the first-ever acute trust to be rated 'Outstanding' for the safety of its services.

Are services safe?	Outstanding ☆
Are services effective?	Outstanding ☆
Are services caring?	Outstanding ☆
Are services responsive?	Outstanding ☆
Are services well-led?	Outstanding ☆
Are resources used productively?	Outstanding ☆
 	

Every time I say I could not be more proud of our people, our staff and volunteers go and do it again! To surpass the results we achieved from our previous inspection is remarkable in its own right, but to do so in the context of us seeing 55 more people in A&E every day, 4,200 more people in Outpatients every month, and 5,000 more Inpatients each year, is frankly heroic. The CQC inspectors commended the "exceptional compassion" of

staff, a “genuinely open culture”, and “an environment in which excellence in clinical care flourished”.

The CQC’s Chief Inspector of Hospitals, Professor Ted Baker, visited the trust to personally congratulate staff. He said: *“Throughout the inspection we found a strong culture of safety across the trust in which all staff were engaged. Staff spoke positively about the patient journey and the striving for continual improvement. The hard work has paid off in making a real difference to the lives of people using the services. Everyone who has played a part in this should be very proud of this outcome.”*

Adam Doyle, Chief Executive Officer of the Clinical Commissioning Groups in Sussex and Senior Responsible Officer for the Sussex Health and Care Partnership, also congratulated the Trust, saying: *“This is hugely positive for our local and wider health and care system and is another illustration of how our increasing collaborative and joined-up working and support across partners can help to lead to improved care at the front-line of services.”*

As Adam inferred, 2019/20 has been a year in which we have helped forge ever-greater partnerships between all health and social care neighbours in Sussex, both NHS and local authority, as well as the voluntary sector. Health and care organisations in Sussex are now working together as never before, as an integrated care system (ICS), to meet the needs of our population and deliver the ambitions of the NHS Long Term Plan.

Our decision in October 2019 to formalise the relationship between Western Sussex Hospitals and BSUH, with the creation of a new permanent group structure, supports this belief in greater partnership and system-working to benefit patients. Since a joint-management arrangement was initiated in April 2017, the commitment and hard work of colleagues in both organisations has been incredible and their joint-response to the Covid-19 pandemic this year has demonstrated yet more benefits of working together in partnership.

In the midst of an unprecedented national emergency, being able to draw on the expertise, experience and ingenuity of twice as many colleagues has enabled both trusts to respond and adapt more effectively. Furthermore, I cannot over-emphasise how incredible all our staff have been. What they have achieved has been nothing short of remarkable. In a matter of weeks, the layout of our hospitals was transformed into Covid and non-Covid areas, patient pathways were rewritten, staff working practices adapted, stringent new infection control procedures adopted and new procurement and supply functions rapidly developed.

All the while, our teams have been caring for growing numbers of Covid-19 patients with no certainty of how serious the predicted surge in patients would become. Every day, while the nation at large has been on lockdown, they have come to work to do their best for patients. They have demonstrated what Western Sussex staff excel at; an unwavering commitment to patient care, resilience, adaptability, team work and innovation.

Looking ahead, it is these admirable qualities which will become the legacy of our response to the Covid-19 pandemic. I am confident that this time next year we will be citing innovations from this crisis as new reforms and ways of working which will have further improved care for our patients in 2020/21. At the time of writing, however, the situation continues to move at pace. Having suspended all non-urgent services in March, we are now beginning to plan how and when to reintroduce services, while, at the same time, protecting our ability to care for patients with Covid-19 for many months to come.

Every day, Western Sussex Hospitals is working in unison with BSUH and in harmony with all our health and social care partners across Sussex to respond to the national critical incident. We are committed to resuming full care services as soon as possible and we wish to thank the people we serve for their support, patience and understanding while we strive to do so. Thank you.

  
..... 19 June 2020

**Dame Marianne Griffiths, Chief Executive**

**Western Sussex Hospitals NHS Foundation Trust**

  
..... 19 June 2020

**Alan McCarthy, Chairman**

**Western Sussex Hospitals NHS Foundation Trust**



## 1.2 About the Trust

Western Sussex Hospitals NHS Foundation Trust serves a population of around 450,000 people across a catchment area covering most of West Sussex.

The Trust runs three hospitals:

- St Richard's Hospital in Chichester
- Southlands Hospital in Shoreham-by-Sea
- Worthing Hospital in the centre of Worthing

St Richard's and Worthing hospitals provide 24-hour A&E, acute medical care, maternity and children's services, while Southlands specialises in day-case procedures and diagnostic and outpatient appointments, and is home to the Trust's eye care unit opened in June 2017.

In addition to our three hospitals, we provide a range of services in other community settings, including:

- Bognor War Memorial Hospital,
- Crawley Hospital,
- health centres,
- GP surgeries and
- sexual health clinics.

Western Sussex Hospitals was created in 2009 by a merger of the Royal West Sussex and Worthing and Southlands Hospitals NHS Trusts, and has been an NHS Foundation Trust since 2013.

Our services are delivered through four clinical divisions – Medicine, Surgery, Women and Children and Core Services – and two enabling ones: Corporate, and Facilities & Estates.

We employ 7,312 people across all our sites, including nursing and midwifery staff, medical and dental staff, technicians and scientists, and we are always looking for more skilled and caring people to join our teams.

In 2019/20, we held 645,279 outpatient appointments (1.2% increase from 2018/19). We treated 68,626 people as inpatients (1.7% increase from 2018/19) and 58,373 as day cases (1.7% decrease from 2018/19) (and saw 151,987 patients in A&E (5.2% increase on 2018/19).

Throughout the year, our staff were supported by the activities of around 1,000 volunteers, who help in everything from serving meals and meeting and greeting patients, to performing clerical duties, offering emotional support, befriending and listening.

As an NHS Foundation Trust, we also benefit from a membership of more than 14,000 staff, patients and members of our community, who are able to help guide our future plans and priorities through a range of channels including our Council of Governors.

As well as representing the views of local people, our governors act as a “critical friend” to the Trust, holding the organisation to account and monitoring performance.

Our income for 2019/20 was £499.6 million, and our principal service commissioner was Coastal West Sussex Clinical Commissioning Group. We work closely with commissioners and other healthcare providers to use our budget to provide high-quality, integrated care for local people.

We were last inspected by the Care Quality Commission, the independent regulator of health and social care in England, during 2019, and awarded the highest possible rating, Outstanding, across each of the CQC’s assesses domains.

The Trust was also required to rapidly reconfigure its provision in order to respond to the Covid-19 pandemic. In exceptionally short time scales we ensured that we had sufficient capacity to respond to the pandemic and that we could keep our patients and staff safe, while continuing to deliver outstanding care. All staff had to adapt to changes at work. During the early weeks after the pandemic was declared staff rallied to deliver elective care, whilst also establishing a command structure, responding to new guidance, revising pathways and building capacity.

To respond to this as effectively as possible, the layout of our hospitals was transformed into red and green Covid-19 and non Covid-19 areas, we’ve rewritten patient pathways, adapted staff working practices, adopted stringent new infection control procedures, rapidly developed our procurement and supply functions, developed a workforce hub for redeploying staff and rolled out outpatient video consultations to continue care to non-Covid patients. All actions helped to ensure that we were in the best possible position to respond to the pandemic.

We have also benefitted from closer working with our partners, our local community and businesses, working as a system to face this challenge together.

Our ongoing ambition is to continue to build on all the achievements of 2019-20. We will also learn from the urgent actions that we took to deliver optimum care within the Covid-19 pandemic and look to sustain those solutions that will continue to have a positive impact on patient care. It is likely that 2020-21 will continue to be dominated by responding to the Covid-19 pandemic. We will however, also want to focus on ensuring that patients with other health needs continue to be able to access and receive the treatment and care they require. It is also likely that the achievement of our objectives maybe affected by rising level of local need and the national issue of recruitment, both of which are discussed more fully in the Performance Analysis section of this report. The directors have considered that on best estimates of future activity and cash flow the Trust is able to prepare its accounts on a going concern basis, further information can be found in section 1.3.5 of the Performance Analysis section of this report.

The headquarters of the Foundation Trust are:

Chief Executive's Office  
Worthing Hospital  
Lyndhurst Road  
Worthing  
West Sussex BN11 2DH

## 1.3 Performance Analysis

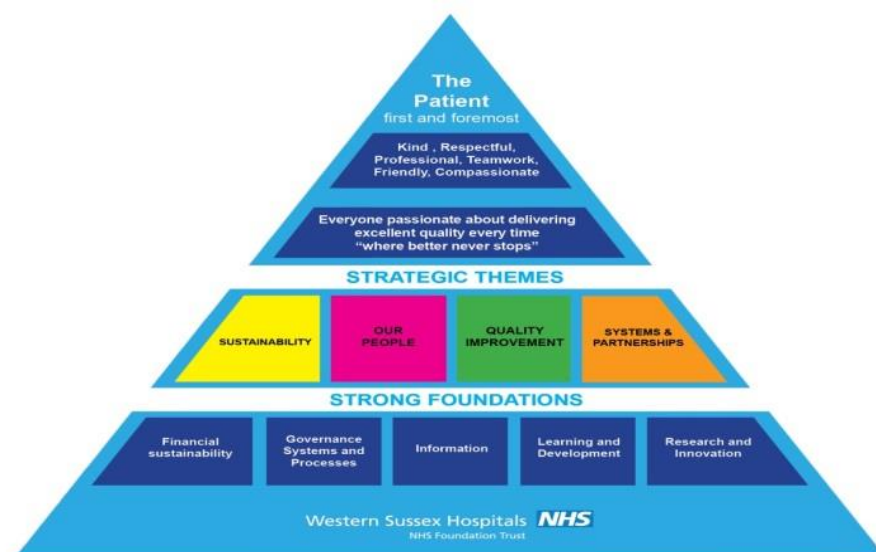
### 1.3.1 Patient First

The Trust Board recognises that much of the strength of our hospitals lies in the skill, enthusiasm and innovation of our staff and has actively sought to build an organisational culture that empowers these teams and individuals to make lasting changes that benefit our patients and the community.

To do this we have developed Patient First – our leading, long-term approach to transforming the way we deliver services for the better.

Patient First is a programme based on standardisation, system redesign and ongoing development of care pathways, built on a philosophy of incremental and continuous improvement led by frontline staff empowered to initiate and lead positive change.

We describe the structure and focus of Patient First visually in the form of a triangle.



The patient, first and foremost, is at the apex of the triangle, to make explicit the commitment that everything we do, no matter how large or small, should always contribute to improving outcomes and experiences for the people we care for in our hospitals.

This is the 'True North' of our organisation – the one constant towards which we must always set our direction of travel in order to achieve our vision.

The middle tier of the triangle identifies our four strategic themes on which we need to focus to create the organisation our patients want us to become:

- Sustainability
- People
- Quality improvement
- Systems and partnerships

### How it is delivered

Patient First is supported by five pillars what will support the strategic themes and help us achieve the targets we have set under each:

- Strategy deployment
- Kaizen Office
- Capability building
- Patient First Improvement System (PFIS)
- Improvement Initiatives

The Patient First Improvement Programme uses the methodologies of the Lean and Six Sigma improvement framework, which has been proven throughout the world as a highly successful system for enabling sustained progress towards strategic goals.

This approach has enabled us to identify a True North metric and associated objectives for each of the strategic themes – essentially a point of focus and measurement that will make the strongest direct contribution to moving us forward towards our Patient First goal:

True North Domain	Metric	Objective	Executive Lead
<b>Patient</b>	Friends and Family Test	Family & Friends Recommend Rate >96%	Maggie Davies (Chief Nursing Officer)
<b>Sustainability</b>	Budget Management	Breakeven	Karen Geoghegan (Chief Financial Officer)
<b>People</b>	Staff engagement score	Top Acute Trust in the country	Denise Farmer (Chief Workforce Officer)
<b>Quality</b>	Avoiding harm	99% harm-free care on Patient Safety Thermometer	Maggie Davies (Chief Nursing Officer)
<b>Quality</b>	Preventable mortality	HSMR among best 20% in the country	George Findlay (Chief Medical Officer)

<b>Systems &amp; Partnerships</b>	Patient flow	A&E waits under four hours for 95% of attenders	Pete Landstrom (Chief Delivery Officer)
<b>Systems &amp; Partnerships</b>	Patient flow	Referral-to-treatment time less than 18 weeks for 92% of patients	Pete Landstrom (Chief Delivery Officer)

The culture of change needed to achieve service transformation on this scale requires a significant degree of support, which is what the triangle's five underlying pillars have been created to provide – all working collectively but each with a specific focus of its own.

**Strategy deployment** identifies and reviews the True North objectives for each strategic theme and is responsible for cascading these throughout the Trust to enable all improvement initiatives to support these common goals.

**The Kaizen Office** is the Trust's centre of excellence for the Lean techniques underpinning Patient First, home to a dedicated team tasked with enabling a consistent and sustainable Trust-wide approach to improvement over the long term.

**Capability building** is about equipping our staff with the skills to deliver continuous improvement, with training available for every staff member, beginning at induction and going all the way through to Lean practitioner level.

**The Patient First Improvement System (PFIS)** is a Trust-wide Lean Management system which will empower front-line staff at all levels to make changes aligned to the True North goals and give back 'time to care' by removing wasteful activities and improving processes.

**Improvement initiatives** are specific, larger projects aligned to True North metrics and breakthrough goals, managed by Lean-trained staff and supported by the Kaizen Office.

### **Patient First in 2019-20**

The continuing development of our Patient First programme is one of the principal influences on our ability to deliver high-quality care and services. This was acknowledged in the 2019 CQC Inspection Report which stated: *All staff spoke about and framed all organisational performance and development around the Patient First strategy... The trust used a systematic approach to continually improving the quality of its services and safeguarding high*

*standards of care by creating an environment in which excellence in clinical care would flourish. There was a culture of identifying and solving problems using a quality improvement methodology.*

During 2019/20 we focused on the sustainability of our Patient First Improvement System (PFIS), with the aim of ensuring that PFIS is well embedded and can continue to thrive for the years ahead. As a result we are able to provide better support to PFIS areas and have certified our first two wards as PFIS 'graduates'. Four years into the PFIS roll out across the trust, more than 60 clinical teams have begun to practise PFIS, empowering their teams to use proven lean management, and by the end of 2020 the aim is that more frontline clinical teams in the Trust will be undertaking their PFIS training, taking the number of PFIS units to over 75.

PFIS is now recognised across the Trust as giving clinical teams new fast-track methods of problem solving, creating better leadership, raising standards and helping staff release more time to care for patients.

The Kaizen Office also provides support to improvement projects across the Trust that have enabled us to make major advances in the quality and safety of patient care, for example tackling excess noise at night, which is detailed further in the Quality Improvement section.

Progress against our Patient First True North objectives is described in detail below and within section two of this Annual Report.

### **1.3.2 Key Performance Indicators**

#### **Regulatory standards**

The operational performance of Western Sussex Hospitals NHS Foundation Trust is measured against key access targets and outcomes objectives set out in the Single Oversight Framework drawn up by NHS Improvement, the overseer of health care organisations.

These are:

- A&E maximum waiting time of 4 hours from arrival to admission/transfer/discharge
- Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway
- All cancers – maximum 62-day wait for first treatment from:

- urgent GP referral for suspected cancer
- NHS cancer screening service referral
- Maximum 6-week wait for diagnostic procedures

### Internal priorities

Alongside the performance standards we are required to meet by our regulators and external assessors, the Trust also sets itself a number of specific internal objectives that provide an additional means of measuring progress towards our strategic goals, which in turn contribute to delivering our long-term ambition of providing the best possible patient experience.

These are called our 'True North' objectives and are aligned to the strategic themes of our Patient First improvement programme:

Strategic objective	True North goal
Reducing preventable mortality and improving outcomes	To be in the top 20% of NHS organisations for the Hospital Standardised Mortality Ratio (HSMR)
Avoiding harm	99% of patients receiving safe, harm-free care as measured by the NHS Patient Safety Thermometer
Improving patient experience	97% recommendation for Friends and Family Test feedback
Engaging our staff	To be the best in the country for staff engagement, enabling staff to provide the best care

You can read more about the Trust's True North goals and performance against them in the Trust's Quality Report.

### 1.3.3 Monitoring Performance

#### Regulatory standards

Western Sussex Hospitals NHS Foundation Trust utilises an extensive Performance Framework to ensure sustained delivery of key measures based on the principles of the Balanced Scorecard. This framework ensures scrutiny, assurance, and where necessary, remedial actions and follow through to



compliance recovery. The layering of this framework ensures oversight occurs through

- Care Group review of departmental/ward delivery,
- Divisional Management Board review of associated Care Groups,
- Divisional Performance Reviews (SDRs) undertaken by the Trust Executive, and finally,
- monthly performance review by Trust Board.

Each layer of review and action considers both the key access targets and outcomes objectives used to assess operational performance under the Single Oversight Framework, and a wider set of balanced scorecard indicators that have been selected to provide a more complete view of operational risks and interdependencies. The review process is underpinned by an extensive suite of business intelligence tools designed to show outcomes, but also the drivers of potential compliance risks such as changing demand profiles.

### **Internal priorities**

Progress towards the True North goals that support our key strategic objectives is also monitored on an ongoing basis using a similar range of quantitative and qualitative measures.

These are described in detail in the Quality Report section of this Annual Report but can be summarised as follows:

#### *Reducing preventable mortality and improving outcomes*

The primary indicator for our ‘reducing preventable mortality and improving outcomes’ goal is hospital mortality. The Trust uses Dr Foster’s HSMR risk-adjusted mortality tool to monitor this.

#### *Avoiding harm*

The Trust uses the national NHS Patient Safety Thermometer to monitor overall harm-free care.

This tool looks at point prevalence of four key harms in all patients on a specific day in the month:

- falls,
- pressure ulcers,
- urinary tract infections, plus
- venous thromboembolisms (VTE), deep vein thrombosis and pulmonary embolism.

The Safety Thermometer includes harms suffered by the patient in healthcare settings prior to admission.

### *Improving patient experience*

We monitor the quality of patient experiences within the Trust through a range of reporting mechanisms:

- The NHS Friends and Family Test
- Inpatient surveys
- Complaints and Patient Advice and Liaison Service (PALS) enquiries

The NHS Friends and Family Test requires hospitals to ask all adult inpatients, outpatients, day surgery patients, maternity service users and A&E attenders how likely they are to recommend the ward or department in which they were treated to friends and relatives if they needed similar treatment or care.

We supplement the data we receive from the Friends and Family Test with our own, more detailed inpatient surveys completed by patients using hand-held tablets shortly before their discharge.

Other means of monitoring experience include feedback from complaints and PALS enquiries, comments placed on social media and the NHS Choices website, and those submitted to Healthwatch West Sussex.

### *Improving staff engagement*

The national NHS Staff Survey assesses the quality of staff experience through a number of questions linked to the NHS Constitution.

The Staff Engagement Score is based on 9 questions linked to:

- Motivation at Work
- Ability to contribute to improvement at work
- Recommendation of the Organisation as place to work

In 2019 Western Sussex Hospitals NHS Foundation Trust received its best score to date for overall staff engagement achieving 7.3 out of 10; consistently ranking the trust in the top 20% acute trusts in England and Wales and an improvement from 7.2 in 2018.

We also undertake detailed pulse surveys that complement the annual staff survey allowing us to track emerging issues and develop improvement plans in a timely manner.

### 1.3.4 Regulatory standards

The following table identifies in-year delivery and trending of the specific objectives of the NHS Improvement Single Oversight Framework in 2019/20. Detailed narrative of each element follows the table.

NHS Improvement Single Oversight Framework																	MARCH 2020	
		Threshold	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year to Date	Trend
Operational Performance Metrics																		
OP1	A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge	95%	91.9%	95.1%	91.9%	93.6%	92.4%	91.5%	86.3%	89.3%	88.8%	86.4%	86.2%	88.5%	90.1%	93.8%	89.8%	
OP2	Maximum time of 18 weeks from point of referral to treatment in aggregate – patients on an incomplete pathway	92%	82.3%	83.4%	83.3%	84.3%	83.5%	83.1%	82.0%	82.5%	82.7%	83.5%	83.3%	83.1%	83.2%	80.8%	82.9%	
OP3A	All cancers : 62-day wait for first treatment following urgent GP Referral	85%	76.5%	82.5%	81.9%	85.71%	84.2%	76.0%	79.0%	82.3%	83.4%	81.7%	72.8%	78.8%	79.3%	85.04%	80.9%	
OP3B	All cancers : 62-day wait for first treatment following consultant screening service referral	90%	90.5%	96.0%	82.7%	97.7%	91.7%	90.6%	93.0%	90.9%	96.4%	90.6%	81.8%	85.0%	69.8%	77.4%	87.1%	
OP4	Maximum 6-week wait for diagnostic procedures	1%	0.47%	0.86%	0.81%	0.72%	3.01%	0.89%	1.50%	0.95%	1.42%	0.77%	0.95%	0.90%	0.69%	12.4%	1.67%	

As noted within the Annual Report Corona virus has impacted the Trust's performance at the end of 2019/20 seeing a reduction in planned elective activity to allow the Trust to support the Country meet the challenges of treating Covid-19 patients.

#### *A&E waiting times*

The Trust achieved an average 89.81% compliance rate against A&E four-hour wait targets, a deterioration from 94.08% in 2018/19. However, over the year, the Trust saw a considerable 8.1% increase in demand up until the COVID-19 outbreak in March 2020, which equated to around 32 additional attendances per day. These attendances were concentrated in the higher acuity over 75 age groups with a 14% increase in demand. As with all trusts, WSHFT saw a very large reduction in A&E demand in March, with roughly a quarter fewer attendances than would have usually been expected. Western Sussex Hospitals remained the 9<sup>th</sup> highest performing Trust in the country for Type 1 A&E delivery and 2<sup>nd</sup> best in the South of England as reported by NHS England.

#### *Referral to Treatment (RTT)*

Trust performance in the first half of the year was stable with performance averaging 80%, with a high of 84.32% in May-19 and a low of 81.96% in August. The Trust waiting list was pretty static in and around the 37000 for the majority of the year, whilst the Trust was commissioned to maintain its waiting list level at March 2020 at no more than the level at March 2019.

A recovery plan has been in place across the Trust in the second half of 2019/20 targeting performance in the main non-compliant specialties such as ophthalmology, orthopaedics, oral Surgery and gastroenterology. Actions included improvements to pathway management, booking processes, clinic

and theatre productivity and utilisation of capacity at other local providers, which was modelled to deliver a best case performance of 89% and a worse case performance of at least 86%. This action allowed the Trust to maintain its waiting list size as commissioned by the CCG and NHSE, recognising that this level of activity was not sufficient to achieve the Referral to Treatment (RTT) standard or keep us on track of the recovery plan. The impact of Covid-19 in March 2020 meant that the elective activity had to be cancelled resulting in March 2020 performance of 80.78% with a backlog of 7436 and a waiting list of 38696.

### *Cancer*

Performance against cancer waiting time targets has been challenging in 2019/20 with cancer referral demand increasing by 4% in comparison to 2018/19. Specialties affected in particular were colorectal with over 17% increase in referrals, followed by haematology and skin. Some high profile campaigns, celebrity incidence of cancer and changes in referral criteria have led to these large increases which have also been seen nationally.

The Trust performed well in respect of its 31 day performance standard up until November 2019 where for 3 consecutive months it dipped below its compliant performance but returned to compliance in February 2020 and March 2020.

Two week rule performance has been equally challenging throughout the year with performance dropping to under 80% in October 2019, however the Trust has returned to compliance February and March 2020.

62 day GP referral to treatment start target of 85% was not achieved between June-19 and February-20 but did return to compliance (85.04%) in March 2020. This improvement was achieved by undertaking a range of projects to improve access including implementation of the optimum pathway project for colorectal referrals, additional nursing capacity and streamlining referral processes for prostate cancer pathways, additional diagnostic capacity funded by the Cancer Alliance and enhanced tracking and escalation for over 62 day waiters.

### *Diagnostics*

The Trust was able to deliver the target in 8 of the months in 2019/20. The Trust experienced issues with clinical staff not taking additional activity due to issues linked to their pay and pension which resulted in reduced activity levels which impacted on performance for 3 of the 4 non-compliant months. Due to Covid-19, the Trust had to cancel elective activity which resulted in performance of 12.41% against the 1% standard in March 2020.

## Internal priorities

Performance against our True North goals for the year, as set out by our Quality Strategy, is summarised as follows, with full detail available in the Quality Report section of this Annual Report.

### *Reducing preventable mortality and improving outcomes*

- 2019/20 achievement: to remain in the top 20% of NHS organisations for HSMR

Our HSMR score improved from 107.48 in 2011/12 (ranked 112 of 141 acute trusts; 79th centile) to 94.9 in 2018/19 (ranked 51 of 133 acute trusts; 38th centile). However, over 2019/20 our HSMR has sadly deteriorated to 104.7 (for the 12 months up to and including December 2019, ranked 82nd of 129 acute trusts) putting the Trust in the 64th centile nationally. The Trust has undertaken a series of actions to understand this performance change and an action plan has been developed and is being delivered which is seeing the HSMR reducing.

### *Avoiding harm*

- 2019/20 achievement: 98.5% of patients suffered no harm during their inpatient stay. The rate of no harms suffered remains the same as 2018/19 and close to achieving the challenging internal target of 99% set by the Trust.

### *Improving patient experience*

- Our Friends and Family Test (FFT) patient feedback has consistently ranked the Trust higher than the national average. For 2019/20 we sought to build on our past achievements and enter the top 20% of NHS Trusts for FFT recommendation score. To do this we have set a 'True North' long-term goal to achieve 97% recommendation for FFT feedback, and reduce 'not recommend' rates.
- Year to date, as at February 2020 (latest data available: NHS England and Improvement temporarily suspended the submission of FFT data from all settings from March 2020 until further notice due to the COVID-19 pandemic), 95.9.5% of people would recommend WSHFT to family and friends, a small decrease from 96.5% last year.

## 1.3.5 Financial Performance

The key highlights for the Trust's financial performance during the period from 1st April 2019 – 31st March 2020 were:

- Against a challenging operating environment the Trust delivered a retained surplus of £14.08m. The Trust delivered a financial risk rating of 1 at year end, this being the top possible rating.
- Cost improvement programme savings of £11.7m (2.3% of turnover)
- Expenditure on capital schemes of £22.4m, including medical equipment, increasing ward capacity and patient flow, estates backlog maintenance and the centralisation of the patient meal service. The capital programme was supported by the Trust's dedicated hospital Charity, Love Your Hospital, and the League of Friends.

The Trust saved £11.7m by streamlining processes, improving productivity, smarter procurement and reducing waste. Over the next financial year we aim to deliver a further £14.9m of efficiency savings.

As commented elsewhere in the annual report the impact of Covid-19 affected the Trust's activity and saw an increase in costs as the Trust adapted to the changing needs placed on our Hospitals. Rigorous cost control was maintained and the Trust was fully reimbursed for these extra costs.

As at the end of March 2020, the Trust is reporting a surplus of £14.08m after adjustment for impairments and donated assets as summarised in the table below.

<b>Financial Performance for 2018/19</b>	<b>£m</b>
Net Surplus	<b><u>£7.05m</u></b>
Add back:	
Impact of Donated Assets	<b><u>£0.58m</u></b>
Impairment of Fixed Assets	<b><u>£7.22m</u></b>
Removal of impact of prior year PSF post accounts reconciliation	<b><u>(£0.77m)</u></b>
Retained Surplus	<b><u>£14.08m</u></b>

"The impairments of **£7.22m** relate to net changes in the asset value following the annual revaluation."

The Trust undertakes an annual revaluation of its estate on a Modern Equivalent Asset basis for land and buildings. Any movements in the value of the estate are reflected in either the revaluation reserve or the income and expenditure account, depending on the nature of the change and any previous changes in respect of that asset.

## **Long-term liabilities**

The affordability of long-term loans is considered by the Trust Board prior to approval. Further information on the Trust's long-term borrowings is available within Note 31 to the accounts.

## **Financial outlook**

The Trust has published its operational plan for 2020/21, including its financial plans. The Trust forecasts maintaining a Use of Resource Rating of 1 and delivering a control total surplus, as defined by NHS Improvement, of £12.4m, which includes funding from the Provider Sustainability Fund and Marginal Rate Emergent Tariff. The Cost Improvement Programme for the next financial year amounts to £14.9m.

## **Going concern**

As an NHS Foundation Trust, the directors are required to make an assessment as at the balance sheet date as to whether the Trust remains a going concern.

In carrying out its assessment, the directors have taken into account the statement published by NHS England and NHS Improvement on 27 May 2020 [https://improvement.nhs.uk/documents/6615/Statement\\_to\\_support\\_forecasting.pdf](https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf). This states that “the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector.” It also states that “Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.”

The directors have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Sussex Health and Care Partnership. Comprised of all the statutory healthcare organisations, clinical commissioning groups and local authorities in Sussex, the SHCP provides health and social care services to 1.7 million people in Sussex. In November 2019, the SHCP published its Strategic Delivery Plan and NHS Long Term Plan response for the five year period 2020/21 - 2024/25. This plan includes the continued provision of services by Western Sussex Hospitals.

The actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not



concluded and an interim financial framework, with simplified contracting and funding arrangements, was introduced for the period April 2020 - July 2020. The financial framework that will apply beyond July 2020 is not yet clear. The directors have considered a range of scenarios, including a downside scenario, to understand the impact of different funding arrangements and funding levels the Trust may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts i.e. until June 2021. In each of these scenarios the Trust is in a positive cash position at the end of the review period.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge. The Trust was assessed as “Outstanding” for its Use of Resources by NHS Improvement in October 2019.

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation 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.

### **Governance ratings**

The Trust is assessed under the Use of Resource Rating, which is driven by assessments on liquidity, capital service cover, income and expenditure margin, variance to plan and agency expenditure. The highest rating that can be achieved is a score of 1. A score of 2 indicates no significant financial concerns and a score of 3 requires an increased level of monitoring. The Trust scored a 1 in all four quarters of 2019/20.

There were no formal interventions by the regulator during the year 2019/20.

### **Other financial information**

Accounting policies for pensions and other retirement benefits are set out in Note 1.3 Employee Benefits’

Details of senior employees’ remuneration can be found within the Remuneration Report.

There are no post balance sheet events.

The Trust spent £467k on external consultancy services in 2019/20.



Note 37 to the accounts sets out, in relation to the financial instruments, an indication of the financial risk management objectives and policies of the Trust and the exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk, where material for the assessment of the assets, liabilities, financial position and results of the Trust.

### **Income disclosure**

The income from the provision of goods and services for the purposes of the health service in England is greater than the income from the provision of goods and services for any other purposes. Income from goods and services not for the purposes of the health service in England is required to at a minimum cover the full cost of delivery of the goods and services. Any surplus from these activities is reinvested and supports the provision of goods and services for the purposes of the health service in England.

### **1.3.6 Influences on Performance**

#### **Staff commitment**

The continuing commitment of our people remains the single most important positive influence on the performance of the Trust, especially as pressure on services, staffing and budgets continues to increase year on year. During winter particularly, when we reached 100% bed occupancy at Worthing and emergency admissions were averaging 185 a day with A&E attendances almost 450, the dedication of our staff is an absolutely crucial element of delivering on our commitment to provide high quality, safe and compassionate care.

The commitment and engagement of our staff was also highlighted in our 2019 NHS staff survey results. In total, 3,864 staff completed the survey, representing 55% of our staff against a bench marked median response of 47%. In this survey, we achieved our highest-ever engagement score, improving our score on eight of the nine engagement questions asked, raising our overall mark from 7.2 to 7.3 out of 10 and moving us closer to the top score in the country, which fell from 7.6 to 7.5. That makes us the fourth most engaged of the 43 trusts using the Quality Health version of the survey and places us inside the top 20% nationally. It is an established fact that better engaged staff provide better patient care, so these results also underline our commitment to continuing to improve the quality of the treatment and care we provide.

For other key indicators of staff commitment and engagement we look to our monthly employee awards, our annual Patient First STAR Awards and our annual conference. STARS aims to recognise and reward talent and

achievements of our staff and volunteers, share best practice as well as support staff engagement.

In 2019 we received in excess of 800 STAR nominations from staff, volunteers and the general public with the number sent in by patients and members of the public making up 110 of the nominations. This compares to 630 nominations overall in 2018 of which 24 came from patients. This culminated in a presentation ceremony in September. Supported by the trust's charity, Love Your Hospital, the ceremony was attended by 250 shortlisted colleagues and their guests. Our Chief executive and Chairman co-hosted the occasion. Winners were also announced live on the night through the Trust's social media channels, attracting thousands of views, comments and likes.

Details of the annual staff conference are also contained in the Stakeholder Engagement section.

The awards evening itself provided an excellent opportunity to promote the awareness of LYH amongst Trust staff.

## **Demand**

Our hospitals continue to get busier and busier every year as demand for services continues to increase, putting ever-greater pressure on our staff and requiring us to work ever more efficiently and think in more innovative ways to meet the changing needs of our population.

Since the Trust was formed in 2009, the number of outpatient appointments we hold every year has increased by 60% to more than 644,000 and A&E attendances are up over 25% to more than 151,700.

## **Discharge from hospital**

Delayed discharges remain a major issue for hospitals throughout the NHS. The occupation of beds by people who are well enough to go home or continue their recovery in another healthcare setting has knock-on effects throughout the entire hospital system. Ultimately, it can prevent hospitals from being able to admit new patients in urgent need of care.

This is a problem that affects Western Sussex Hospitals too, as there were typically 164 people on our wards who did not need to be there at any point during 2019/20.

We recognise that resolving the issue requires the co-operation of organisations across the health and social care sectors, and are taking part in the region-wide initiative called 'Let's Get You Home' to promote the closer collaboration that can make a difference.

Some 24 NHS organisations and councils in Sussex and East Surrey are now working together to support people who are well enough to leave hospital in returning home safely, or in moving to a care home or supported housing if this is not possible.

Key elements of the initiative include:

- Hospital staff having earlier conversations with patients about how they will leave hospital and giving them clear information about their choices
- Hospital staff and local council adult services teams working more closely with each other to ensure patients have the care and support they need to return home, or go into a care home or supported housing
- More assessments of people's long-term care needs taking place in their own homes, where they can be assessed more accurately than in hospital

Evidence shows that going home is better for patients, as they recover better outside hospital once they no longer need the specialist care they receive there, while making more beds available will help us treat more people more quickly, particularly during the winter months in which illness and accidents are more common.

The gains seen at the Trust in 2018/19 with a 2.3% decrease in bed days on the preceding year were not sustained in 2019/20. The Trust saw an increase of 4.1% in emergency admissions and bed days. However, the proportion of emergency patients that were admitted and discharged in 0 to 1 days increased and average length of stay (LOS) remained largely unchanged. The trust saw a 5.8% increase in long stay patients (21+ days) and an increase in average LOS for these very long stay patients up until the COVID-19 outbreak.

Joint working with community partners during the COVID crisis has seen a rapid reduction in long stay patients with a reduction from 162 patients at the start of March to 62 at the end. As yet, it is unknown whether these low numbers will be sustained during 2020/21.

### **Recruitment and Retention**

During 2019/20, recruiting and retaining staff has continued to be a key priority. Our overall vacancy rate remains at 10.1%, a marginal reduction on 2018/19 at 10.9%, with the number of staff leaving (our turnover rate) at 6.7% which is a significant improvement on 2018/19 (8.2%) and the lowest rate since September 2014. Our ability to have sufficient workforce capacity to respond to growing demands on our clinical services remains challenging.

The Trust continues to focus on recruitment initiatives such as developing social media policy in support of alternative recruitment methods; reviewing and improving recruitment information and materials; improving accessibility of vacancies on our website and evaluating the Refer a Friend Scheme for Nursing which was launched in August 2019.

Like many NHS trusts, we have a number of medical specialties that remain hard to fill. Whilst our vacancies are largely in the junior doctor tier, reliance on bank and agency staff in the long term is not sustainable or affordable. There were various initiatives introduced in 2018/19 when the Trust introduced a number of different roles which were attractive to doctors including:

- Clinical Fellows within medicine, where individuals are able to undertake research alongside their day to day responsibilities
- Resident On-Call Consultants in paediatrics, where we have been unable to fill gaps to our middle-grade rotas
- Physician Associates in medicine and Surgical Care Practitioners in surgery
- Resident Medical Officers in general surgery and trauma and orthopaedics

To develop this good work further, the Medicine Division has developed innovative approaches to support recruitment into vacancies and reduce overspend on bank and agency. With a real focus on patient safety and patient care, a campaign was launched in March 2020 to convert bank doctors to a range of flexible contract options. At the same time, doctors finishing their Foundation year 2 training have all been contacted about Clinical Fellow opportunities with the Trust. This work is ongoing with many doctors both internal and external to the Trust, registering an interest in Clinical Fellow and Trust doctor posts. Positive feedback from the 2018/19 cohort of Fellows has attracted external candidates to the Trust.

The Trust has committed to taking on some overseas trainees through the MTI scheme (Medical Training Initiative). This can cost the Trust anything up to £2,000 per trainee (dependent upon the college) but with the advantage that they have to stay with the Trust for two years. During their tenure, they are contributing a service to the organisation and learning new skills which they can either take back to their home country at the end of their placement or build upon by furthering their training in the UK.

There is a continued drive to improve medical staff recruitment, especially in the Medicine Division. This includes refreshed adverts, improved recruitment packs, and an increase in the number of Clinical Fellow and Physicians

Associates posts to support the service. The Recruitment Strategy Group has been looking at better use of social media to attract applicants to the Trust generally and for Medical Staff specifically, more cost effective and creative advertising options that will potentially reach wider audiences are being explored with the British Medical Journal (BMJ). These are being considered as part of ongoing review of efficiencies at the Medical Workforce Action Group (MWAG).

Retention, planning and innovation for hard to fill posts are part of ongoing workforce planning processes.

### Nursing Career Pathways

Following the changes to the recruitment process of Healthcare Assistants (HCA) into the Trust a year ago, there is now a more developed HCA career pathway for HCAs which is detailed through the HCA Bands 1-3 Career Development Options flowchart. This signposts staff to the various options available to support achievement of professional career ambitions following different pathways from HCA level 2 and 3 Apprenticeships; to Trainee Nurse Associate Apprenticeships or direct entry to a BSC in Nursing at University dependent upon skills and qualifications. An option to attend a 'careers clinic' to discuss the various pathways is also available.

Exploration of these opportunities has been supported through regularly run apprenticeship information sessions held at both main hospital sites on different days so as to encourage interest and attendance and avoid unnecessary travel across sites.

In March the Trust advertised the application process for Nurse Associate Apprenticeships for the September 2019 intake, which was followed up in June with the Practice Education Team running information sessions for those interested in these opportunities. 24 Trainee Nursing Associates have commenced work at the Trust with 12 joining in September 2019 and 12 in February 2020.

### New Colleagues from Overseas

The Trust has continued to recruit nurses from the Philippines and was able to offer 60 further jobs during the year. The nurses arrive in cohorts so that they can be fully supported to complete their in-house training and achieve their Nursing and Midwifery Council (NMC) pin numbers before commencing full time on the wards. During 2019, 13 nurses arrived in September; 14 joined in December and further cohorts arrived in January 2020.

More than 170 Filipino nurses have joined the Trust over the past three years when the overseas recruitment campaign was first launched.

### Refer a Friend Campaign

The Trust continues to advertise nursing vacancies nationally and in addition, launched an incentive scheme in August whereby staff are able to earn up to £750 by referring a friend who is a qualified nurse, midwife or operating department practitioner (ODP).

The Trust is developing 5-year workforce plans for nursing to include refreshed strategies for domestic and international recruitment, retention, apprentices and new roles.

### **1.3.7 Environmental Impacts**

The Estates & Facilities team has continued to develop the Trust's approach to environmental sustainability and provides leadership to enable the Trust to operate in a way that ensures a high regard for energy efficiency, carbon reduction, waste management, the most appropriate use of materials and other resources.

A new Green group chaired by the Chief Executive has been introduced in 2019 / 2020 and has been focusing in key sustainability areas listed below:

1. Utilities usage reductions:
  - a. 5% reduction commitment through various schemes achieved in 2019 / 2020
  - b. A new bore hole supplying water to the SRH laundry
  - c. Improving meterage
  - d. Understanding the energy profile / baseline for the Trust
  - e. Assessing Tariff's
  - f. Develop the 1 to 5 year utilities reduction strategy
2. Green Travel Plan
  - a. Introduction of offsite parking
  - b. Introduction of new bicycle sheds and improved changing facilities
  - c. Introduction and optimisation of cross site and park and ride mini bus services
  - d. Formulation of strategy for improving off-site parking take up
3. Waste
  - a. Introduction of new waste segregation training
  - b. Site visits at our mechanical picking plant for waste recycling
  - c. Commitment to the single use plastics reduction programme with NHSI

- d. Strategy for a project to fully evaluate our waste processes in 2020 including the provision of a chilled compactor for offensive waste streams
  - e. Continuous improvement plan for waste processes in accordance with our HSE waste inspection carried out in Q3
  - f. Communication plan explain how we currently recycle waste
- 4. Continuation of SDMP / Green Paper production to be completed by Q1 2020 / 2021, includes the following:
  - a. Carbon reduction commitment in accordance with statutory requirements
  - b. Strategy for sustainable development
  - c. Reduction in single use plastic commitment
  - d. Sustainable procurement
  - e. Sustainable operations and reducing negative effect on the environment.
- 5. Procurement
  - a. Strategy to reduce the use of non-recyclable packaging in the supply chain
  - b. Procurement strategy for CFC friendly health related gasses
  - c. Tenders and evaluations which meet the Trust Green paper for sustainable procurement
- 6. Trust Green Ambassadors
  - a. The Conduits for good sustainable ideas
  - b. Assist with delivering the Green Group Communications plan
  - c. To help with the implementation of soft changes that directly affect sustainability.

This group's objectives are to formulate the Trust's Green 5 year commitments to 2025.

We have continued to perform well with waste management alongside increased activity across our sites. We have continued to reduce infectious waste through our work to maintain waste segregation, which has meant the amount sent for incineration remains stable and is not increasing.

### **1.3.8 Directors' statement**

The directors are required under the NHS Health Service Act 2006 to prepare accounts for each financial year.

The directors consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provide the information necessary for patients, regulators, and stakeholders to assess the Trust's performance, business model and strategy.



Each director of the Trust Board, at the time of approval of the Annual Report and Financial Statements, declares that:

- So far as they are aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

### **1.3.9 Care Quality Commission standards**

Our services were last inspected by the Care Quality Commission (CQC) in 2019, after which Western Sussex Hospitals became the only multi-site acute trust in the country to be awarded the highest possible rating, 'Outstanding' within each domain assessed by the CQC.

### **1.3.10 Working with Brighton and Sussex University Hospitals**

Western Sussex Hospitals NHS Foundation Trust (WSHFT) has been providing leadership support to its neighbour, Brighton and Sussex University Hospitals NHS Trust (BSUH), since April 2017.

During 2019/20 the Board agreed with NHS Improvement an extension to this management agreement for a period of no longer than one year as the two Trusts develop a sustainable and scalable group model.

  
..... 19 June 2020

**Dame Marianne Griffiths, Chief Executive**

**Western Sussex Hospitals NHS Foundation Trust**



## **2. Accountability Report**

### **2.1 Directors' Report**

Our Board of Directors is responsible for the management and performance of the Trust, and for setting its future strategy.

This section of the Annual Report provides an overview of 2019/20 from an operational and strategic standpoint, outlines the in-year development of the Trust's relationships and partnerships with stakeholders, and details its governance and management arrangements from a Board perspective.

#### **2.1.1 Patient Care**

##### **Care Quality Commission standards**

The Trust was inspected by the Care Quality Commission (CQC) during 2019/20 and was awarded "outstanding" in each assessed domain. This saw the Trust as the first and only multi-site acute provider to be assessed as such.

The CQC Chief Inspector of Hospitals, Professor Ted Baker, endorsed our Patient First approach to improvement as being a key differentiator that secured the outstanding ratings in each assessed domain. Prof Baker commended the positive attitude of staff and their innovative solutions to continually enhance the care they provide and to improve the patient's experience of the Trust's services. The CQC was also impressed by our willingness to identify our weaknesses and empower frontline staff to make the changes that will enable us to overcome them.

We also continue to monitor performance against CQC standards through monthly internal reporting across a wide range of important measures. Patient experience concerns and complaints are monitored by the Trust's PALS and patient experience teams, and patient safety incident data is recorded, monitored and actioned by the electronic incident and reporting systems. Thematic reviews are completed following the reporting and investigation of any serious incident.

The Trust Triangulation Committee identifies any new and or emerging patient safety or staff concerns within the organisation. The aim of the group focuses on the triangulation of complaints, incidents, safeguarding reviews, inquests and litigation and the themes correlated from the Trust's Freedom to Speak Up Guardians, with the primary objective of the group being to evidence shared learning within the organisation. At each committee a number of 'deep dive' presentations are discussed, focusing on case reviews where significant

learning has been identified for the organisation. The ensuing action log details how the learning will be cascaded and shared within the divisions and to further close the learning loop, at the end of each quarter, the divisions demonstrate how this shared learning had been achieved.

The learning also links the priority planning for the quality assurance process with the implementation of both NICE guidance and clinical audit.

Like many other healthcare providers, Western Sussex Hospitals Foundation NHS Trust has moved towards a quality and patient safety-based approach to quality assurance visiting. This is entirely consistent with the principles of good regulation and the fundamental standards of care established by the Care Quality Commission (CQC).

Adopting this approach will ensure that the principles and practice employed by the CQC when inspecting are embedded directly into service delivery and clinical practice. The focus of this approach is one which uses the CQC Fundamental Standards that support and populate the 5 key questions and key lines of enquiry (Safe, Caring, Effective, Responsive, Well-Led) to provide the assurance that the fundamental regulations are embedded.

In order to assess the services accurately and consistently, WSHFT adopt the peer review assurance process (monthly walkabout visits) to all clinical areas in the hospital and surrounding areas, i.e. Southlands Hospital and Crawley Sexual Health Services. The peer review allows all staff, governors and stakeholders to feed back on the specific services from the observations and interviews/discussions experienced on the day of the visit. The experiences and information collected from the visits both look to celebrate and share best practice and form the foundations for any future improvement projects. The themes and learning from the visits are shared throughout the organisation, and all staff are encouraged to take part.

## **The Best of Western Sussex Hospitals NHS Foundation Trust**

### **CHSK Top Hospital Award**

In June 2019, the Trust was named as one of the country's top hospitals at the CHKS Top Hospitals Awards held in London. The Trust was also ranked among the very best hospitals for the quality of experience our patients receive. This award is particularly important as it is data-driven and every trust in England, Wales and Northern Ireland is judged on the same information.

## **National Health Care Finance Awards**

In December 2019, at the National Healthcare Finance Awards, in London, the Chief Financial Officer was named Finance Director of the Year and the Chief Nurse won Clinician of the Year; while the finance team were awarded the NHS Finance Award. This was against a strong shortlist of other nominees from across the UK. Judges commended the Trust's track record in delivering recurrent savings, supported by the Trust's Patient First improvement programme and robust assurance and governance arrangements.

## **Chartered Society of Physiotherapists Fellowship Award**

Consultant physiotherapist Chris Mercer received a prestigious award for his work to improve care for patients with a rare spinal condition. He collected the fellowship award of the Chartered Society of Physiotherapists (CSP) in recognition of his contribution towards the diagnosis and management of cauda equina syndrome – a lower back condition that affects the nerves at the bottom of the spinal cord.

## **Top for patient Recruitment for research**

The Gastroenterology and Associated Research Team was once again commended for its research activities. For the second year running, the Trust came top in patient recruitment to multicentre research studies in gastrointestinal disease throughout the Kent, Surrey and Sussex Clinical Research Network area. This demonstrated how research and opportunities for patients to participate can be embedded in everyday practice, reflecting the vision of the National Institute of Health Research (NIHR) for all NHS patients to be part of research.

## **Perfect Cyber Security Audit**

The IT department were awarded with a certification from Cyber Essentials, a government scheme from the National Cyber Security Centre, since they received a perfect audit. The certificate gives staff and patients the assurance that their data and systems are secure whenever they visit any of the three hospitals.

## **The Queens Award for Voluntary Service**

In June 2019, the Friends of Chichester Hospitals received the highest honour a voluntary group can be given, receiving the Queen's Award for Voluntary Service in recognition of their outstanding charitable work at St. Richard's.

## **Research Funding Awarded**

The Western Sussex research team has attracted funding from the Royal College of Emergency Medicine for a pioneering study to develop a tool to measure crowding in emergency departments and improve patient flow. The aim is to help develop interventions to make sure the patients at highest risk receive the care they need, regardless of demand. The project is a continuation of two years of work. After winning nearly £9,000 for the research, the team want to apply interventions and assess the impact they have on crowding. This work will help improve patient flow, not only in the Emergency Department, but throughout the hospital and make sure the way we work is tailored to the needs of our patients.

## **The Green Sustainable Pharmacy Project**

An improvement project led by one of the Trust's pharmacy Technicians will stop the Trust using nearly 70,000 single-use plastic bags a year. The vision for "a green sustainable pharmacy" was showcased at the 2019 Clinical Pharmacy Congress in London in June 2019, where colleagues from around the country commended the improvement project. Using the Patient First Kaizen approach, environmentally friendly, but cost-effective solutions were identified. An initial investment of £6,628 has paid for new alternatives to disposable plastic, but annual savings of nearly £2,800 will offset this in less than three years.

## **Improvements to the Food Service for Patients**

Food service improvements for our patients were recognised when celebrity chef Prue Leith and Health Secretary Matt Hancock MP visited the Trust in January 2020 to officially open the Trust's new kitchen, known as the Central Production Unit (CPU). Mr Hancock said: "I came to look at the food where there is a really good improvement story, but what I have found is that it isn't just the food – that's just one example of a culture of continuous improvement that I would like to see spread across the NHS."

## **Drug-checking Improvements for high-risk medication**

An assisted drug-checking card was introduced to help the pharmacy team at both St Richard's and Worthing Hospitals save time and reduce error when patients receive high-risk medication. The card's that pre-set a series of questions enables anyone in the team to help pharmacists check medications before they go out to wards. The assisted check system was developed as a Kaizen project by pharmacists. It replaced the old 'double check', which saw pharmacists go over the patient's name, address and correct dose, and then check these again before the medication was collected. The project is having

a positive impact on patient safety and patient flow, and is a more efficient use of time.

### **Outpatient Improvement Pilot**

The Trust piloted a new process for booking Outpatients referrals, aiming to improve patient and staff experience and reduce cancellation and rebooking of appointments. The pilot focussed specifically on gynaecology referrals, with six designated GP surgeries supporting the new process. The pilot was led by one of our Patient First Improvement Practitioners working alongside colleagues from Innovations in Primary Care, a federation representing 53 GP surgeries locally.

### **Innovative work highlighted by the Chartered Society of Physiotherapy**

The Trust's paediatric persistent pain team has been helping transform the lives of young patients through its innovative, multidisciplinary approach. This work was highlighted by the Chartered Society of Physiotherapy, which profiled their achievements and focussing on a positive patient outcome. They created a "ladder" of 10 progressive goals for the patient to follow. Their holistic approach was deemed to be forward-thinking and therefore worthy of national recognition.

### **Improvements in the Obstetric Physiotherapy Pathway**

A senior physiotherapist re-designed the pathway for obstetric patients at St Richard's using her Patient First lean training to make sure all obstetric patients have access to physiotherapists. The lean training provided structure, support and protected time to address the issues identified and resulted in: an electronic resource for patients; pelvic floor risk assessment tool to help midwives identify those patients at greatest risk of developing pelvic problems postnatally; and a self-referral procedure to allow obstetric patients to take responsibility for their own care and minimise the number of non-attenders.

### **Marianne Griffiths Awarded an Honorary Doctorate**

During July 2019, our Chief Executive, Dame Marianne Griffiths, was awarded an Honorary Doctorate for her contribution to improving healthcare in the region by the University of Brighton. Marianne received her doctorate from the School of Health Sciences and gave an inspiring speech to hundreds of graduates and their families at the Brighton Centre, outlining her own career and addressing the future generation of healthcare workers.

### **Accident and Emergency eTriage**

Our A&E departments became the first in the country to adopt an excellent new system called eTriage. This provides multiple benefits for our patients by

reducing waiting times, flagging life-threatening conditions more quickly and taking history on arrival to ensure the right care is given to those who need it first. In the first 24 hours of operation more than 70% of patients in A&E checked in by using the tablets.

### **Cardiology Audit Efficiencies**

A yellow-belt Lean improvement project in the cardiology team has freed up an extra seven hours a week for heart failure nurses to spend caring for patients. Rising heart failure admissions have increased the number of audits the team carries out. Using process-mapping and waste identification, it was recognised that around half the time spent auditing heart failure patients did not add value. By eliminating waste and introducing electronic auditing the project has saved hundreds of administrative hours and reams of paper demonstrating that small ideas can achieve huge time savings with no extra cost.

### **Time to Talk**

As part of the Trust's commitment to encourage good mental health in our staff, we participated in the "Time to Talk" day held on 6 February 2020. This is a day where we are encouraged to talk to each other about how we are feeling, what is troubling us and also to reflect on the positive aspects of our lives. The Trust signed up to the Time To Change Campaign to take positive steps and make positive changes around destigmatising mental health.

### **Festive Thank you**

Hospital volunteers gathered together on 12<sup>th</sup> and 16<sup>th</sup> December to enjoy festive nibbles at the Trust's annual Christmas Coffee mornings. More than 190 volunteers attended the three events across Worthing, St Richard's and Southlands. Hosted either by Chairman Alan McCarthy or on our Chief Executive Office, Dame Marian Griffiths, volunteers were thanked for their contribution. The events highlighted that in the past year volunteers had given more than 200,000 hours of their time to help patients, staff and the hospitals. It was also noted the important role our volunteers played in the Trust attaining its second Outstanding rating in October 2019.

### **Environmental Sustainability**

A new Green Steering Group was established chaired by our Chief Executive, Dame Marianne Griffiths, looking at waste, energy and utilities, green travel and our sustainable development management plan. Through our Green Travel Plan we have introduced new cycle storage, modernised and improved changing facilities for staff, introduced a scheme to give staff public transport concessions and provided a cross-site minibus services. As a result, we have



taken the equivalent of 2,000 car journeys off the road, saving 60 tons of CO2 every year.

### **Celebration of International Nurses Day**

International Nurses Day provided us an opportunity to celebrate our fantastic, hard-working and caring healthcare and nursing staff. Held each year on Florence Nightingale's birthday, 12 May, the practice development team coordinated celebrations across the three hospitals in many different departments, with teams receiving cakes and an opportunity to reflect on what nursing means to them.

### **Efficiency**

The strive for quality-led improvements remains a key priority for Western Sussex, and supports the NHS Long Term Plan to develop workforce, technology and innovation-led efficiencies. Improvements to patient experience – including safety and effectiveness – means we can deliver consistent high-quality care in more cost-effective ways, improving the flow of patients through our hospitals.

To ensure quality is maintained and improved, all efficiency schemes complete rigorous quality and safety checks. Quality impact assessments are developed by staff working in the relevant areas, and are signed off at executive level before implementation and are also scrutinised by the Quality Assurance Committee. This allows us to ensure that planned improvements are achieved as expected and that any changes are carefully managed so as to not negatively impact on patients and staff.

Schemes were developed using a wide variety of sources, including benchmarking tools including NHS Improvement's Model Hospital. This encourages NHS trusts to explore their comparative productivity, quality and responsiveness, and provides a clearer view of improvement opportunities. While some variation in trust activity is expected and warranted, the Model Hospital supports trusts to identify and tackle unwarranted variation.

In the fifth year of delivering an efficiency programme, the Trust set itself a target to achieve £11.7 million of efficiency savings. Whilst the value was lower than previous years, it had to be delivered in the context of increasing demand for services and workforce constraints. 24 schemes that commenced delivery in 2018/19 provided £2.25m benefit into the programme, leaving new schemes of £9.5m to be identified. A further 64 schemes were introduced during the year, through a rolling programme of divisional tactical spend reduction schemes and more complex Trust-wide pathway improvements. These aimed to improve processes and implement new models of care to

reduce discharge delays, increase the number of operations we performed in a day case setting and improve our outpatient pathways to improve patient experience. These improvements were achieved at the same time as reducing workforce premium cost, specifically medical workforce where we had significant challenges filling some of our junior doctor rotas.

During the year, these ambitious plans to develop new ways of working took more time to deliver than we expected with a particular challenge of reducing discharge delays. This meant we had more wards open than we planned and will remain a focus for improvement. It resulted in a shortfall against the opening plan which was addressed through around £3m of new mitigations being developed and delivered, enabling 99.9% delivery to original plan.

## **Our Capital Plan**

Development of the Trust's capital plan followed an extensive prioritisation process and Board approval in March 2019. During the year the Trust successfully delivered 128 separate investments totalling £20,912k. These covered a wide range of investments linked to clinical divisional priorities (including service developments), medical devices, backlog maintenance in the estate and IM&T infrastructure and systems. In addition to Trust internally generated capital, this expenditure included £251k of charitable funds. Highlights include:

- Provision of a new production kitchen at St Richards hospital, that will significantly enhance the quality and choice from our patient meal service (£2,046k);
- Completion of the new staff car park at Worthing hospital (£1,079k);
- Creation of a new chapel, and the Trust's first 'Changing Places Toilet', at Southlands hospital (£300k);
- Improvements in medical education and training, with a new dental teaching facility at St Richards hospital (£510k) and upgrades to the audio visual teaching facilities at Worthing hospital (£60k);
- Continued investments in imaging services with a new Hybrid Fluoroscopy room at St Richards hospital (£588k);
- A significant investment to complete the replacement of our Endoscopy scope fleet (£1,423k);
- A new pre-operative assessment area at Worthing hospital (£690k);
- Continued investment in productive ward storage systems that is benefiting wards and departments across the Trust (£500k);
- Replacement of more than 57 items of aging medical equipment (£2,753k);
- Investment in our estates/backlog maintenance (£2,600k); and



- Supporting the modernisation of the Trust's IM&T infrastructure, hardware and software systems including, a significant investment in cyber security and a many clinical systems that will improve efficiency and how we do things (£4,908k).

## Complaints

Our Patient Advice and Liaison Service (PALS) is usually the first port of call for anyone who has a problem they need the Trust to look into or resolve. PALS responders are able to offer advice on how and where to complain, investigate concerns and help bring resolution if things have gone wrong. Our complaints team investigates more complex and serious concerns that require a formal investigation about past events.

Full details of PALS and complaints activity are included in the Quality Report section of this Annual Report, but some key figures are as follows:

- 5,368 concerns have been dealt with informally via our PALS service and this rate of activity is a reduction of 631 cases compared to the previous year
- 535 formal complaints have been received during 2019-20 at the time of reporting (22/3/19). This is an increase of 129 compared to 2018/19
- 463 enquiries were made for on-the-spot general advice and information requests. The practice of recording all general enquiries has been altered during this current year which is why this figure equates to a significant reduction (2873 during 2018/19) This change in recording all contacts has been taken to release time for the PALS teams to deal with concerns promptly

The number of formal complaints referred to the Parliamentary Health Service Ombudsman (PHSO) for independent review by the complainant (*these may relate to complaints made to the Trust in earlier years even though received in the reporting financial year*) was seven and this a reduction of 2 compared to the previous year. Of these seven, two have been partially upheld, four remain under review and one a decision about whether to investigate or not is awaited.

## Quality improvement

Our continuing focus on quality improvement was a major factor in the Care Quality Commission's assessment of the Trust as an *Outstanding* healthcare organisation.

Continuous improvement is a key strand of the philosophy behind our Patient First programme and is guided by the Trust's Quality Strategy.

The Quality Strategy sets out the four broad areas in which our improvement efforts can have the strongest positive effect on outcomes and experiences for patients.

These are:

- Reducing preventable mortality and improving outcomes
- Avoiding harm
- Improving patient experience
- Improving staff engagement

Within the period covered by the Quality Strategy, the Trust sets out annual priorities under each of the four key areas of focus. Progress against the 2019/20 objectives is described in the Performance Analysis section of this report and in more detail in the Quality Report.

In the autumn of 2019, our divisions engaged with their stakeholders about the priorities for the forthcoming year under the Quality Strategy goals: Reducing avoidable mortality and improving outcomes, delivering harm free care and improving patient experience.

The Quality Board then agreed a final set of quality priorities for improvement in 2020/21. The following groups were invited to review our quality improvement priorities: WSHFT Council of Governors, Coastal West Sussex CCG, Healthwatch West Sussex and the County Council's Health and Adult Social Care Select Committee.

We would like to highlight the following priority quality improvement programmes for 2020/21:

*Reducing preventable mortality and improving outcomes: HSMR (Hospital Standardised Mortality Ratio) optimisation programme*

Over 2019/20 the Trust has sadly experienced a deterioration in HSMR from 94.9 in 2018/19 (ranked 51 of 133 acute trusts; 38th centile) to 104.7 (for the 12 months up to and including December 2019, ranked 82nd of 129 acute trusts; 64<sup>th</sup> centile nationally). A Trust investigation with Dr Foster shows there are coding issues to address along with an increase in HSMR for patients admitted at weekends.

An HSMR Programme Board has recently been established to oversee the implementation of clinical and patient pathways to meet the HSMR target of  $\leq 100$ . As part of this improvement work, a coding improvement plan will be developed and delivered along with the optimisation of IT enablers in all workstreams and cross-site investment made to support the Hospital at Night programme.

We aim to ensure our HSMR is improved to  $\leq 100$  by September 2020.

*Reducing preventable mortality and improving outcomes: Deteriorating patient programme*

The deteriorating patient is a Trust-wide initiative to support Patient First objectives by improving our ability to identify patients at risk of a sudden and potentially life-threatening worsening of their condition, and to respond appropriately and promptly.

In 2020/21 we aim to improve the recognition and early treatment of sepsis and acute kidney injury (AKI), and ensure the appropriate and early escalation of the deteriorating patient. This programme will link closely with our work on improving the Trust HSMR.

*Reducing preventable mortality and improving outcomes: Seven Day Services / Hospital at night*

The seven-day services programme is an NHS England programme designed to ensure patients that are admitted as an emergency, receive high quality consistent care, whatever day they enter hospital; the aim is to end variations in outcomes for patients treated at the weekend. Our Programme Management Office lead a comprehensive Seven Day Services programme which is clinically led and aligned to the national Standards.

By the end of 2020 we aim to deliver sustainable Seven Day Services across the Trust to ensure our patients receive consistent high quality safe care every day of the week.

*Reducing preventable mortality and improving outcomes: Maternity transformation programme*

The Trust's maternity service is part of the Local Maternity System (LMS), working in collaboration with three local healthcare partners to implement the

ambitious national programme to improve safety, choice and personalisation of maternity care.

Our broad programme of work over 2020/21 and further forward aims to:

- Reduce perinatal mortality and morbidity by implementing the Saving Babies Lives care bundle;
- Provide the majority of women with 'continuity of midwife' throughout the antenatal, birth and postnatal period;
- Improve the pathways, environment and care for women experiencing mid-trimester pregnancy loss outside of the maternity department.

*Reducing preventable mortality and improving outcomes: Avoiding term admissions into neonatal units*

Nationally there is a growing ambition to reduce, to less than 5%, the admission of full-term babies to neonatal units in order to avoid separating mothers and babies at such a crucial time after birth.

The Trust aims to reach this target by developing and implementing new pathways for babies less than 10 days old to be seen by our paediatric departments rather than our neonatal units.

*Avoiding harm: Falls prevention*

Falls are a significant cause of patient harm in our hospitals and in 2019/20 we undertook work to ensure that learning and incremental change in falls management across divisions continued, with a specific focus on reducing the number of falls causing harm.

Through our Quality Strategy, we aim to continue our successful improvement work to further reduce the number of in-hospital patient falls across the Trust sustaining and improving on over a 30% reduction in in-hospital falls against our 2015/16 baseline. Over 2020/21 we will specifically aim to ensure that current position is maintained with no increase in harmful falls.

*Avoiding harm: Elimination of severe pressure damage*

Whilst a high proportion of our patients with pressure ulcers are admitted to hospital with existing skin damage, we have seen a significant rise in hospital acquired pressure damage since 2015/16. We have worked to understand

and deliver improvements with ward teams over the last two years; however, we still have work to do in order to deliver our improvement goals in this area.

During 2020/21, we will work to deliver a 30% reduction in category 3 and above ulcers.

#### *Avoiding harm: Reducing orthopaedic surgical site infections*

Surgical site infections (SSIs) have re-emerged as an area we wish to improve management of, in particular rates of infection in inpatients and readmitted patients following total hip or total knee replacement surgery.

During 2020/21 we aim to reduce the number of total hip replacement and total knee replacement infections.

#### *Avoiding harm: Reduction in hospital-associated venous thromboembolism (VTE)*

The development of VTE [which includes deep vein thrombosis (DVT) and pulmonary embolism (PE)] is often an unavoidable consequence of a patient's illness. However, we have seen a significant rise in the reporting of VTE since 2015/16. Whilst the number of cases that have been deemed avoidable had remained static, there was a need to fully understand the nature of our challenge and to ensure we have reliable processes in place in order to eliminate avoidable harm. During 2019/20 the reduction in avoidable VTE was a key breakthrough improvement objective which successfully delivered a reduction in avoidable VTE of 58.8%

During 2020/21 we aim to maintain the reduction in avoidable hospital-associated VTE cases delivered in 2019/20.

#### *Improving patient experience: Patient experience of discharge*

We want all our patients to have a safe and positive experience of being discharged from our hospitals; we know this issue has a substantial impact on our patient experience of care and it is therefore one of the key pillars of our Patient Experience Strategy.

The Trust has been working hard over the past year to support patients to spend the shortest possible time in hospital; through our 'discharge before midday' work stream we have worked to ensure a smooth and timely process

for our patients on their day of discharge. We know we have further improvements to make, particularly regarding conversations relating to discharge. Concerns relating to the coordination of care and discharge processes are also key themes from our safeguarding, PALS and complaints data.

During 2020/21 we aim to improve the discharge experience for all patients by improving the discharge process and timeliness of discharge activities.

#### *Improving patient experience: Reducing noise at night*

Sleep is important for healing; sleep deprivation is recognised as a major concern for patients in hospital and has been shown to lead to induced stress, increased pain sensitivity, high blood pressure and poor mental health. The two most recent National Inpatient Surveys carried out in 2017 and 2018 (published in 2018 and 2019 respectively) confirmed that noise at night, particularly from other patients, was a major area requiring improvement. National trends are similar, with the CQC reporting around 40% of patients are affected by noise from other patients at night time, a figure which has been static for some time.

For 2019/20 we set ourselves a goal to improve noise at night satisfaction from 54% to 65% as measured by our inpatient real time patient experience surveys. We narrowly missed this target and therefore will continue this programme of work in 2020/21, building on our positive successes and aiming to embed approaches put in place as business as usual. We aim to deliver and maintain patient satisfaction scores at 65% through 2020/21.

#### *Monitoring of Quality Priority Improvements*

The Trust has a robust Quality Governance Structure which is overseen at Board level by the Quality Assurance Committee and at Executive Level through the Quality Board chaired by the Medical Director. The Trust's annual quality improvement objectives are set out in the Quality Report and progress against these key metrics is presented to Trust Board monthly.

## **Research as a driver for improving the quality of care and patient experience**

Clinical research is considered a core part of NHS services because evidence shows that organisations which support high quality clinical research and innovation improve clinical outcomes for all their patients, not just those taking part in specific research trials. At Western, our ambition is to deliver high quality patient care through innovation and continuous quality improvement, education and research. The Trust's most recent CQC report demonstrates how research, embedded in everyday clinical practice across the organisation, is making a significant contribution to improving quality and experience for our patients.

The numbers of new participants taking part in clinical research at Western has increased year on year since launch of the Research and Innovation Strategy in 2017. Our end of year recruitment total for 2019/20 was 1517 new participants recruited to trials at Western against our internal target of 1500 and our Clinical Research Network KSS target of 1250, showing again that Western had a very successful year with new specialities across the Trust taking part, providing even more opportunities for patients to get involved. Research studies at Western are also consistently amongst the best performing nationally. The Trust also has support from an enthusiastic and growing group of patient Research Champions who have already contributed their expertise in promoting and supporting research at a range of engagement and education events, assisted in developing new research opportunities and even co-produced the Trust's annual research conference.

Since 2017/18 we have successfully developed the new clinical academic programme with a focus on support for nurses, midwives and allied health professionals (NMAHPs) across the Trust, increasing opportunities to bring the latest research evidence into everyday practice to enhance our patient's care. The Trust has developed a number of new roles, including nurse, midwife and medical doctoral research fellowships and is supporting research education through National Institute for Health Research (NIHR) Integrated Clinical Academic Fellowships and with the support of a number of local Higher Education Institutes. We have also partnered to support research development and clinical academic roles with colleagues at BSUH and St Barnabas Hospices and through the local NIHR Clinical Research Network.

The Trust's award winning Clinical Improvement Scholarship programme, developed in 2017 by Western in collaboration with Health Education England, was cited by the CQC as an example of best practice, enabling NMAHP's to utilise research evidence to challenge and improve care. The programme which is closely linked to Patient First, is currently in its third year



and focuses on leading change and utilising research evidence to improve the quality of everyday care. The programme is now in its third year and 24 nurses, midwives and allied health professionals have been able to participate, increasing their research, leadership and quality improvement experience and being able to directly influence improvements in care alongside their everyday clinical roles.

The Trust is also one of only five organisations in Kent, Surrey and Sussex to be hosting one of the prestigious NIHR 70@70 Senior Nurse and Midwife Research Leaders, appointed for a period of three years to work locally and nationally on engaging and involving more nurses and midwives in healthcare research .

### **2.1.2 Stakeholder Relations**

Collaborative working is key to achieving the ambitions of our Patient First programme Systems and Partnerships strategic theme, which puts a strong focus on the way we work with our external partners as well as on a multidisciplinary basis within the Trust.

Our approach is, and always has been, based on openness, honesty and a genuine desire to listen to and act on feedback to improve our services and our patients' experience. The Governors Patient Experience and Engagement Committee exists to seek the views of Foundation Trust members through the governors, and those of the statutory bodies to inform priority work programmes to improve patient experience, and influence the strategic direction of patient and public involvement by ensuring a wide range of stakeholder views are gathered and taken into account.

Our partners in our local health economy include GPs, community healthcare provider, the Coastal West Sussex Clinical Commissioning Group, Sussex Health and Care Partnership, Healthwatch West Sussex, social care providers, charities, the ambulance service and mental health trust.

One important piece of collaborative working was the introduction of the West Sussex Maternity Voices Partnership (MVP). This is an NHS working group featuring a team of women and their families, midwives and doctors working together to further improve maternity services. It had a successful launch in June 2019, with a high level of attendance and engagement.

Collaborative working also extends beyond our local area as we seek to partner with other healthcare organisations across the country and abroad to



improve the standards of care we offer and share the benefits of our own experience.

In November 2019, we shared the learning from our successful Patient First programme, welcoming more than 50 executive and senior management team members from across Europe and the UK to a Patient First Open Day. Our visitors gained an exclusive insight into our journey. They learned how staff across the organisation have taken up the Patient First approach striving to continuously make things better, safer and more efficient for our patients. The guests were able to tour the Strategy Deployment Review room gain an in-depth insight into improvement projects and attend Improvement Huddles where they saw front line staff making improvements in their workplaces. The feedback from visitors during the day was overwhelmingly positive.

The Trust has also hosted a number of events to improve quality of care through partnership working. In May 2019, an End-of-Life summit was held. This brought together carers and consultants from the Trust, hospices and CCG, to identify improvements that could be made to end of life care. In December 2019, the Trust ran a 'Learning from deaths' special event which was attended by more than 90 healthcare professionals from across the county including doctors, nurses, managers, paramedics, commissioners and investigators. Drawing on the experience shared by the key note speaker about the loss of her son, the health care professionals were able to consider collective action to improve quality of care.

The Trust has also worked collaboratively with care homes to instigate the Nutrition Resources in Care Homes (NRICH) project to tackle malnutrition. As a result of the project, 20 care homes have now achieved the Trust's NRICH Award and more than 1,100 care home residents are being accurately screened for malnutrition and treated appropriately if needed. The success of this project was recognised when Trust staff members were shortlisted for Complete Nutrition's Community Nutrition Professional of the Year award in recognition of their outstanding work.

## **Stakeholder events**

The Trust worked with CQC to coordinate a number of patient, partner and staff engagement events and sessions. This enabled a range of stakeholders to provide feedback and insight into the Trust's performance. This contributed to the Trust being the first Acute Trust to receive six Outstanding awards from the CQC. This news was shared widely on social media, with hundreds of messages recognising and celebrating such a unique achievement. The

Trust's first Facebook post alone reached more than 75,000 people, with Twitter and Instagram also ensuring the result spread far and wide.

The Trust also runs regular events for members, patients, carers and interested members of the public.

In May 2019, the Trust ran an 'Art and Experience' event that looked at 24 hours in our hospitals. Patients, staff, carers and volunteers were invited to share their experience and help the Trust to understand more about what we do well and what we can do better. Simple art materials were used to support the workshop to explore people's experience across a whole day.

In May 2019 the staff conferences were held, focussing on the theme of inclusivity. These events were very well attended. They included guest speakers from NHS England's Workforce Race Equality Standard (WRES) policy lead and senior analyst. Videos of the presentations were also made available for all staff to access following the event.

The Trust's Annual General Meeting, which took place at on 26th July 2019, showcased the success of the "putting patients first through earlier discharges" improvement project. The Chief medical officer opened by highlighting that 3,600 more patients left hospital before 3pm on their day of discharge in the last 12 months, thanks to teams working together in new ways. Colleagues from the Emergency Floor and one of the wards in Worthing were invited to share their achievements. Each area had more than tripled the number of patients they discharge before 12 noon over the past year. It was explained that this initiative has helped to make patients' discharges safer and significantly improved patient flow through our hospitals, reducing pressure on staff. This improvement also made a major contribution towards the Trust finishing the 9th best Type 1 A&E performance in England. In turn, enabling the Trust to earn around £16 million from the national Provider Sustainability Fund, reserved for the best performing organisations, which enables us to invest more in patient services.

## **Membership engagement**

We have continued to refine and improve the way we communicate with members and how we enable them to share their views.

Our e-newsletter, @WesternSussex, remains a popular channel for communicating with members. It contains news, event information, feedback methods and articles explaining how the Trust responds to suggestions from patients, carers and members.

We also use @WesternSussex to ask our members for their views on how well we communicate with them as part of our 'Are We Reaching You?' survey. This also include questions on satisfaction with membership benefits and overall experience.

The survey generates suggestions for the topics of future member events, which we will be using to inform our programme for 2020-21.

We also run a regular Stakeholder Forum and hold an Annual Members Meeting, which provides an update on hospital performance, showcases innovation across the trust and includes a 'marketplace' of stalls offering an insight into the work of our departments and specialties.

### **2.1.3 Managing the Trust**

#### **How the Trust is run**

The Trust's Constitution sets out the way in which the Council of Governors and the Board of Directors will operate and work together including their key areas of responsibilities.

The Trust's Scheme of Delegation sets out the responsibilities of the Trust's Board and key Committees.

In the event of dispute between the Council and the Board then the dispute resolution procedure set out in the Constitution shall be followed in order to resolve the matters concerned. This has again not been required during the period 1 April 2019 to 31 March 2020.

The Board is responsible for the management of the Trust and for ensuring proper standards of corporate governance are maintained. The Board accounts for the performance of the Trust and consults on its future strategy with its members through the Council of Governors (CoG).

#### **Our Board of Directors 01 April 2019 to 31 March 2020**

##### **NON-EXECUTIVE DIRECTORS**

**Alan McCarthy, Chairman from 01-10-18 (Term of Office to 30-09-21)**

Chair of the Executive Appointments and Remuneration Committee

**Mike Rymer Deputy Chair from 01-01-19 (Term of Office to 22-01-2021)**

Non-Executive Director

**Joanna Crane, Senior Independent Director (Term of Office to 30-06-2022)**

Chair of the Quality Assurance Committee

Chair of Charitable Funds Committee

**Jon Furmston (Term of Office to 31-05-2021)**

Chair of the Audit Committee

**Lizzie Peers (Term of Office to 11-05-2023)**

Chair of the Finance and Performance Committee

**Patrick Boyle (Term of Office to 19-01-21)**

Non-Executive Director

**ASSOCIATE NON-EXECUTIVE DIRECTORS (non-voting members of the Board)**

From 1<sup>st</sup> April 2017 the Trust took on responsibility for the operation of Brighton and Sussex University Hospitals NHS Trust (BSUH) under a three-year management contract. As part of the Board arrangements, the Non-Executive Directors for BSUH (Kirstin Baker and Martin Sinclair) attend Western Sussex Board and Committee meetings as Board advisors but with no formal accountability or voting rights. Note Martin Sinclair retired as a Non-Executive Director for BSUH in June 2019 and his position on that Board remained vacant for the rest of 2019/20.

**EXECUTIVE DIRECTORS**

Marianne Griffiths, Chief Executive

Dr George Findlay, Chief Medical Officer and Deputy Chief Executive

Karen Geoghegan, Chief Financial Officer

Pete Landstrom, Chief Delivery and Strategy Officer

Denise Farmer, Chief Workforce and Organisational Development Director until 14-01-2020. Denise returned as Group Organisation Development Director from February 2020.

Nicola Ranger, Chief Nurse (until 30-04-2019)

Maggie Davies, Chief Nurse (from 01-05-2019)

Jayne Black, Chief Operating Officer (to 30-10-2019 and during the preceding period from 01-04-2019 Jayne was seconded to BSUH)

Fiona Ashworth, Chief Operating Officer (from 01-01-2020)

## **Board of Directors**

The Chair and Non-Executive Director Directors are appointed by the Council of Governors.

The Directors of the Trust for the period of this report are shown in the table below together with their attendance at Board meetings for the same period. All of the Non-Executive Directors are considered to be independent.

The Chair of the Board is also the Chair of the Council of Governors.

## **Deputy Chair**

Good practice suggests that the Trust should have a Deputy Chair to stand in during any period of absence of the Chair. The Trust Constitution makes provision for the appointment of a Deputy Chair and NHS Improvement's guidance states that this should be a Council of Governors appointment, although it would be expected that the Chair would make a recommendation to Governors.

Mike Rymer, Non-Executive Director, is the Deputy Chair; he succeeded Patrick Boyle who was deputy chair for part of the year.

## **Senior Independent Director**

The Senior Independent Director is a Non-Executive Director appointed by the Board as a whole in consultation with the Council of Governors. The Senior Independent Director has a key role in supporting the Chair in leading the Board and acting as a sounding board and source of advice for the Chair.

Joanna Crane, Non-Executive Director, is the Senior Independent Director.

## **Operation of the Board**

The Board has agreed a scheme of reservation and delegation which sets out those decisions which must be taken by the Board and those which may be delegated to the Executive or to Board sub-committees.

The Board sets the Trust's strategic aims and provides active leadership of the Trust. It is collectively responsible for the exercise of its powers and the performance of the Trust, for ensuring compliance with the Trust's Provider Licence, relevant statutory requirements and contractual obligations, and for ensuring the quality and safety of services. It does this through the approval of key policies and procedures, the annual plan and budget for the year, and schemes for investment or disinvestment above the level of delegation.

The Non-Executive Directors play a key role in taking a broad, strategic view, ensuring constructive challenge is made and supporting and scrutinising the performance of the Executive Directors, whilst helping to develop proposals on strategy.

Board meetings follow a formal agenda which includes Patient Safety and Experience and a range of Strategic and Operational items including; clinical governance, financial and non-financial performance, together with performance against quality indicators set by the Care Quality Commission (CQC), NHS Improvement and by the Executive. These include measures for infection control targets, patient access to the Trust, waiting times, length of stay, complaints data and the results of the Friends and Family Test. The Board receives a structured integrated performance report that reflects the Trust's performance against its True North priorities, and where appropriate information on its breakthrough objectives, strategic initiatives and corporate projects.

During the year the Trust held five Public Board Meetings, and 14 Private Board Meetings. There were also 3 Public Council of Governors Meetings and the Annual General Meeting and, in addition, there was a joint review day between the Board and Council of Governors.

In addition, subject specific seminars were held with the Board and Governors, covering topics such as the Trust's clinical strategy, the Management Contract between WSHFT and BSUH and the development of a sustainable group structure for WSHFT and BSUH and the Trust's sustainability strategy.

### Attendance at Public Board meetings 1 April 2019 to 31 March 2020

Name	May	July	September	November	January
Alan McCarthy (Chair)	✓	✓	✓	✓	✓
Patrick Boyle	✓	✓	✓	✓	✓
Joanna Crane	✓	✓	✓	✓	✓
Jon Furmston	✓	✗	✓	✗	✗
Lizzie Peers	✓	✓	✓	✓	✗
Mike Rymer	✓	✓	✓	✓	✓
Kirstin Baker*	✗	✓	✗	✓	✓
Martin Sinclair*	✓	Martin resigned as a Non-Executive Director from 30 June 2019			
Marianne Griffiths	✓	✓	✓	✓	✓
George Findlay	✗	✓	✓	✓	✗
Karen Geoghegan	✓	✗	✓	✓	✓
Maggie Davies	✓	✓	✓	✓	✓
Nicola Ranger	Nicola resigned as Chief Nurse & Patient Safety Officer from 30 April 2019				
Pete Landstrom*	✗	✗	✓	✓	✓
Denise Farmer *	✓	✓	✓	✓	✗
Amanda Fadero*	✓	✓	✓	Amanda resigned as Managing Director from 30 September 2019	
Fiona Ashworth	Fiona was appointed on 01 January 2020				✓

\* non-voting members of the Board

Due to the national guidance on public gatherings and social distancing the Public Board in March 2020 was cancelled.

## Attendance at Private Board meetings 1 April 2019 to 31 March 2020

Name	Apr#	May*	May	Jul	Sep	Oct	Nov	Nov#	Jan	Mar
Alan McCarthy (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Patrick Boyle	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓
Joanna Crane	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
Jon Furmston	✗	✗	✓	✗	✓	✗	✗	✗	✗	✓
Lizzie Peers	✓	✗	✓	✓	✓	✓	✓	✓	✗	✓
Kirstin Baker**	✓	✗	✗	✓	✗	✗	✗	✓	✗	✓
Martin Sinclair**	✓	✓	✓	Martin resigned as a Non-Executive Director from 30 June 2019						
Mike Rymer	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓
Marianne Griffiths	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓
Pete Landstrom**	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓
George Findlay	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Karen Geoghegan	✓	✓	✓	✗	✓	✓	✓	✓	✗	✓
Nicola Ranger	✓	Nicola resigned as Chief Nurse & Patient Safety Officer from 30 April 2019								
Denise Farmer**	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗
Amanda Fadero**	✓	✗	✓	✓	✓	Amanda resigned as Managing Director from 30 September 2019				
Maggie Davies	N/A	✗	✓	✓	✓	✓	✓	✗	✗	✓
Fiona Ashworth	Fiona was appointed on 01 January 2020								✓	✓
Alison Ingoe**	✓	✓	✓	✓	✓	✗	✓	✗	✓	✓
Jennie Shore**	✓	✗	✓	✓	✗	✗	✓	✗	✗	✗
Tim Taylor**	✓	✗	✓	✓	✗	✗	✗	✗	✓	✓

\* extra-ordinary Board meeting

# joint board meeting with BSUH

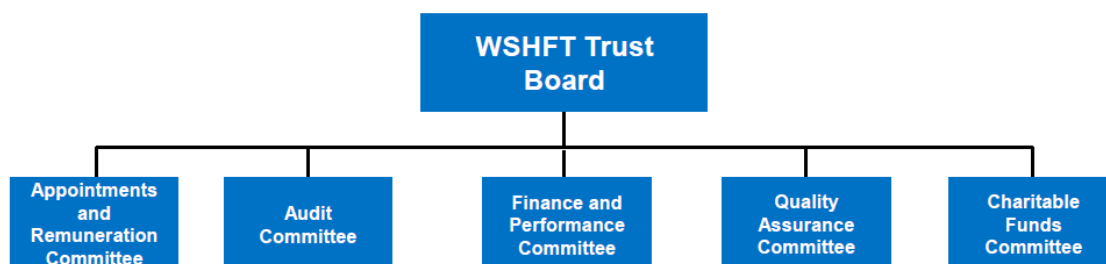
\*\* non-voting members of the Board



## Board Committees

The Board has established a number of formal sub-committees that support the discharging of the Board's responsibilities. Each Committee is chaired by a Non-Executive Director.

These committees do not operate independently of each other but where appropriate operate together (and indeed report to one another) to ensure full coverage and clarity on all areas of Trust activity. Figure 1 shows the inter-relationships of the Committees and the Board



## Audit Committee

The existence of an independent Audit Committee is the central means by which the Trust Board ensures effective control arrangements are in place. The Committee membership is solely made of Non-Executive Directors in line with the Code of Governance for Foundation Trusts.

The Audit Committee independently reviews, monitors and reports to the Board on the attainment of effective control systems and financial reporting processes.

### Register of Members' attendance at Audit Committee meeting for the period 01 April 2019 to 31 March 2020

Name	Apr	May	Jul	Oct	Jan	Total
Jon Furmston (Non-Executive Director and Committee Chair)	✓	✓	✓	✓	✓	5 of 5
Lizzie Peers (Non-Executive Director)	✗	✓	✗	✓	✗	2 of 5
Joanna Crane (Non-Executive Director)	✓	✓	✓	✓	✓	5 of 5
Martin Sinclair* (Associate non voting Non-Executive Director)	✓	✓	Martin retired on 30 June 2019			2 of 2
Kirstin Baker (Associate non voting Non-Executive Director)	✗	✓	✗	✓	✗	2 of 5

\*Martin retired as an Associate Non-Executive Director from 30 June 2019

The Chief Financial Officer, Chief Workforce and Organisational Development Director, Local Counter Fraud Services, Internal and External Auditors are regular attendees at meetings of the Committee. The Committee requests other senior Trust officers to attend for specific items. The Committee is supported by the Company Secretary.

The Trust retained its External Auditors, Ernst and Young for the year.

The Trust does not have its own internal audit or counter fraud functions. The Trust's Internal Auditor is BDO LLP. The Trust's Local Counter Fraud Service is provided by RSM UK.

The Audit Committee agenda is based upon an agreed annual work-plan. In order to maintain independent channels of communication, the members of the Audit Committee hold a private meeting collectively with External Audit, Internal Audit and Counter Fraud ahead of each Audit Committee. This provides all parties the opportunity to raise any issues without the presence of management.

The Audit Committee is responsible to the Board for reviewing the adequacy of the governance, board assurance and risk management and internal control processes within the Trust. In carrying out this work the Audit Committee obtains assurance from the work of the Internal Audit, External Audit and Counter Fraud Services.

The Audit Committee review the financial year-end Annual Report, Annual Accounts and Annual Governance Statement with the External Auditor prior to Board approval and sign off.

The Audit Committee agrees the schedule of Internal Audit reviews at the start of the year and receives the reports of those audits and tracks the implementation of recommendations at each of its meetings.

### **Quality Assurance Committee**

The Quality Assurance Committee supports the Board in ensuring that the Trust's management of clinical and non-clinical processes and controls are effective in setting and monitoring good standards and continuously improving the quality of services provided by the Trust.

## Register of Members' attendance at Quality Assurance Committee meeting for the period 01 April 2019 to 31 March 2020

Name	Jun	Sep	Dec	Mar	Total
Joanna Crane (Non-Executive Director and Committee Chair)	✓	✗	✓	✓	3 of 4
Mike Rymer (Non-Executive Director)	✓	✓	✓	✓	4 of 4
Patrick Boyle (Non-Executive Director)	✓	✓	✓	✓	4 of 4
Alan McCarthy** (Non-Executive Director and Trust Chair)	✓	✓	✗	✓	3 of 4
George Findlay (Chief Medical Officer and Deputy Chief Executive)	✓	✓	✓	✗	3 of 4
Maggie Davies (Chief Nurse)	✓	✓	✓	✓	4 of 4
Denise Farmer (Chief Workforce and Organisational Development Director)	✓	✓	✓	✗	3 of 4
Amanda Fadero (Managing Director*)	✓	✓	✗	✗	2 of 2
Fiona Ashworth (Chief Operating Officer*)	✗	✗	✗	✗	0 of 1

\*Amanda resigned as Managing Director from 30 September 2019

\*Fiona was appointed on 01 January 2020

\*\*Alan was in attendance as he is not formally a member of the Committee

## Finance and Performance Committee

The Finance and Performance Committee supports the Board to ensure that all appropriate action is taken to achieve the financial objectives of the Trust through regular review of financial strategies and performance, investments, and capital and estates plans and performance.

The Committee is chaired by a designated Non-Executive however all Non-Executive and Executive Directors are invited to attend.

## Register of Members' attendance at the Finance and Performance Committee meeting for the period 01 April 2019 to 31 March 2020

Name	Apr	May	Jun*	Jul	Aug	Sep	Oct	Nov	Jan	Feb	Mar	Total
Alan McCarthy (Chairman)	✓	✓	✓	✗	✗	✓	✓	✗	✓	✓	✓	8 of 11
Lizzie Peers (Non-Executive Director & Committee Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	9 of 11

Name	Apr	May	Jun*	Jul	Aug	Sep	Oct	Nov	Jan	Feb	Mar	Total
Mike Rymer (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	10 of 11
Marianne Griffiths (Chief Executive)	✓	✓	✓	✓	✗	✗	✓	✓	✓	✗	✓	8 of 11
Karen Geoghegan (Chief Financial Officer )	✓	✓	✗	✗	✓	✓	✓	✗	✓	✓	✓	8 of 11
George Findlay # (Chief Medical Officer and Deputy Chief Executive)	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	6 of 11
Maggie Davies (Chief Nurse Member of Committee from 1 May 2019)	✗	✓	✗	✗	✓	✗	✓	✓	✓	✓	✗	5 of 7
Denise Farmer (Chief Workforce and Organisational Development Director)	✓	✓	✗	✓	✓	✓	✓	✓	✗	✗	✗	7 of 11
Jon Furmston ** (Non-Executive Director)	✗	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	2 of 11
Joanna Crane** (Non-Executive Director)	✗	✓	✗	✗	✗	✗	✓	✗	✗	✓	✓	4 of 11
Patrick Boyle** (Non-Executive Director)	✗	✓	✗	✗	✗	✗	✗	✗	✓	✓	✓	4 of 11
Pete Landstrom** (Chief Delivery and Strategy Officer)	✓	✗	✓	✓	✗	✓	✓	✓	✗	✗	✗	6 of 11
Amanda Fadero (Interim Managing Director)	✓	✓	✓	✓	✓	✓	Amanda resigned as Managing Director from 30 September 2019					6 of 6
Fiona Ashworth (Chief Operating Officer)	Fiona was appointed on 01 January 2020								✓	✓	✓	3 of 3
Martin Sinclair** (associate non voting Non-Executive Director)	✓	✓	Martin resigned as an Associate Non-Executive Director from 30 June 2019									2 of 2

\* June meeting was moved back to 04 July 2019

\*\* Non-members, in attendance

# George became MD of BUSH from October so his attendance at WSHFT Committees reduced.

## **Patient Experience and Feedback Committee**

From 1 April 2019 the Patient Experience and Feedback Committee ceased to exist with all information relating to the management of patient experience and feedback directly reported into the Quality Assurance Committee. The Quality Assurance Committee provide assurance to the Board that all comments, compliments, concerns and complaints from patients and the public are dealt with in a sensitive and effective manner and that a process of organisational learning is in place to ensure that identified improvements are embedded within the organisational framework.

## **Charitable Funds Committee**

The purpose of the Charitable Funds Committee is to monitor progress and performance against the strategic direction of the Trust's charity fundraising activity as determined by the Board as corporate Trustee; to approve and monitor expenditure of charitable funds in line with specified priority requirements; and to monitor the management of the Trust's investment portfolio ensuring that the Trust at all times adheres to Charity Law and to best practice in governance and fundraising.

### **Register of Members' attendance at the Charitable Funds Committee for the period 01 April 2019 to 31 March 2020**

<b>Name</b>	<b>Jul</b>	<b>Oct</b>	<b>Jan</b>	<b>Total</b>
Joanna Crane (Non-Executive Director and Committee Chair)	✓	✓	✓	3 of 3
Lizzie Peers (Non-Executive Director)	✓	✓	✓	3 of 3
Patrick Boyle (Non-Executive Director)	✓	✓	✗	2 of 3
Alison Ingoe (Finance Director)	✓	✓	✓	3 of 3
Denise Farmer (Chief Workforce and Organisational Development Director)	✗	✓	✗	1 of 3

## **Appointment and Remuneration Committee**

The Committee sets the terms and conditions of the Executive Directors. This committee's membership is the Trust Chair and Non-Executive Directors only.

In attendance at meetings are the Chief Executive, Chief Workforce and Organisational Development Director and the Group Company Secretary.

During the period the Committee did not procure any external advice relating to pay.

## **Appointments and appraisal**

The Chief Executive undertakes an appraisal on the performance of the Executive Directors, which are formally reported to the Appointment and Remuneration Committee.

The Chair conducts the Chief Executive's appraisal which is reported in the same way.

The Chair undertakes the appraisal of the Non-Executive Directors, having sought feedback from other Directors. The Senior Independent Director conducted the appraisal of the Chair which included feedback from Directors and Governors.

The Chair and Non-Executive Directors appraisals were formally reported to the Council of Governors.

The Chairman, other Non-Executive Directors, and the Chief Executive are responsible for deciding the appointment of Executive Directors.

Non-Executive Directors are appointed by the Council of Governors with the process being led by the Governors Nomination and Remuneration Committee. Non-Executive Directors are appointed for a three-year term in office. A Non-Executive can be re-appointed for up to two further three-year terms in office on an uncontested basis, subject to the recommendation of the Chairman and approval by the Council of Governors.

During the year the Council of Governors approved the re-appointment of Non-Executive Directors; Joanna Crane, Lizzie Peers and Jon Furmston for a further term of office.

## **Statement of compliance with the NHS Foundation Trust Code of Governance 2019-20**

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

## **Statement of compliance with the NHS Constitution**

The Board of Directors takes account of the NHS Constitution in its decisions and actions, as they relate to patients, the public and staff. The Board of

Directors is compliant with the principles, rights and pledges set out in the Constitution. However, the Trust has recognised that it has not met all the NHS Constitutional Targets during 2019/20 due mainly to the impact of the challenges in dealing with the Covid-19 pandemic and activity being cancelled to allow resources to be directed to the treatment of Covid-19 patients.

### **Statement on directors' disclosures**

The Annual Report is required to include a statement that for each individual, who is a director at the time the report is approved, as follows:

- So far as each director is aware, there is no relevant audit information of the which the (external) auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors have confirmed the above statement.

### **Declarations of interest**

All Board members have declared their relationship, under the terms of a management contract, with Brighton and Sussex University Hospital NHS Trust as an 'Interest' in order to provide transparency on Board decision making.

No Board Member has declared any significant commitments that require disclosure, other than that highlighted above relating to Brighton and Sussex University Hospital NHS Trust.

The Trust holds a register of company directorships and other significant interests, held by both directors and governors, which may conflict with their management responsibilities. The Audit Committee receives an Annual Report on Board Declarations and the process to mitigate any potential conflicts. The Council of Governors receives an Annual report on Governors Declarations in the public part of its meeting.

The register of these interests is made publicly available on the Trust's public website. The register can be found at

<https://www.westernsussexhospitals.nhs.uk/your-trust/board/declarations-of-interest/>

## NHS Oversight Framework

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

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

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

The Trust was in Segment 2 for each of the four quarters of 2019/20.

### Finance and use of resources

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

		2019/20 Scores				2018/19 Scores	
Area	Metric	Q4	Q3	Q2	Q1	Q4	Q3
Financial sustainability	Capital service capacity	1	1	1	1	1	1
	Liquidity	1	1	1	1	1	1
Financial Efficiency	I& E margin	1	1	1	1	1	1
Financial Controls	Distance from financial plan	2	2	1	1	1	2
	Agency spend	1	1	1	1	1	1
Overall scoring		1	1	1	1	1	1



## **NHSI Well led framework**

In line with the FT code of governance, the Board commissioned an external review of its Board effectiveness, such reviews should be undertaken at periodic intervals. The review was undertaken in 2018/19 by Deloitte who provided initial feedback to the Board at the end of the year with the formal report provided in May. The Board was delighted to receive the feedback from Deloitte who concluded “Overall we are of the view that the governance arrangements in place at WSHFT are highly effective, with a clear sense of purpose and values, enabling a culture of continuous improvement and innovation focusing on the patient. Many of the attributes of a high performing organisation as defined within the well led framework were evident throughout our review.”

The CQC inspection undertaken during 2019/20 re confirmed the 2018/19 assessment as the Trust was awarded the rating of “outstanding” for Well Led.

## **Emergency planning and business continuity**

Western Sussex Hospitals is again confirmed as being fully compliant with the Emergency Preparedness, Resilience and Response (EPRR) core standards for 2019/20) which are set annually by NHS England.

The NHS England Core Standards for Emergency Preparedness, Resilience and Response (EPRR) are the minimum standards which NHS organisations and providers of NHS funded care must meet to ensure they are able to respond to a wide range of incidents and emergencies that could affect health or patient care and ensure the Trust has plans in place to continue the delivery of critical services during periods of disruption, such as a critical incident, a business continuity incident or major incident as defined by the NHS England Emergency Preparedness Resilience and Response (EPRR) guidance.

All NHS Trusts are required to undertake an annual EPRR assurance assessment and report the outcome to commissioners and NHS England for approval.

For 2019/20 the EPRR Core Standards covered the following areas:

- Governance
- Duty to Risk Assess
- Duty to Maintain Plans

- Command and Control
- Training and Exercising
- Response
- Warning and Informing
- Cooperation
- Business Continuity
- CBRN (Chemical, Biological, Radiological, Nuclear).

In addition to the above core standards, NHS England also specified an additional 8 standards focusing on Command and Control covering incident coordination and command structures.

An EPRR Annual Report was presented to the Trust Board in January 2020 following the December meeting of the Emergency Planning and Business Continuity Integrated Performance Group. NHS England (South | South East) and Coastal West Sussex Clinical Commissioning Group confirmed the Trust's assessment as being fully compliant (Green).

The Western Sussex Hospitals Emergency Planning and Business Continuity Department oversees the key risks and appropriate mitigating actions for identified core standards and shortfalls which is expanded further as necessary in a specific Emergency Planning and Business Continuity plan for 2020 with specific key dates identified for the completion of the identified action. This is monitored through the Emergency Planning and Business Continuity Integrated Performance Group quarterly and reported to the Trust Board on an annual basis or as required.

#### **2.1.4 Disclosures to Auditors**

The directors are required under the NHS Health Service Act 2006 to prepare accounts for each financial year.

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

Each director of the Trust Board, at the time of approval of the Annual Report and Financial Statements, declares that:

- So far as they are aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

### 2.1.5 Income Disclosures

The income from the provision of goods and services for the purposes of the health service in England is greater than the income from the provision of goods and services for any other purposes. Income from goods and services not for the purposes of the health service in England is required to at a minimum cover the full cost of delivery of the goods and services. Any surplus from these activities is reinvested and supports the provision of goods and services for the purposes of the health service in England.

### 2.1.6 Political Donations

The Trust did not make any donations to political parties during the year.

### 2.1.7 Better Payments Practice Code

The Trust's measure of performance in paying suppliers is the Better Payment Practice Code (BPPC). The Code requires the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. In 2019/20 possible interest liabilities on invoices was £627,000. The total amount of interest actually paid was nil (see note 12.2 in the Notes to the Accounts)

Measure of Compliance	2019/20		2019/20
	Number		£000
<b>Non-NHS Payables</b>			
Total Non-NHS Trade Invoices Paid in the Year	106,460		235,115
Total Non-NHS Trade Invoices Paid Within Target	42,839		146,486
Percentage of Non NHS Trade Invoices Paid Within Target	40.24%		62.30%

<b>NHS Payables</b>			
Total NHS Trade Invoices Paid in the Year	2,967		20,822
Total NHS Trade Invoices Paid Within Target	1,246		5,105
Percentage of NHS Trade Invoices Paid Within Target	42.00%		24.52%

## 2.2 Governors' Report

### 2.2.1 Council of Governors

As a Foundation Trust Western Sussex NHS Hospitals has a Council of Governors (COG). The Board of the Trust is directly responsible for the performance and success of the Trust and satisfying the COG that the Board is achieving its aims and fulfilling its statutory obligations. Governors act as a vital link to the local community and report matters of concern raised with them to the Board, via Governor Patient Experience and Engagement Committee. Governors also participate in other activities in support of the Trust's work.

#### Role of Governors

The COG has a number of statutory roles and responsibilities as follows;

- Appoint and, if appropriate, remove the Chair
- Appoint and, if appropriate, remove the other Non-Executive Directors
- Decide the remuneration and allowances and other terms and conditions of office of the chair and other Non-Executive Directors
- Approve (or not) any new appointment of a Chief Executive
- Approve and, if appropriate, remove the Trust's auditor
- Receive the Trust's Annual Accounts and Annual report at a general meeting of the COG
- 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
- Approve Significant Transactions as defined by NHS Improvement guidance
- Approve an application by the Trust to enter into a merger or acquisition
- Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose; and
- Approve amendments to the Trust's Constitution

## Composition of the COG

The COG comprises the following Constituencies;

### *Elected public and patient governors*

The COG has 15 Governors elected from its membership that represent the public and patients (14) and one Governor who represents patients who live out of the catchment area of the Trust. Public Governors are elected from within Local Authority areas. The number of elected Governors for each constituency is in proportion to the population within the area using the Trust's services.

Area	Number
Adur	2
Arun	5
Chichester	3
Horsham	1
Worthing	3
Patient	1
<b>Total Elected Public and Patient Governors</b>	<b>15</b>

### *Staff Governors*

There are six staff Governors drawn from different areas of the workforce and elected by staff members from those particular professional areas.

Professional Area	Number
Medical and Dental	1
Nursing and Midwifery	1
Scientific, Technical and Professional (including Allied Health Professionals)	1
Additional Clinical Services	1
Estates and Ancillary	1
Administrative and Clerical	1

<b>Total Elected Staff Governors</b>	<b>6</b>
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### *Stakeholder Governors*

The Trust has a further seven Governors who are appointed by partnership or stakeholder organisations.

<b>Partner/Stakeholder Organisation</b>	<b>Number</b>
West Sussex County Council	1
Brighton and Sussex Medical School	1
Friends of WSH Hospitals	1
University of Brighton School of Nursing and Midwifery	1
Worthing Borough Council	1
Chichester District Council	1
Arun District Council (vacancy)	1
<b>Total Partner/Stakeholder Governors</b>	<b>7</b>

**During the year 1 April 2019 to 31 March 2020 attendance at Council of Governor meetings was as follows:**

<b>Constituency</b>	<b>Full Name</b>	<b>End of Term of Office</b>	<b>Number of COG meetings attended<sup>1</sup></b>
<b>Elected Governors</b>			
Public – Adur	VACANCY	-	
Public – Adur	John Todd *	30 June 2022	4 of 4
Public – Arun	Lyn Camps *	30 June 2022	3 of 4

<sup>1</sup> Shows the Number of Council of Governor meetings attended by the individual Governor as a proportion of the number of meetings they were eligible to attend, reflecting new members to the Council in year.

\* these were previously co-opted as non-voting associate governors who were then elected through open public elections

Public – Arun	Anita Mackenzie	30 June 2022	4 of 4
Public – Arun	Jill Long	30 September 2021	4 of 4
Public – Arun	John Thompson	30 September 2021	4 of 4
Public – Arun	Andrew Ratcliffe *	30 June 2022	2 of 2
Public – Chichester	Linda Tomsett	30 June 2020	3 of 4
Public – Chichester	Alan Sutton	30 September 2021	4 of 4
Public – Chichester	Les Willcox	30 September 2021	3 of 2
Public – Horsham	Penny Richardson	4 November 2019	2 of 3
Public – Worthing	John Bull	30 September 2021	1 of 4
Public – Worthing	Roger Hammond	31 May 2019	Retired before the 1 <sup>st</sup> meeting of the year
Public – Worthing	Pauline Constable	30 June 2022	1 of 4
Public – Worthing	Patricia Peal	30 June 2020	3 of 4
<b>Associate Governors</b>			
Patient/Carer	Stuart Fleming	30 June 2020	1 of 4
Public – Horsham	John Davies	1 March 2021	0 of 4
Medical & Dental	Anna Mathew	31 July 2020	1 of 2
<b>Staff Governors</b>			
Medical & Dental	Richard Venn	30 June 2019	1 of 1
Nursing & Midwifery	Moira Whitlock	30 September 2021	3 of 4
Scientific, Technical & Professional	Ryan De-Vall	31 October 2021	4 of 4
Additional Clinical Services	Miranda Jose	31 October 2021	1 of 4
Administrative & Clerical	Jacqui Campbell	30 November 2021	1 of 4
Estates & Ancillary	Warwick George	30 June 2022	3 of 4

#### **Appointed Governors**

Brighton & Sussex Medical School	Professor Somnath Mukhopadhyay	31 July 2020	0 of 4
University of Brighton School of Nursing & Midwifery	Professor Kathleen Galvin	1 April 2020	0 of 4
Chichester District Council	Councillor Eileen Lintill	29 May 2019	2 of 4
Chichester District Council	Councillor Donna Johnson	30 June 2022	0 of 4
West Sussex County Council	Councillor Ashvin Patel	28 May 2019	0 of 0
West Sussex County Council	Councillor Mike Magill	1 March 2023	0 of 0
Worthing Borough Council	Councillor Val Turner	30 June 2020	3 of 4
Arun District Council	Councillor Gill Yeates	30 June 2022	3 of 4
Friends of WSHT Hospitals	Jane Ramage	30 June 2021	3 of 4

Governor Elections were held during the year to fill existing vacancies in the Arun, Adur, Horsham, Worthing, Estates and Ancillary, Medical and Dental and Patient/Carer constituencies.

### Governor expenses

The Trust is required to disclose the value of expenses claimed by the Council of Governors during the financial year.

	1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019
Total number of governors in office (as at 31 <sup>st</sup> March)	28	26
Number of governors receiving expenses	12	13



	1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019
Aggregate sum of expenses paid to governors	£8,578.53	£6,987.45

## Lead Governor

NHS Improvement (NHSI) requires that a COG elects a Lead Governor to be the primary link with the Foundation Trust. A Lead Governor is elected by the full Council and would also be the formal link to NHSI if circumstance required direct communication between the COG and the Regulator. On 1 November 2018, Roger Hammond, Public Governor for the Worthing Constituency, was elected by the full Council to the role of Lead Governor. John Thompson, Public Governor for Arun, was elected to act as Deputy Lead Governor. On 31 May 2019 Roger Hammond retired as Lead Governor and John Thompson assumed the role of interim Lead Governor with Jill Long, Public Governor for Arun elected to act as Deputy Lead Governor. On 1 October 2019 Lyn Camps, Public Governor for the Arun constituency was elected by the full Council to the role of Lead Governor. John Thompson, Public Governor for Arun constituency was elected to act as Deputy Lead Governor.

## Governor engagement

There were four Council of Governors meetings held in public in the year. The meetings are attended by members of the Trust Board, and are open to Trust members and the public and promoted in advance through the @westernsussex email newsletter, the Trust website and local media. The agenda at each meeting includes reports from Governors in respect of their work on the Governor Committees and working groups. They also receive regular presentations from the Non-Executive Directors on their work and that of the Committees on which they Chair. The Council also receive regular reports in respect of the Trust's financial and operational performance along with the Trust's delivery of its quality priorities.

In addition, the Board and Council met together to discuss key issues and developments. These meetings are augmented by assurance meetings held in private between the Governors and Non-Executive Directors only. In addition the Chair and Chief Executive have held a number of briefing sessions for Governors during this financial year.

To support Governors in their role the Trust runs information seminars on areas of interest. This year these included British Orthopaedic Association, Cancer Care, CQC Briefing, IM&T, Capital Programme, MacMillan Nurses & Cancer Care, Pharmacy, Biomedical Laboratory, Research Initiatives, and Green Travel.

The CoG has an active and vibrant Membership Committee and Patient Experience and Engagement Committee, The Council also has a Nomination and Remuneration Committee which meets as required during the year.

NHS Improvement requires Foundation Trusts to provide a forward plan for each financial year, prepared by the Board of Directors. Governors are consulted on the development of these forward plans and are able to input views from the public and members they represent via relevant workshops.

Governors are involved in many aspects of the Trust including improvement programme workgroups, Trust conferences, Stakeholder meetings, and undertaking PLACE visits. They have also contributed to several project groups including Patient Catering, Dementia, Medical Revalidation, Organ Donation, Reducing Abusive Behaviours, Outpatient Improvement Project, Equality, Diversity & LGBTQ+ and Sustainability (Estates and Facilities – Environment).

### **Governors Annual Programme**

Each year the Council set an annual work programme, for 2019/20 these objectives were;

- To hold to account Non-Executive Directors – through ongoing challenge and the seeking of assurances;
- To review the outcomes of the Chair's and Non-Executive Directors' appraisals and discuss these with Chair and Senior Non-Executive Director and report to Governors. The Governors also specifically set an objective for the Chair and each Non-Executive Director.
- To review remuneration levels of the WSHFT Chair and the Non-Executive Directors (Section D.2.3 of NHS Improvement Code of Governance) – through the Governors' Nomination and Remuneration Committee;
- To monitor WSHFT Membership: and revise strategies where appropriate and in accordance with the Membership Targets – by maintaining and exceeding Trust Membership target numbers by area;
- To represent to the Trust the interests of the Members of the WSHFT and the public – by attending public meetings and networking with the membership and the public;
- To continue to contribute to the development of the WSHFT Corporate Strategies – contributing to joint Board and Council of Governors workshops;

- To contribute to work of the Trust through membership of working groups.

The programme set out how these objectives are achieved under the headings of, Listening and representing, Holding to Account and Governance. The Council of Governors will receive a report from the lead governor on the delivery of the 2019/20 programme and the programme for 2020/21.

### **Holding the Non-Executive Directors to account for the performance of the Trust Board**

Governors have an important role in making an NHS Foundation Trust publicly accountable for the services it provides. They bring valuable perspectives and contributions to its activities. Importantly, Governors are expected to hold Non-Executive Directors to account for the performance of the Trust Board of Directors and the following sets out the principles of how Governors discharge this responsibility.

- To ensure that the process of holding to account is transparent and fulfils the statutory duties of the COG
- To share successes and discuss any concerns that NEDs or Governors have.
- To reflect the NHS Improvement guidance that Governors should through the NEDs seek assurance that there are effective strategies, policies and processes in place to ensure good governance of the Trust.
- To work effectively together and make the best use of the time NEDs and Governors have together.

The Governors discharge this function through regular reports from the NEDs to the Council on their role as Committee Chairs and through the scheduled meetings held in private between the Governors and Non-Executive Directors only.

At no time during the period has the Council of Governors exercised its formal power to require a Non-Executive Director to attend a Council meeting and account for the performance of the Trust Board.

### **Appraisal and appointments**

It is the responsibility of the Council of Governors to appoint the Chair and other Non-Executive Directors and to oversee the appraisal process of the Chair and Non-Executive Directors.

The Governors Nomination and Remuneration Committee (GNARC) oversee these processes on behalf of the Council. The Chair and other Non-Executive

appraisals for 2019/20 have been undertaken and reported to the Nomination and Remuneration Committee in June 2019 who then reported to the full Council in public on the 4 July 2019.

The Committee during the year undertook the

- Chair and NEDs appraisals
- Recruitment process for a new Non-Executive Director (NED)
- Review of the outcomes of Exit Interviews with retiring Governor

It is the responsibility of the Governor Nomination and Remuneration Committee, with the Chair of Western Sussex Hospitals NHS Foundation Trust, to consider appropriate Non-Executive Director (NED) succession planning. During the latter part of 2019/20 the Governor Nomination and Remuneration Committee led on the appointment of an associate (non-voting) Non-Executive Director to support with the succession planning for the Board.

### **2.2.2 Membership**

#### **Membership Strategy**

The Trust currently has a Membership Strategy for the period 2015-2021, which is updated annually with the help of the Governor's Membership Committee. This strategy acknowledges that it is a responsibility of a Foundation Trust to recruit, communicate and engage with members as a means of ensuring service provision meets the needs of service users. The Trust's strategy aims to recruit a representative membership base that is actively engaged in working for the good of the Trust. It also considers and monitors engagement levels through annual surveys and by tracking responses rates to in year activity. Other work includes targeting specific groups of members to ensure that the Trust membership is representative of the population it serves.

The Trust's Membership Strategy is supported by a full action plan which outlines how the strategic aims will be implemented and the objectives of the strategy achieved.

#### **Keeping in touch with members**

Governors are accessible to members via email and at the regular Council of Governors meetings. They also attend our Medicine for All and other public events (see Stakeholder Relations), and play an important role in recruiting new members. They hold regular recruitment events at GP surgeries, health centres and Children and Family centres across the area. Venues visited have reflected

areas where the current membership is under represented and recruitment of younger members via visits to Children and Family centres and schools has been particularly successful.

Governors spend time at these events describing the role of a Trust member and gathering feedback on services across the Trust and its future plans. All feedback is then shared with our Patient Engagement and Experience Committee to help us continue to improve services.

Governors can be contacted via a Trust generic email address which is advertised on the Trust website and through other communications sent to members. Governor “Who’s who” posters have also been developed and contain information on how to contact your local Governor. These have been designed so that they can be displayed in Doctors Surgeries, Libraries and Community Centres.

An individual must be at least 16 years old to become a member of the Trust.

Currently the Trust has 7530 public members, the table below summaries the constituencies these fall within.

Constituency	Membership as at 31 March 2018	Membership as at 31 March 2019	Membership at 31 March 2020
Adur	1,163	1139	1142
Arun	2,424	2364	2353
Chichester	2,071	2023	1999
Horsham	495	494	493
Worthing	1,294	1283	1294
Patient / Out of Area	307	252	249

All staff are automatically enrolled as members on starting employment with the Trust.

### 2.2.3 Disclosures and declarations of interests

The Chair of the Council of Governors has not declared any other significant commitments that require disclosure. The Chair submits an Annual Declaration of Interest Statement and Fit and Proper Person Declaration.

Governors are required to complete a Declaration of Interest which is held on a Trust Register and is made publically available on the Trust’s website. This is available at <https://www.westernsussexhospitals.nhs.uk/your-trust/board/declarations-of-interest/>

## 2.2.4 Resolution of disputes

The Trust Constitution sets out at Section 12 the process for dealing with any dispute between the Council of Governors and Trust Board. The Council of Governors and Trust Board have a positive working relationship and the process has not been used during the 2019/20 year.

## 2.3 Staff Report

Western Sussex Hospitals NHS Foundation Trust employs more than 7,000 people in a range of different roles across the organisation. Each and every member of our staff works to ensure our patients receive excellent quality care.

Our staff continue to consistently demonstrate their willingness to go over and above to ensure high quality care is delivered to the people of West Sussex. This was recognised and praised by the CQC in their inspection. We ensure that we take opportunities to thank our staff in a variety of ways including Employee of the Month awards, an annual staff award ceremony and long service awards. Following feedback from our Ambassadors rather than holding Thank You lunches this year we provided our staff with a reusable cup thanking them for their commitment and support to patients, families, carers and each other.

### Average number of employees (WTE basis not actual staff employed)

Average number of employees (WTE basis)	Permanent	Other	Total	Total
	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-19
	2019/20	2019/20	2019/20	2018/19
	No.	No.	No.	No.
Medical and dental	775		775	748
Ambulance staff			-	-
Administration and estates	1,732		1,732	1,271
Healthcare assistants and other support staff	810		810	1,219
Nursing, midwifery and health visiting staff	1,731		1,731	1,691

Average number of employees (WTE basis)	Permanent	Other	Total	Total
	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-19
	2019/20	2019/20	2019/20	2018/19
	No.	No.	No.	No.
Nursing, midwifery and health visiting learners			-	-
Scientific, therapeutic and technical staff	983		983	766
Healthcare science staff			-	213
Social care staff			-	-
Agency and contract staff		106	106	66
Bank staff		501	501	541
Other			-	-
<b>Total average numbers</b>	<b>6,029</b>	<b>607</b>	<b>6,636</b>	<b>6,515</b>
Of which:				
Number of employees (WTE) engaged on capital projects	23	4	27	18

Total staffing costs for the year were £328,192,000, comprising £284,039,000 substantive employees and £44,153,000 for bank and agency workers.

### 2.3.1 Staff Policies applied in respect of Equality and diversity

Our Equality, Diversity and Inclusion Policy covers all staff including our Executive Board members and is equally applied to our Non Executive Board members. This policy is wide-ranging and aims to protect employees from discrimination and harassment while promoting equal opportunity and the value of diverse cultures and backgrounds within the workforce. The area of inclusion was picked up within the Staff Conference in 2019 and more about the conference is within that section in the annual report.

We recognise that attracting, developing and retaining a diverse and reflective workforce is essential to delivering responsive and inclusive services. Having

such a workforce encourages the Trust to develop and deliver services that understand the needs of the diverse communities it serves.

Staff and patient diversity is viewed positively and, in recognising that everyone is different, the Trust values equally the unique contribution that individuals from different backgrounds can make. The Trust undertakes several activities to raise awareness of the equality agenda, and to ensure as many people have a voice into the way services are delivered.

Support is available for staff through the Trust's Celebrating Cultures Network (which incorporates Black, Asian, Minority, Ethnic (BAME) and Religion and Belief) and more widely through the SEC (South East Coast) BAME Network. Additionally, the Trust hosts a Lesbian, Gay, Bisexual and Transgender (LGBT) Network and a Disability Forum internally for staff and patients.

The Trust is committed to equal opportunities for all. Our aim is to ensure that no patient, carer or visitor to the Trust, job applicant or member of staff, is discriminated against because of:

- their age
- any disabilities they may have
- their gender
- their gender identity
- being in a marriage or civil partnership
- pregnancy or having recently had a baby
- their race
- their religion or belief system
- their sexual orientation.

Selection for employment, training and promotion will be based solely on objective and job-related criteria and we have a number of employment-related policies that ensure the promotion of an inclusive culture regardless of protected characteristic.

If staff have a disability or develop a disability during their time working with the Trust, reasonable adjustments will be made to prevent them from being placed at a substantial disadvantage in all aspects of employment including recruitment and selection, training, transfer, career development and retention. The Trust adheres to the Disability Confident Scheme which is administered by Job Centre Plus to ensure the mechanisms, systems and processes to support existing and newly disabled employees throughout the employment journey are met.



We employ a diverse workforce; proportionately greater than the population and communities we serve. We are proud of the unique contribution our staff make and the value this adds delivering and supporting high patient care.

## Supporting Equality

The Trust undertakes a wide range of work and projects to support the equality agenda to benefit patients, the workforce and ensure as many people have a voice into the way services are delivered.

During 2019/20 the Trust has supported:



**Celebrating Cultures Network** - that work towards improving patient care and working conditions for all staff from BAME (Black, Asian, Minority, Ethnic) and non-British backgrounds. This group is also involved in our policy development, to ensure issues relating to culture are taken into account. Members of the Network were involved in the design and delivery of Workshops at the staff conference.



**Disability Forum** - has been active throughout 2019 providing a mechanism to ensure disabled people have a voice within the Trust. One of the key objectives is to ensure that monitoring systems and processes are put in place to support disabled people, are fit for purpose. This group is also involved in our policy development, to ensure issues relating to disability are taken into account. The Forum have been active in supporting the development of the Workforce Disability Equality Standard (WDES) action plan for the Trust.



**Disability Confident** - replaces the 'Two Ticks - Positive about Disabled People' scheme. The aim of this national programme is to ensure that the Trust has mechanisms, systems and processes to support existing and newly disabled employees throughout their employment journey. The programme is administered by Job Centre Plus. The Disability Forum have expressed a desire to be involved in supporting the Trust in achieving Level Three of Disability Confident.



**Diversity Matters Group** - this key steering committee helps to ensure that equality, diversity and human rights are at the heart of the Trust's strategic plans. All of the staff and patient networks and forums feed into this committee.



**LGBTQ+ Forum** - the network helps to raise the profiles of Lesbian, Gay, Bisexual and Trans issues within the Trust. The network provides support to LGBTQ+ staff, patients and visitors. This group is also involved in our policy development, to ensure issues relating to sexual orientation and gender identity are taken into account.

In July 2019 Worthing hosted their second Pride event represented again by WSHFT staff and LGBTQ+ network. The town event was an even greater success and plans are in place to participate again in the 2020 event and to be part of Chichester's first pride event in 2020.

### **Rainbow Warriors Initiative**

The Rainbow Warrior initiative originated at the Evelina London Children's Hospital and is now spreading across the NHS as other organisations borrow the idea 'with pride'!. The aim is to make a positive difference by promoting a message of inclusion to the LGBTQ+ community, with Rainbow Warriors prominently wearing their rainbow lanyards or pin badges.

The idea was first introduced to Western Sussex Hospitals at this year's staff conference, after the Trust's Executive Team, Diversity Matters Group, and LGBTQ+ forum enthusiastically supported it. Wearing the rainbow symbol is a voluntary way for staff of any sexual orientation and gender identity to indicate they are a 'safe listening ear' for LGBTQ+ patients, colleagues, volunteers and students.

### **Reducing Abusive Behaviours Corporate Project**

The Trust recognises the experience of violence, aggression, bullying and harassment and discrimination in the workplace is concern. To address the levels of poor behaviours evidenced in the National NHS Staff Survey a corporate project has been commissioned. The 'Reducing Abusive Behaviours' steering group meet monthly to drive improvements through four work streams:

Violence & Aggression, Bullying & Harassment, Support and Care, WRES (Workforce Race Equality Standard).

We know that disproportionately a poor experience is higher for our BAME colleagues and colleagues with a disability and as a result used our annual staff conference to support and input into this work. The Trust held two Staff Conferences in 2019 on the theme of 'Inclusion' to raise awareness and engage with staff to develop a number of support tools that contribute to the Reducing Abusive Behaviours project.

One of the tools introduced as a result of the staff conference is the 'Above and Below' the Line framework which supports colleagues and managers to address poor behaviours. This framework will complement a training programme being delivered throughout 2020 to up skill staff on how to have a challenging conversation whilst understanding the escalation routes if inappropriate behaviours continue.

The Trust undertakes a wide range of work and projects to support the equality agenda to benefit patients, the workforce and ensure as many people have a voice into the way services are delivered.

### **Recite Me**

One project successfully deployed in 2019/20 in partnership with BSUH was the introduction of the 'Recite Me' system to improve accessibility of the Trust's website, internal StaffNet and outpatients booking service. 'Recite Me' is a web based tool that allows patients and staff to customise the Trust's website in way individuals need it to work for them personally. The easy to use facility includes large font, text to speech functionality, dyslexia software, an interactive dictionary, a translation tool with over 100 languages and many other features. These functions not only benefit individuals with sensory impairments, but also benefit those with learning disabilities / difficulties and overseas language speakers.

### **Changing Places**

The Trust opened its first Changing Places venue at Southlands Hospital in September 2019. Changing Places is a national initiative to provide accessible changing facilities in public spaces across the UK for young people and adults who need support from carers when they are in their local communities.

The facilities typically consist of an accessible environment with toilet and washing facilities along with the addition of a changing bench and a hoist to support transfer.

The Changing Place facility at Southlands is listed on the Changing Places website and can be accessed whenever the hospital at Southlands is open.

Plans are currently underway to review the provision at both Worthing and St Richard's.

### NHS England Equality Standards

*Workforce Race Equality Standard (WRES)* - Data is taken from the annual National Staff Survey and Electronic Staff Records (ESR) system which is reflected in nine key metric indicators. WRES looks at a number of factors that help demonstrate race equality within Trust processes and services for staff. As a result a number of improvements were identified; the celebrating cultures network supported the development of a 3 year action plan to address issues of inequity.

To view WSHFT 2018-2019 WRES report and 2018-2021 WRES action plan and priorities, please go to:

<https://www.westernsussexhospitals.nhs.uk/your-trust/about/equality-diversity/>

*The Workforce Disability Equality Standard (WDES)* was mandated in the NHS Standard contract in April 2018 with implementation in April 2019. The aim of the standard is demonstrating fairness within services using standardised data available to all NHS Trusts, the standard will also highlight areas for improvement. This standardisation of data allows NHS Trust to compare the experiences of disabled and non-disabled staff in a range of areas that impact staff. A specific working group has been formed to look at issues raised within the standard.

The areas the standard looks at include:

- Workforce representation
- Recruitment
- Entrance into formal capability processes
- Experiences of discrimination, harassment and abuse
- Provision of equal opportunities and career progression and development
- Feeling pressured to come into work when not feeling well enough to perform duties
- Satisfaction for staff in terms of valuing work and contribution
- Reasonable adjustments

- Engagement of disabled staff
- Representation of disabled staff in the Board.

The Disability Forum have been actively involved to review issues raised within the standard and in developing a local action plan.

To view WSHFT 2018-2019 WDES report and 2019-2021 WDES action plan and priorities, please go to:

<https://www.westernsussexhospitals.nhs.uk/your-trust/about/equality-diversity/>

NHS England has released the *Sexual Orientation Monitoring Standard* that looks at the sexual orientation monitoring for patients. This standard has been implemented within the Trust and ensures there are appropriate standardised ways of recording the sexual orientation of patients/service users (over 16 year of age) in NHS services and some elements of social care.

Further information about the standard can be found by going to:

<https://www.england.nhs.uk/about/equality/equality-hub/sexual-orientation-monitoring-information-standard/>

### 2.3.2 Gender and Gender Pay Gap Report

At the end of the financial year, the makeup of the Trust by gender was:

	<b>Female</b>	<b>Male</b>
Non-executive directors	2 (33.3%)	4 (66.7%)
Executive directors	5 (71.4%)	2 (28.6%)
Non-executive director advisor	1 (100%)	0 (0)
Other senior managers	9 (69.2%)	4 (30.8%)
Other staff	5505 (76.2%)	1724 (23.8%)
Total	5522 (76.1%)	1734 (23.9%)

At 31 March 2020, the second Gender Pay Gap report was published, relating to the pay period at 31 March 2019.

The table below shows the mean and median hourly rates for male and female employees in the Trust and the actual gap in monetary and percentage terms in 2019. The 2018 figures are shown in brackets.

There is a 20% (21.16% in 2018) difference in favour of male employees when using the mean hourly rate, this is a slight improvement of 1.16% on the previous year and is seen as a positive step forward. The median hourly rate has closed to £0.39.

Gender	Mean Hourly Rate	Median Hourly Rate
	2019 (2018)	2019 (2018)
Male	£19.31 (£ 19.28)	£14.02 (£ 13.30)
Female	£ 15.44 (£15.20)	£13.63 (£ 13.55)
Difference	£3.87 (£ 4.08)	£0.39 (-£ 0.25)
Pay Gap %	20% (21.16%)	2.78% (-0.98%)

A total of 7,255 employees (non-medical and Medical & Dental) are included in this report. The gender split is 5,521 (76.3%) female employees and 1,734 (23.7%) % male employees.

This is comparable with the NHS workforce nationally which has a 77% female and 23% male split.

The Medical & Dental staff group in the Trust consists of 24.5% male of the total male employees and 6.4% female of the total female employees. This is comparable to 22% and 5% respectively in the wider NHS nationally.

The Trust has determined to continue to address the gender pay gap that its focus in the next 12 months will be to:

- Undertake a further review of the 2019 CEA applications to ensure both female and male employees feel able, are encouraged and confident to apply and outcomes treated fairly.
- Monitor applications of Trust policies such as flexible working. Record the number of applications and outcomes on ESR, produce an annual report for sharing with the wider organisation.
- Develop improved career pathways for all lower paid staff, linked to the annual appraisal process.

- Ensure all staff have fair and equitable access to all leadership & management development opportunities.
- Stratify the Gender Pay Gap data by staff group in the 2020 snapshot to support tailored actions for 2021.
- Review how well the Trust manages women's career progression after an employment break such as maternity.

The Trust's information on the gender pay gap can be found on our website at <https://www.westernsussexhospitals.nhs.uk/your-trust/about/equality-diversity/>. Also further information on gender pay gap can be found on the cabinet office website - <https://www.gov.uk/guidance/gender-pay-gap-reporting-overview>

### **2.3.3 Strategies and Processes applied in respect of Health and Wellbeing**

The Trust recognises staff health and wellbeing is a key component to overall staff engagement and during 2019/20 continued to deploy a range of health and wellbeing initiatives for staff including physiotherapy, counselling, emotional resilience and mindfulness. Our Wellbeing Wednesday provision, which takes place on the first Wednesday of the month continued and is strengthened to support staff welfare in offerings such as exercise classes (Yoga, Tai Chi, Pilates, Meditation), support networks (Schwartz rounds, time to talk, colleagues for carers) and general wellbeing (hand and neck massage, weekly singing, library quiet time, Weldon Down crafts, wellbeing MOT's).

The Trust launched pilots of Mental Health training for managers and TRIM training to provide support for staff following a traumatic incident. The review of the pilots will inform psychological support for staff moving forward.

### **2.3.4 Sickness absence**

Whilst our attention is focused on maintaining attendance and health and wellbeing rather than absence, sickness is robustly managed. During 2019/20, our 12 month rolling sickness rate averaged at 3.4% (as at Feb 2020). Work has been undertaken at divisional level to understand the root cause of absence and tailored initiatives have been implemented to address areas where sickness is higher than the Trust average.

The Trust's sickness absence data can be found on NHS Digital's publication series on NHS Sickness Absence Rates. This can be found using the link



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

### 2.3.5 Improving staff engagement

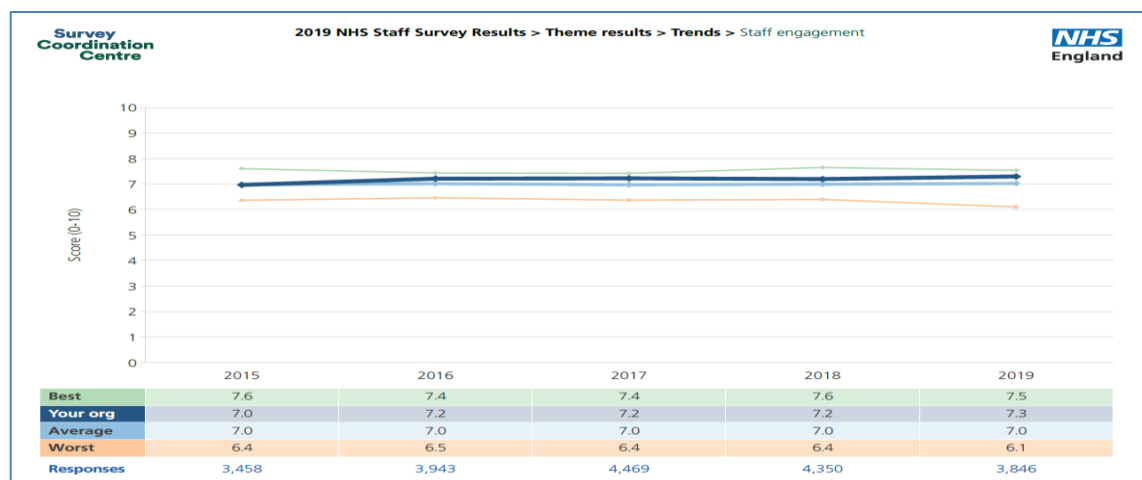
In 2019 Western Sussex Hospitals NHS Foundation Trust received its best score to date for overall staff engagement achieving 7.3 out of 10; consistently ranking the trust in the top 20% acute trusts in England and Wales and an improvement from 7.2 in 2018.

The Staff Engagement Score is based on 9 questions linked to:

- Motivation at Work
- Ability to contribute to improvement at work
- Recommendation of the Organisation as place to work

Our performance in the results for staff engagement has been consistently above average, as can be seen within the 5 year trend analysis below. This was also reflected in the feedback from the CQC confirming that our organisational culture reflects our values. However, the Trust seeks to improve on this position and to support this has taken part in an innovative culture transformational project named, 'Best Place to Work'.

### 5 year trend analysis:



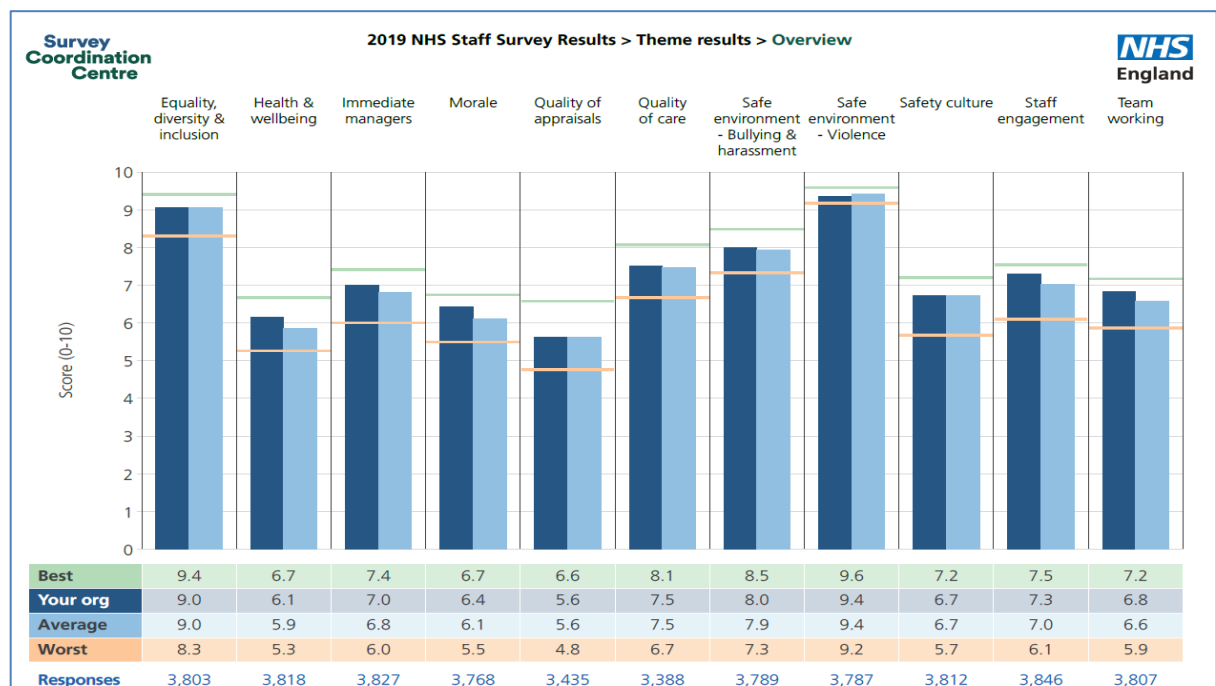


The work being undertaken is to enable us to realise 'Our People' objective and become the top performing Acute Trust for staff engagement by 2020 (NHS Staff Survey data available February 2021).

### 2.3.6 Staff survey 2019

For the ninth year, the Trust chose to roll out the NHS staff survey to all permanent staff rather than just a random sample, and achieved another good response rate of 55%. This compares to a national response rate of less than 50%, and a response rate of 47% within our survey group.

The staff survey results against the 11 themes are set out below.



The Trust did not score below the national average score in any theme and for six of the themes it scored higher than the average including within this six the new team working assessed theme.

The Trust has identified nine key staff survey indicators of engagement that are most important in creating the working environment needed for positive, patient-centred change to take place. These include agreement with statements around opportunities to show initiative, ability to make improvement suggestions and, most important of all, ability "to make improvements happen in the work area". These indicators support the Patient First Programme, along with the Trust's current breakthrough objective 'I am able to make improvements happen'.

The steps being taken to continue to develop this positive, patient-centred change environment are:

- Successfully delivering the workstreams associated with the Reducing Abusive Behaviour corporate project.
- Help divisions to implement feedback from the 'Best Place to Work' online conversation.
- Participate in the Sussex Health and Care Partnership 'Best Place to Work' programme to make sustainable improvements to reduce violence towards NHS staff and improve the experiences of Black, Asian, Minority, Ethnic and Disabled staff in the NHS.
- Promote and advance equality of opportunity throughout the workforce through the trust's diversity groups (Celebrating Cultures, LGBTQ+ network and Disabilities forum) to reduce discrimination of staff.
- Continue to deliver the Trust's well-being Wednesday programme, increase health & wellbeing champion membership and promote staff health & wellbeing programme to new starters.
- Promoting key initiatives that will improve the mental health and wellbeing of staff through the annual 2020 staff conference.
- Supporting staff in feeling confident to raise concerns about unsafe clinical practice by learning from incidents through the 'Speaking Out' Guardians and associated networks.
- Continuing to grow the Staff Survey Champion membership within all Divisions and increase utilisation of online survey completion.

### **2.3.7 Process applied to support Learning and development**

At Western Sussex Hospitals NHS Foundation Trust we aim to foster an inclusive culture of education, training and development for all staff.

We are proud of the career progression pathways we offer – from apprenticeships to leading and transforming organisations – and have a team of staff dedicated to supporting colleagues' development including NMC-qualified nurse teachers and researchers.

We have established partnerships with a number of educational organisations, including the Universities of Surrey and Brighton, which provide learning and development opportunities for nurses, midwives and other healthcare professionals who wish to develop their professional practice and academic careers.

Our speciality programmes aim to produce high-quality clinicians with a broad range of skills that will enable them to practice as consultants across the United Kingdom. Some of this training is funded through the Kent Surrey Sussex Deanery.

Attendance on statutory and mandatory training was consistently high throughout 2019-20 and remains above the Trust target of 90%. The Trust

continues to have one of the highest attendance rates for statutory and mandatory training across the UK.

### **2.3.8 Staff conference**

The Staff Conference is an annual event at Western Sussex, which showcases achievements across the Trust. The programme is developed by the Staff Conference Planning Group. This year the theme was 'Inclusion'. This followed on from the last four years staff conference themes of launching the Trust's Patient First Programme - Where Better Never Stops, Making Improvements, Staff Experience and Patient Experience and the 'Inclusion' theme demonstrates a clear link to The Patient, Our People and Trust Values.

The objective of the staff conference was to further integrate and increase awareness of diversity throughout the workforce. By working in collaboration and understanding the different needs of patients and staff, WSHFT will improve patient services and establish stronger links in the local community.

The highly successful conference saw 400 of the Trust's colleagues taking part in awareness raising workshops and highlighted key themes around:

- Disability Awareness
- Transgender Awareness
- Hate Crime
- Celebrating Cultures

Feedback on all of the presentations and programme was extremely positive and following the conference the Trust successfully launch its inclusion campaign with Trust rainbow warriors being trained and deployed as inclusion champions across the Trust.

### **2.3.9 Apprenticeships**

The Trust remains committed to fully utilise the Apprentice Levy funds, providing training opportunities and apprentice qualifications for new (direct entry) and existing staff.

As indicated in the Trust Interim People Plan priorities include:

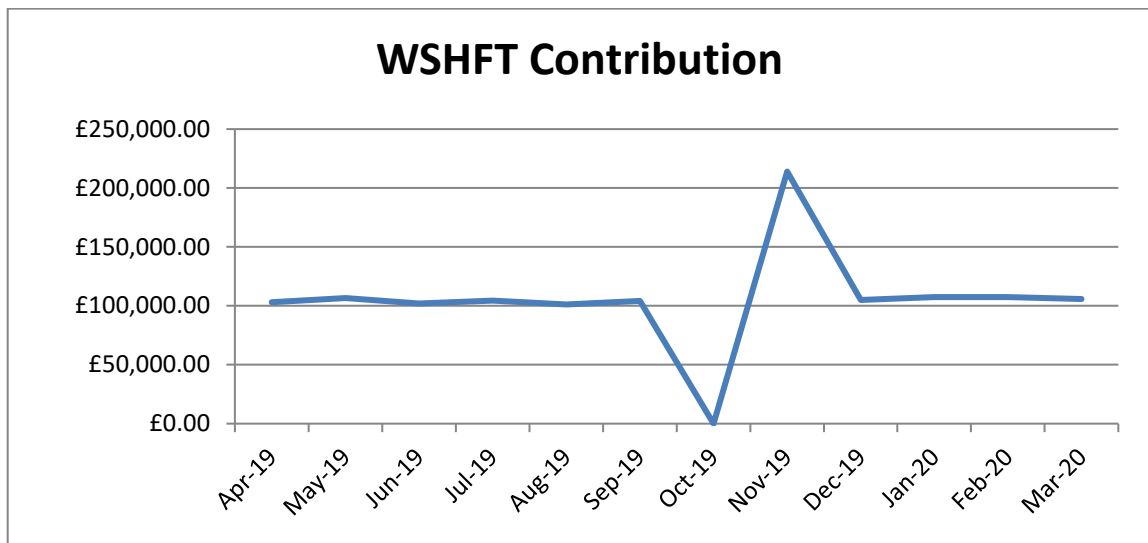
- Continuing to increase the numbers of existing staff and direct entry apprentices enrolled on an apprenticeship qualification.
- Extending opportunities for apprenticeships as new standards such as clinical degree-level apprenticeships are introduced.
- Providing more options for roles via the apprenticeship route including: therapists, operating department practitioners, healthcare scientists, podiatrists and therapeutic and diagnostic radiographers.
- Improving the number of opportunities for young people to participate in work experience within the hospitals.

The development of apprentice qualifications is enabling the Trust to support staff to progress their careers; one example of this is that 75% of staff completing the nurse associate apprenticeship used the level 3 apprenticeship as an entrance route into training. This development is echoed across the Trust in areas such as healthcare science where managers are supporting degree apprenticeships to address a 60% skills shortage in qualified staff.

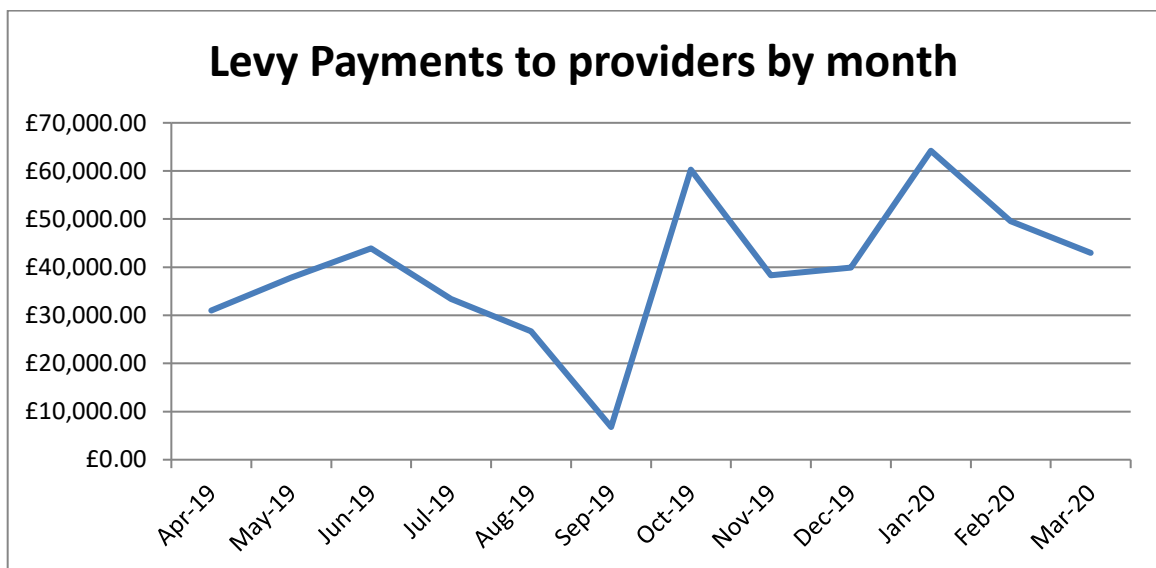
The Trust continues to work towards achieving the Enterprise Bill target that 2.3% of our workforce start an apprenticeship qualification per annum. Between April 19- March 20 the Trust started 133 staff on apprenticeship qualifications, this equates to 1.5%. This figure is a combination of direct entry apprentices joining the Trust on fixed term apprentice contracts (29%) and existing staff (71%) who are accessing apprentice qualifications including degree and masters apprenticeships.

81% of staff who joined the Trust on fixed term apprentice contracts gained substantive contracts in the Trust on completion of their apprenticeship programme.

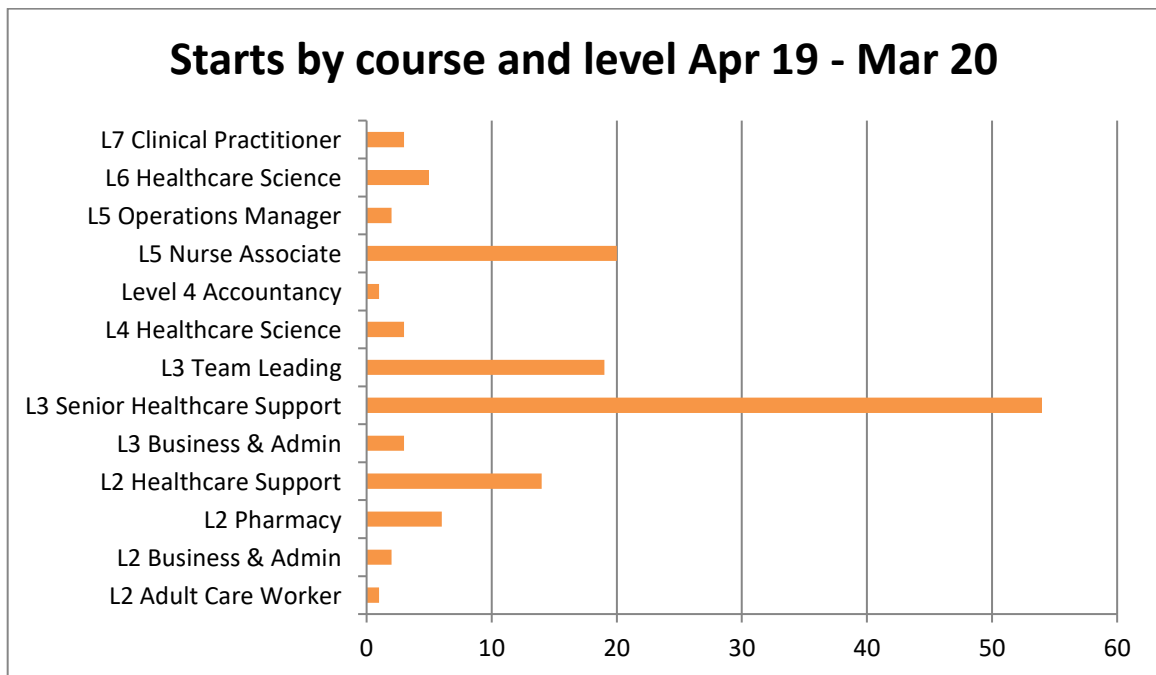
The Trust contributes circa £1.3 million per annum to the Apprenticeship Levy. Payments are deducted automatically and are used to fund apprenticeship qualifications. The graph below details payments deducted from the Trust into the Apprentice Levy account (No payments were deducted in October due to technical issues with the apprentice service.)



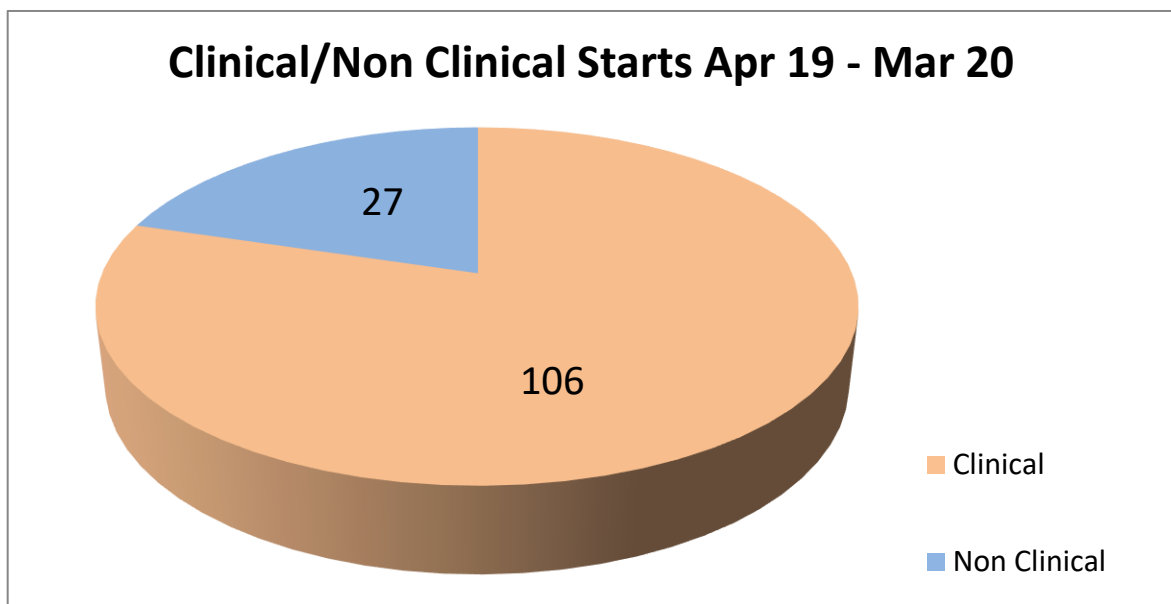
Payments from the Trust Apprentice levy account are made to Apprentice Training providers on a monthly basis, (due to technical issues with the Apprentice Service payments due in September were paid in October.)



This chart details the number and range of apprentice qualification starts, including three staff accessing degree apprenticeships (level 6) and two staff accessing masters apprenticeships (level 7).



80% of apprenticeships accessed in the trust are clinical.



The Trust also supports staff to develop by offering in house functional skills course - English and Maths. Between April 2019 and March 2020 fifty nine members of staff were enrolled onto Level 1 and Level 2 Math's qualification and fifty five members of staff onto Level 1 and Level 2 English qualification.

We offer a range of Work Experience opportunities and employ a work experience co-ordinator. Between April 19 - March 20, 137 individuals completed work experience activities and the Widening Participation team attended 51 recruitment events including Job Centres. Engagement with

schools and colleges includes attending careers fairs and assemblies, talking to groups of students and taking part in interview practice with students. Our commitment to offer a variety of work experience and opportunities to individuals from the age of 14 years allows The trust to introduce new perspectives and talent, support the local community and generate positive publicity, as well as meet our corporate social responsibility objectives. We understand that organisations who work closely with their community have higher levels of employee loyalty and engagement.

### **2.3.10 Health and safety**

Health and safety compliance at Western Sussex Hospitals NHS Foundation Trust is managed by the Risk (Non-Clinical) Team and monitored at Board level by the Health and Safety Committee on a quarterly basis which reports to the Quality Assurance Committee. A Health and Safety Report is also published annually and made available to staff via along with the Policy for the Management of Health, Safety and Risk.

The Health and Safety Committee reviews reports, policies and accident data on issues relating to the following areas of health and safety: fire, manual handling, security, training, estates and facilities, occupational health, staff incidents, stress, radiation protection and non-clinical risk management.

Health and safety incidents are logged on the Trust's Datix incident reporting system, while risk assessments around issues such as dangerous substances, display screen equipment, fire and manual handling tasks are carried out using the Safety, Health and Environment (SHE) software package.

Health and safety training is mandatory for all staff on induction and then on a triennial cycle. Attendance rates during 2019/20 improved marginally from 94% to 94.2%.

### **2.3.11 Fraud, bribery and corruption statement**

Western Sussex Hospitals NHS Foundation Trust is committed to eliminating fraud and corruption within the NHS, freeing up public resources for better patient care. To this end, the Trust employs a specialist counter-fraud service to provide a comprehensive programme against fraud and corruption which is overseen by the Trust's Audit Committee.

All anti-fraud and corruption legislation is complied with. It is a criminal offence to give, promise or offer a bribe, and to request, agree to receive, or accept a bribe. A bribe may take the form of any financial or other advantage to another person in order to induce a person to perform improperly.

Although the Bribery Act permits hospitality, all staff are required to consider on an individual basis whether accepting any hospitality offered is appropriate and should they then elect to take it, to record it within the Trust's Hospitality register (in line with the Receipt of Hospitality, Gifts and Inducements Policy) so that it has been fully disclosed.

It is also important that all of our contractors and agents comply with our policies and procedures.

When entering into contracts with organisations the Trust follows the NHS standard terms and conditions of contract for the purchase of goods and supplies.

We ask all who have dealings with the Trust, as employees, agents, trading partners, stakeholders and patients, to help us in our fight against fraud and corruption and to contact the counter-fraud service in confidence if they have any concerns or suspicions.

We have increased our anti-fraud surveillance work during the Covid-19 period recognising the increased pressure the Trust is under and recognising the intelligence provided by the NHS Counter Fraud Authority who through the Local Counter Fraud Specialist provide regular and frequent anti-fraud bulletins.

### **2.3.12 Exit packages**

There has been one exit packages in 2019/20 in the range of £0k - £10k  
(There were none in 2018/19)

### **2.3.13 Off-payroll engagements**

The Trust did not make any off-payroll engagements in the financial year.



### 2.3.14 Trade Union Facility Time

Our relationship with our trade unions is a key tenant of our employee relations strategy and we work hard to foster a strong partnership where areas of concern are identified and we pay attention to resolution and learning.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require disclosures of facility time provided for trade union activities. The table below relates to the period 1 April 2019 to 31 March 2020 and the Trust is required to publish this information annually by the 31 July each year.

<b>Table 1 - Relevant Union Officials</b>	
<b>Number of employees who were relevant union officials during the relevant period 2019/20 (2018/19)</b>	<b>Full-time equivalent employee number 2019/20 (2018/19)</b>
<b>34 (32)</b>	<b>23.53 (27.75)</b>

<b>Table 2 - Percentage of time spent on facility time</b>	
<b>How many employees who were relevant union officials employed during the relevant period spent their working hours on facility time</b>	
<b>Percentage of time</b>	<b>Number of employees 2019/20 (2018/19)</b>
<b>0%</b>	<b>22 (22)</b>
<b>1%-50%</b>	<b>12 (10)</b>
<b>51%-99%</b>	<b>0</b>
<b>100%</b>	<b>0</b>

<b>Table 3 - Percentage of pay bill spent on facility time</b>	
<b>The percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period 2019/20 (2018/19)</b>	
<b>Total cost of facility time</b>	<b>£19,878 (£4,865*)</b>
<b>Total pay bill</b>	<b>£315,821,331 (£297,039,174)</b>
<b>Percentage of the total pay bill spent on facility time</b>	<b>0.0% (0.0%)</b>

\* As a result of making our first publication in 2018/19 we have improved our data capturing processes for the time staff spend on these activities and thus we are able in 2019/20 calculate the cost more accurately so the comparison of costs from 2019/20 to 2018/19 should be made with caution as 2018/19 is likely to have been understated.

Table 4 - Paid trade union activities
Time spent on paid trade union activities as a percentage of total paid facility time hours 2019/20 (2018/19)
32.61% (37.21%*)

### 2.3.15 Statement on social responsibility

WSHFT reflects its social responsibility within the way it undertakes its business, this is from the recruitment, retention and development of our staff as noted within this report in respect of our equality, diversity and inclusion work through to way we deliver of services making them accessible and environmentally sustainable again as detailed within this report through to our wider responsibility to work with our partners with regard to our responsibilities under safeguarding to protect our patients and their families and careers.

.....

19 June 2020

**Dame Marianne Griffiths, Chief Executive**

**Western Sussex Hospitals NHS Foundation Trust**

## 2.4 Remuneration Report

### 2.4.1 Annual statement on remuneration

It is the responsibility of the Appointment and Remuneration Committee of Non-Executive Directors to oversee the pay arrangements of Executive Directors and Very Senior Managers, details of the committee can be found within the 'How the Trust is Run' section of this report. During the period of this report there have been no substantial changes to the base salary of Senior Managers.

### 2.4.2 Senior Managers Remuneration Policy

All Directors' performance is subject to an annual appraisal the outcome of which is reported to the Appointment and Remuneration Committee by the Chief Executive. This is prior to any decision being made on Executive remuneration.

For the Chief Executive Officer, their appraisal is undertaken by the Chair of the Trust with a report then submitted to the Committee.

The annual appraisal method is chosen as it is an effective way to assess performance against a range of performance targets and leadership responsibilities and includes feedback from Non-Executive Directors and peers as part of a 360 degree feedback process.

In coming to any decision on remuneration, the Committee takes account of the circumstances of the Trust, the size and complexity of the role, any changes in the Directors portfolio, the performance of the individual and any appropriate national guidance. Senior managers are remunerated based on these decisions. Any performance related pay award by the Committee is within the context of the NHS Very Senior Managers Pay Framework.

In considering Senior Managers Pay the Committee took note of national benchmark data provided by NHS Providers and the requirement to consider any pay above a threshold of £150,000 as per Cabinet Office guidance.

### 2.4.3 Future policy table

Please see in the following table details of the components of the remuneration package for senior managers. This is made up of;

Components of Senior Managers remuneration:
Base Salary
Performance related pay (where appropriate).

Base salaries are set in line with market information and are designed to ensure retention, or recruitment, of the calibre and experience required to deliver the aims of the Trust. Salaries are revised annually and uplifted only if:

- There is demonstrable evidence that an uplift is required to keep in line with the market
- A change in portfolio necessitates an uplift

The performance related pay scheme is based on the NHS Pay framework for Very Senior Managers. The Appointment and Remuneration Committee would, annually, consider whether the overall performance of the Trust warrants consideration of a performance related element being paid and if so the parameters of such an award.

#### **2.4.4 Service contracts obligations and Policy on payment for loss of office**

HM Treasury has issued specific guidance on severance payments within 'Managing Public Money' and special severance payments when staff leave requires Treasury approval.

All contracts are permanent with no fixed end date. There are no contractual provisions for payments on termination of contract.

The table below shows the date of contracts and notice periods.

Name	Title	Date of Contract	Notice period from the Trust	Notice period to the Trust
Mrs Marianne Griffiths	Chief Executive	01/04/2009	6 months	6 months
Mr Peter Landstrom	Chief Delivery and Strategy Officer	18/04/2016	6 months	6 months
Mrs Karen Geoghegan	Chief Financial Officer	01/02/2014	6 months	6 months
Mrs Nicola Ranger	Chief Nursing and Patient Safety Officer	02/05/2017 to 30/04/2019	6 months	6 months
Mrs Maggie Davies	Chief Nurse	01/05/2019	6 months	3 months

Name	Title	Date of Contract	Notice period from the Trust	Notice period to the Trust
Mrs Denise Farmer	Chief Workforce and Organisational Development Director	01/04/2009 to 14/01/2020	6 months	6 months
Mrs Denise Farmer	Chief Organisational Development Director	03/02/2020	3 months	3 months
Dr George Findlay	Chief Medical Officer and Deputy Chief Executive	27/01/2014	6 months	6 months
Mrs Jayne Black	Chief Operating Officer	16/04/2018 to 30/10/2019	6 months	3 months
Mrs Fiona Ashworth	Chief Operating Officer	01/01.2020	6 months	6 months

#### **2.4.5 Statement of consideration of employment conditions elsewhere in the Foundation Trust**

In considering any decision on remuneration the Committee takes note of both the organisational and national context, and as described in section 2.4.3 national NHS (market) benchmarking provided from sources including NHS Providers.

## 2.4.6 Salary and pension entitlements of senior managers (subject to audit)

### Remuneration 2019/20

	Salary Bands of £5,000 a	Total expenses Nearest £100 b	Bonus Bands of £5,000 c	L/term bonus Bands of £5,000 d	Pension Benefit* Bands of £2,500 e	Total Bands of £5,000 f	Western Sussex Hospitals Remuneration Bands of £5,000 g
Marianne Griffiths Chief Executive	265 - 270	76	20 - 25	-	17.5 - 20	320 - 325	150 - 155
George Findlay Chief Medical Officer	190 - 195	272	-	45 - 50	2.5 - 5	270 - 275	130 - 135
Karen Geoghegan Chief Financial Officer	190 - 195	7	5 - 10	-	42.5 - 45	245 - 250	100 - 105
Denise Farmer Chief Workforce Officer	145 - 150	112	5 - 10	-	-	160 - 165	80 - 85
Peter Landstrom Chief Delivery and Strategy Officer	155 - 160	59	5 - 10	-	25 - 27.5	195 - 200	85 - 90
Nicola Ranger Chief Nurse (to 30th June 2019)	45 - 50	48	5 - 10	-	Not available	60 - 65	30 - 35
Maggie Davies Chief Nurse (from 1st May 2019)	120 - 125	28	-	-	Not available	125 - 130	125 - 130
Jayne Black Chief Operating Officer (to October 2019 and during the preceding period from April 2019 w as seconded to BSUH)	155 - 160	1	5 - 10	-	185 - 187.5	350 - 355	5 - 10
Amanda Fadero Managing Director - WSHT (to September 2019)	80 - 85	28	-	-	Not available	85 - 90	85 - 90
Fiona Ashworth Chief Operating Officer - WSHT (from January 2020)	35 - 40	-	-	-	Not available	35 - 40	35 - 40
Alan McCarthy Chairman	70 - 75	23	-	-	-	70 - 75	55 - 60
Patrick Boyle Non-Executive Director	10 - 15	15	-	-	-	10 - 15	10 - 15
Joanna Crane Non-Executive Director	10 - 15	14	-	-	-	10 - 15	10 - 15
Jonathan Furnsten Non-Executive Director	10 - 15	4	-	-	-	10 - 15	10 - 15
Elizabeth Peers Non-Executive Director	10 - 15	13	-	-	-	10 - 15	10 - 15
Michael Rymer Non-Executive Director	10 - 15	19	-	-	-	10 - 15	10 - 15
Kirsten Baker (from July 2019) Non-Executive Director	5 - 10	-	-	-	-	5 - 10	5 - 10
Martin Sinclair (to June 2019) Non-Executive Director	0 - 5	-	-	-	-	0 - 5	0 - 5

*The Non-Executive Director remuneration disclosed in this table is that which is incurred and paid directly by Western Sussex Hospitals NHS Foundation Trust. Several Non-Executive Directors are also paid directly by Brighton and Sussex University Hospitals NHS Trust (BSUH) for separate services to BSUH and this is disclosed within BSUH Annual Report.*

## Pension Entitlements as at 31st March 2020

	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2019 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2019 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019 (nearest £1,000)	Cash Equivalent Transfer Value at 31 March 2018 (nearest £1,000)	Real increase in Cash Equivalent Transfer Value (nearest £1,000)	Employer's contribution to Stakeholder Pension
Marianne Griffiths Chief Executive	2.5 - 5	7.5 - 10	50 - 55	155 - 160	1,288	1,169	91	Nil
George Findlay Chief Medical Officer	0 - 2.5	-	65 - 70	135 - 140	1,249	1,183	38	Nil
Karen Geoghegan Chief Financial Officer	2.5 - 5	-	65 - 70	150 - 155	1,269	1,169	72	Nil
Denise Farmer Chief Workforce Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peter Landstrom Chief Delivery and Strategy Officer	2.5 - 5	-	30 - 35	60 - 65	479	437	31	Nil
Nicola Ranger Chief Nurse	Not available	Not available	50 - 55	155 - 160	1,155	Not available	Not available	Nil
Maggie Davies Chief Nurse	Not available	Not available	40 - 45	120 - 125	856	Not available	Not available	Nil
Amanda Fadero Managing Director	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Nil
Fiona Ashworth Chief Operating Officer	Not available	Not available	55 - 60	175 - 180	1,432	Not available	Not available	Nil

### Notes:

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

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

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

As set out in paragraph 8(3) of the Regulations, where the calculations of any of these columns result in a negative value (other than in respect of a recovery or withholding), the result is expressed as zero in the relevant column in the table.

"a" is salary and fees (in bands of £5,000)

"b" is all taxable benefits (total to the nearest £100)

"c" is annual performance-related bonuses (in bands of £5,000)

“d” is long-term performance-related bonuses (in bands of £5,000). The long term performance bonus for George Findlay relates to a national Clinical Excellence Award

“e” is all pension-related benefits (in bands of £2,500). As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members. Information on accrued pension benefits is provided by the NHS Pensions Agency

“f” is the total of items “a” to “e” (in bands of £5,000).

“g” On 1st April 2017, the Trust (WSH) entered into a long-term agreement with NHS Improvement and Brighton and Sussex University Hospitals NHS Trust (BSUH). This agreement provides for collaboration between the Trusts, including arrangements for board membership and governance in common, as well as the provision of management support to BSUH by WSH. The initial term of this agreement is for three years. Contracts for employment continue to be held by Western Sussex Hospitals NHS Foundation Trust. The remuneration disclosed in columns “a” to “f” therefore includes the remuneration in respect of duties undertaken in relation to BSUH. Column “g” shows the element of remuneration (excluding pension) that relates to duties undertaken in relation to WSH. Pension benefits include benefits accrued as a result of total pension in the pension scheme and not just service in a senior capacity to which disclosure applies. Pension benefits are therefore not able to be split between BSUH and WSH roles. A more detailed analysis of the components of remuneration (excluding pension) directly relating to WSH are summarised below:

### Trust Splits i.e. Directly relating to Western Sussex Hospitals NHS FT

	Salary Bands of £5,000	Total expenses Nearest £100	Bonus Bands of £5,000	L/term bonus Bands of £5,000	Total Bands of £5,000
Marianne Griffiths Chief Executive	130 - 135	38	10 - 15	-	150 - 155
George Findlay Chief Medical Officer	95 - 100	136	-	20 - 25	130 - 135
Karen Geoghegan Chief Financial Officer	95 - 100	4	0 - 5	-	100 - 105
Denise Farmer Chief Workforce Officer	70 - 75	56	0 - 5	-	80 - 85
Peter Landstrom Chief Delivery and Strategy Officer	75 - 80	29	0 - 5	-	85 - 90
Nicola Ranger Chief Nursing Officer	20 - 25	24	0 - 5	-	30 - 35
Jayne Black Chief Operating Officer	-	-	5 - 10	-	5 - 10
Alan McCarthy Chairman	55 - 60	19	-	-	55 - 60



## **Cash Equivalent Transfer Values**

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

## **Real Increase in CETV**

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

## **Total Pension Entitlement**

Normal retirement age for the NHS Pension Scheme is either 60 (for members in the 1995 scheme) or 65 (for members in the 2008 scheme). On retirement members receive their accrued pension and members in the 1995 scheme receive a lump sum equal to three times their annual pension. Members may choose to retire from work before their normal pension age and draw their benefits although these will be reduced because they will be paid earlier than expected. Further information about scheme rules and entitlements is available from <http://www.nhsbsa.nhs.uk/pensions>.

## Remuneration 2018/19

	Salary Bands of £5,000 a	Total expenses Nearest £100 b	Bonus Bands of £5,000 c	L/term bonus Bands of £5,000 d	Pension Benefit* Bands of £2,500 e	Total Bands of £5,000 f	Western Sussex Hospitals Remuneration Bands of £5,000 g
Marianne Griffiths Chief Executive	265 - 270	93	20 - 25	-	17.5 - 20	320 - 325	150 - 155
Peter Landstrom Chief Delivery and Strategy Officer	155 - 160	239	5 - 10	-	27.5 - 30	215 - 220	35 - 40
Karen Geoghegan Chief Financial Officer	190 - 195	5	5 - 10	-	45 - 47.5	245 - 250	100 - 105
George Findlay Chief Medical Officer	185 - 190	296	-	45 - 50	162.5 - 165	430 - 435	130 - 135
Nicola Ranger Chief Nursing Officer	175 - 180	126	5 - 10	-	37.5 - 40	230 - 235	95 - 100
Denise Farmer Chief Workforce Officer	165 - 170	140	5 - 10	-	-	185 - 190	90 - 95
Jane Farrell (to 30th April 2018) Chief Operating Officer	10 - 15	21	-	-	-	10 - 15	10 - 15
Jayne Black (from 16th April 2018) Chief Operating Officer	140 - 145	9	-	-	-	140 - 145	140 - 145
Michael Viggers (to 31st May 2018) Chairman	5 - 10	19	-	-		5 - 10	5 - 10
Alan McCarthy (from 1st October 2018) Chairman	30 - 35	7	-	-		35 - 40	20 - 25
Joanna Crane Non-Executive Director	10 - 15	9	-	-		10 - 15	10 - 15
Jon Furnston Non-Executive Director	10 - 15	2	-	-		10 - 15	10 - 15
Patrick Boyle Non-Executive Director and Acting Chairman (1st June 2018 to 30th September 2018)	20 - 25	10	-	-		20 - 25	20 - 25
Michael Rymer Non-Executive Director	10 - 15	2	-	-		10 - 15	10 - 15
Elizabeth Peers Non-Executive Director	10 - 15	4	-	-		10 - 15	10 - 15
Kirstin Baker Non-Executive Director Adviser	5 - 10	-	-	-		5 - 10	5 - 10
Martin Sinclair Non-Executive Director Adviser	5 - 10	-	-	-		5 - 10	5 - 10

## Pension Entitlements as at 31<sup>st</sup> March 2019

	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2019 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2019 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019 (nearest £1,000)	Cash Equivalent Transfer Value at 31 March 2018 (nearest £1,000)	Real increase in Cash Equivalent Transfer Value (nearest £1,000)	Employer's contribution to Stakeholder Pension
Marianne Griffiths Chief Executive	0 - 2.5	5 - 7.5	45 - 50	145 - 150	1,169	986	153	Nil
Peter Landstrom Chief Delivery and Strategy Officer	2.5 - 5	-	30 - 35	60 - 65	437	342	85	Nil
Karen Geoghegan Chief Financial Officer	2.5 - 5	-	60 - 65	140 - 145	1,107	913	167	Nil
George Findlay Chief Medical Officer	7.5 - 10	12.5 - 15	60 - 65	140 - 145	1,183	889	266	Nil
Nicola Ranger Chief Nursing Officer	2.5 - 5	-	55 - 60	130 - 135	1,073	897	149	Nil
Denise Farmer Chief Workforce Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Nil
Jayne Black Chief Operating Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Nil

\* Cash Equivalent Transfer value as at 31<sup>st</sup> March 2017 has been restated to include benefits from the 2015 Pension Scheme that were incorrectly excluded from the 2016/17 annual report

**Fair Pay Multiple (median pay)** (subject to audit)

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

The banded remuneration of the highest paid director in the financial year 2019/20 was £290k - £295k (2018/19: £290k - £295k). This was 10 times (2018/19: 10) the median remuneration of the workforce, which was £29.5k (2018/19: £28.5k).

In 2019/20, no employees (2018/19: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £12k to £263k (excluding the highest-paid director (2018/19: £8k-£261k excluding highest-paid director)).

The banded salary referenced above includes the total remuneration paid for roles undertaken at Western Sussex Hospitals and Brighton and Sussex University Hospitals. Taking into account only that part of the director remuneration that relates to Western Sussex Hospitals, the banded remuneration of the highest paid director is £145 - £150k, This was 5 times the median remuneration of the workforce and in 2019/20, 49 employees received remuneration in excess of this.

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

.....

19 June 2020

**Dame Marianne Griffiths, Chief Executive**

**Western Sussex Hospitals NHS Foundation Trust**

## 2.5 Regulatory ratings

The Trust is assessed under NHS Improvement's Use of Resources Rating. Financial risk is covered under the Financial Sustainability Risk Rating which is driven by a range of financial metrics. The highest rating that can be achieved is 1. A score of 2 indicates no significant financial concerns. The Trust was rated at 1 for each of the quarters during 2018/19.

NHS Improvement Use of Resource Risk Ratings				
Rating	Q1	Q2	Q3	Q4
Financial Sustainability Risk Rating	1	1	1	1

## 2.6 Statement of Accounting Officer's Responsibilities

### Statement of the chief executive's responsibilities as the accounting officer of Western Sussex Hospitals 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 Western Sussex Hospitals 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 Western Sussex Hospitals NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

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

Signed.....

**Dame Marianne Griffiths**

**Chief Executive Date: 19 June 2020**

## **2.7 Annual Governance Statement for the period 1 April 2019 to 31 March 2020**

### **1. Scope of responsibility**

1.1 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.

1.2 The Trust's Standing Orders and Scheme of Delegated Authority outline the accountability arrangements and scope of responsibility of the Board of Directors ('the Board'), Executive Directors and Trust officers.

1.3 The Board receives regular minutes and reports from each of the nominated Committees that report into it. The terms of reference of the Committees of the Board are regularly reviewed to ensure that governance arrangements continue to be fit for purpose.

1.4 The Trust works in close partnership with other Health and Social Care organisations in the area, but notably with the Coastal West Sussex Clinical Commissioning Group. In addition the Trust attends the West Sussex County Council Health and Adult Social Care Scrutiny Committee.

*1.5 Management contract with Western Sussex Hospitals NHS Foundation Trust*

1.6 Western Sussex Hospitals NHS Foundation Trust continues with the management contract arrangements with Brighton and Sussex University Hospital NHS Trust. These arrangements are formalised within an agreement between both the Trusts and NHS Improvement for an initial period of three years from 1 April 2017 to 31 March 2020, which has been extended to 31 March 2021.

### **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 Western Sussex Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Western Sussex Hospitals NHS Foundation 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 Trust Board*

3.2 The Trust has a Risk Management Strategy and Policy, endorsed by the Board of Directors. The Board of Directors recognise that risk management is an integral part of good management practice and to be most effective should be embedded in the Trust's culture. This recognition is embodied within the Strategy and Policy as this documents the Board's risk appetite and the processes applied across the Trust which see the oversight of the Trust's key risks assigned to a Board Committee with each key risk have an named executive lead. The Board is committed to ensuring that risk management is embedded as part of the Trust's philosophy, practice and planning and is not viewed or practiced as a separate programme and that responsibility for implementation is accepted at all levels of the organisation.

3.3 The Board recognised the challenges facing the Trust as it manages the Covid-19 pandemic and proactively decided to adjust its Board and Committee Governance processes to ensure there were focused updates on Covid-19 at each Board meeting, but maintain through an increased frequency of Quality Assurance Committee meetings, the Board's review of quality in line with the Board's risk appetite and to embrace the use of technology to deliver these meetings. Supporting the Board meetings there is a regular information flow to all Board members including the Non Executives to ensure they are aware of any issues and actions taken to address these. This information flow is provided from the bronze, silver and gold command structure established to oversee the development and delivery of the Trust Covid-19 incident plan.

#### *3.4 Board Committees*

3.5 The Audit Committee has overall responsibility for ensuring effective risk management across the Trust. The Audit Committee receive information annually from the Trust's internal auditors and from its own review of the Trust's Board Assurance Framework and through this work supports the Board to be assured over the robustness of the Trust's application of sound risk management processes. To enable the Audit Committee to fulfil its role one Non Executive Member sits on each of the other Board Committees



providing a clear link to and from the Audit Committee's oversight of the Board Assurance Framework and the work undertaken in each Committee in respect of the key risks they have assigned oversight for.

3.6 The other key Board Committees of Finance & Performance Committee and Quality Assurance Committee regularly receive and consider the strength of assurance reflected within the Board Assurance Framework and the actions being taken to manage risks that are outside the Board's stated risk appetite. Each Committee reports the outcome of their review of the Board Assurance Framework to the next Board meeting.

### *3.7 Non-executive Directors*

3.8 All Committees are chaired by a nominated Non-Executive Director. The Audit Committee who play a pivotal role in providing assurance over the risk management processes of the Trust has a membership of only Non-Executive Directors. Through the Non Executive chairs and the Audit Committee membership they all have a responsibility to challenge robustly the effective management of risk and to seek reasonable assurance of adequate control.

3.9 The Audit Committee undertook a specific overview of the Board Assurance Framework People Risks as they recognised that each of the two Board Committees look at components of these risks and therefore their overview complemented the regular Committee reviews. The Audit Committee concluded that the processes being applied to oversee the management of the 2 stated key people risks were adequate and supported the assessed score of those risks.

### *3.10 Chief Nurse*

3.11 The Chief Nurse is accountable for the strategic development and implementation of organisational risk management and ensuring there is a robust system in place for monitoring compliance with standards and the Care Quality Commission (CQC) Registration legal requirements.

3.12 The Chief Nurse is also responsible for managing patient and non-patient safety, complaints, patient information and medical legal matters.

### *3.13 Chief Finance Officer*

3.14 The Chief Finance Officer oversees the adoption and operation of the Trust's Standing Financial Instructions including the rules relating to budgetary control, procurement, banking, losses and controls over income and expenditure transactions, and is the lead for counter fraud.

3.15 The Chief Finance Officer and the Trust Finance Director attend the Trust's Audit Committee and both liaise with internal audit, external audit and

counter fraud services, who undertake programmes of audit with a risk based approach.

### *3.16 Risk Management Training and Learning*

3.17 Risk management training forms part of the essential training package that all staff are required to complete. All new members of staff attend a mandatory induction covering key elements of risk management, supplemented by local induction. The organisation provides mandatory and statutory training that all staff must attend.

3.18 The Trust has established a culture of learning, through the work on the implementation of national clinical standards, the delivery of improvements flowing from local and national clinical audits and the focus on learning from all untoward incidents. The reporting of this work flows to the Board through the work of the Quality Assurance Committee and from reports directly to the Board. This allows the Board to see the positive impact that the improvements from this learning has on the Trust's risk profile.

## **4. The risk and control framework**

4.1 The Board of Directors has established a robust corporate governance framework in which is detailed within the Annual Report section 'How the Trust is run'. The corporate governance structure is designed to ensure appropriate oversight and scrutiny and to ensure good corporate governance practice is followed.

4.2 In support of the Trust's corporate governance processes the Trust has continued to apply its clinical divisional governance processes. Each Clinical Division is led by a triumvirate of a Divisional Director of Operations, a Chief of Service and a Head of Nursing. Each division reports through the Quality Board to the Board's Quality Assurance Committee.

4.3 The Trust has a Risk Management Strategy that was updated in 2019, with this review confirming the stated Trust's risk appetite and the Trust's processes for identifying, reporting and managing risk.

4.4 Risk management training forms part of the essential training package that all staff are required to complete. All new members of staff attend a mandatory induction event which covers key elements of risk management.

4.5 Risks are raised and captured to a central risk management database known as Datix.

4.6 All staff are responsible for responding to incidents, hazards, complaints and near misses in accordance with appropriate Trust policies. Local management teams oversee local risk registers and the management and escalation, as appropriate, of risks.

4.7 The Trust has an established Board Assurance Framework (BAF), through which the Board is provided with a mechanism for satisfying itself that its responsibilities are being discharged effectively; and informs the Board where the delivery of principal objectives are at risk due to a gap in control and/or assurance.

4.8 The BAF records that the Trust has been managing 12 significant risks, and at the year end the Trust remained with four key risks, these related to

- Being unable to align or invest in our workforce, finance, estate and IM&T infrastructure effectively to support operational resilience, deliver our strategic and operational plans and improve care for patients;
- Being unable to deliver ongoing efficiencies and flex our resources in an agile way resulting in an increasing or unmanaged deficit and inefficient, unaffordable and unsustainable services;
- Being unable to deliver and demonstrate consistent compliance with operational and NHS constitutional standards resulting in an adverse impact on the patient and the reputation of the Trust; and
- That the Trust's business continuity plans fail to deliver as intended.

4.9 For each of these risks there is a detailed series of actions which will continue through 2020/21. The delivery of these actions and the impact on these risks is monitored through the appropriate oversight Committee of the Board. During the year in respect of the compliance with regard to the key constitutional targets the Trust took action and has maintained its waiting list size as commissioned by the CCG and NHSE, albeit this level of activity was not sufficient to achieve the Referral to Treatment (RTT) standard. In respect of the Diagnostic and 62 day Cancer standards the Trust took action to achieve these two standards by the end of the year in line with its agreed performance plan. The Trust supported the NHS with its measures to deal with Covid-19 which impacted on the Trust's ability to deliver the wider constitutional standards.

4.10 The Trust had taken action during the year which in the latter quarter of the year would have seen the BAF financially related risk reduce had it not have been for the measures taken by the Trust to deal with Covid-19. The impact of these has not only been the exceptional extra costs and reduced income through reduced activity and commercial activity but a redirection of operational management capacity away from “business as usual” activities that formed part of the Trust’s financial delivery plan.

4.11 In the last months of 2019/20 the Trust has responded positively to the national requirements placed on it with regards to countering Covid 19. The Trust has been supported through the application of its developed flu pandemic policy and its business continuity plans and policies. The Trust’s Executive have established command structures to monitor and manage this incident which includes a robust process for the capturing of issues and risks and the follow through on actions to mitigate these. These processes have placed the Trust in a strong position to adapt its control environment to respond to the changing nature of the county’s and national health service response to Covid-19.

4.12 However the work Trust has undertaken to support the NHS and the Country with their measures to deal with Covid-19 has impacted on the Trust’s ability to reduce further its key risks.

### **Processes for Managing Cyber Security Risk**

4.13 We continue to develop our relationship with NHS Digital and CareCERT, ensuring that all of our end-points are enrolled into Microsoft’s Advanced Threat Protection (ATP). ATP is a security platform for intelligent protection, detection, investigation and response. The Trust also acts on every national CareCERT advisory report that we receive to ensure we learn and adapt to any national risk assessments.

4.14 During 2019/20 the Trust became Cyber Essentials certified. Cyber Essentials is a UK government information assurance scheme operated by the National Cyber Security Centre (NCSC) that encourages organisations to adopt good practice in information security.

4.15 This year we have also increased the security of our User Accounts, by investing further into our Imprivata Single Sign On system. We now have the Self Service Password element of Imprivata, which means our computer passwords are more secure and better managed. We have also retired our local email environment and migrated to NHS-Mail. NHS Mail adds a further

layer to Trust wide security measures it has in place and invests in. Internal Audit undertook a review of the Trust's processes within this area and supported the Trust with a number of recommendations for improvement with these actions reported and tracked at the Audit Committee.

4.16 As such, our Trust is seen as one of the leaders within the NHS regarding Cybersecurity readiness. The Trust Board has continued to invest in tool sets that IM&T use to combat threats. However, this is a continually changing landscape so confirmed investment is always required.

**Processes for assuring the Board that staffing processes are safe, sustainable and effective**

4.17 There are a number of ways in which the Trust ensures that short, medium and long term workforce strategies and staffing systems are in place which assures the board that staffing processes are safe, sustainable and effective. Informed by our True North, clinical strategy and aligned to operational and financial planning, workforce demand and supply plans are developed at specialty and divisional level and include recruitment, retention and workforce transformation and efficiency plans.

4.18 National Quality Board standards, NICE guidance, recommendations from Royal Colleges and the output of national taskforces on workforce are used to inform the optimum staffing levels required to deliver high quality and safe services in an acute hospital environment. Changes to staffing profiles (numbers and skills) are subject to a Quality Impact Assessment at divisional level and reviewed by the Chief Medical Officer and Chief Nurse prior to implementation.

4.19 Through regular reporting to the board, workforce and safer staffing reports are provided and these are triangulated against quality metrics to ensure our staffing processes are safe, sustainable and effective.

4.20 There are robust governance structures in place that oversee the efficiency and effectiveness of our staffing systems that ultimately report into the Quality Assurance and the Finance and Performance Committees of the Board.

4.21 The Trust uses integrated electronic systems to capture and collate staffing numbers and skill mix for nursing staff and this is currently being rolled out to medical staff. The Safer Staffing Board report will remain six monthly and extend to all other clinical professions. As part of our attainment of standards we will continue to roll out the use of e-rostering for medical staff job planning and its extension to other clinical professions including nurse specialist and AHP roles.

## Processes for managing regulatory risk

4.22 The Trust's last CQC inspection report was in 2019 and this confirmed that the Trust remains fully compliant with the registration requirements of the Care Quality Commission. The CQC concluded for each domain, including Well Led which has an assessment covering the Trust's risk management and patient safety regulatory compliance, that the Trust was outstanding.

4.23 The Trust through its continued to deploy its Patient First programme which ensures that there is a continued focus on improvement covering improving quality, the patient experience and ensuring the Trust is sustainable, which are key to the delivery of the Trust's True North and Breakthrough Objectives.

4.24 During the period of this report the Trust regrettably had 1 Never Events. Never Events and Serious Incidents are subject to a thorough internal review to identify Root Causes and learning. All Serious Incidents including Never Events were reported as required to the Clinical Commissioning Group, NHS Improvement and to NHS England. A full investigation is undertaken and the outcome and recommendations reported to the Trust Board for each incident.

4.25 The Foundation Trust has maintained and published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff within the past twelve months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance. This register records the details of the Trust senior decision makers, including Board members and Trust Directors.

4.26 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.

4.27 Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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

4.29 The Trust has undertaken a six-facet building condition survey with the delivery of the agreed actions reported to the Board.

## **5. Review of economy, efficiency and effectiveness of the use of resources**

5.1 The Board receives a monthly report from the Chief Financial Officer on financial performance. Financial performance is highlighted and reviewed at the Trust Executive Committee to ensure that all senior leaders have visibility on the position and the actions required. Financial performance is scrutinised in detail at the Finance and Investment Committee.

5.2 The Trust has maintained a robust structure for the identification and delivery of efficiency programmes. This is supported by a Programme Management Office and oversight provided by an Executive led efficiency and workforce steering group. Reports are also provided monthly to the Finance and Investment Committee. The Trust in 2019/20 was on track and would have delivered its original efficiency plan had resources not had to be diverted to deal with Covid-19.

5.3 The Foundation Trust has maintained a financial risk rating of 1, which provides confidence over the Trust's financial stewardship.

5.4 The Board commissioned an external well led review which commenced in January 2019. The review judged the Trust against the NHS I well led key lines of enquiry and concluded that the Board is performing consistently strongly against the NHS I expected hall marks of an effective Board. This review's conclusion was corroborated by the CQC's inspection in 2019 which provided an outstanding rating well led as well as for each and every CQC domain assessed.

5.5 NHS Improvement has undertaken a Use of Resources assessment as part of the CQC inspection. This inspection concluded the Trust has robust and effective processes for the effective use of its resources. Whilst there were no formal findings the Trust has incorporated its experiences into the developing operational plan for 2020/21 and its Medium Term Financial Plan.



## **6. Information governance**

6.1 In line with standing guidance from NHS Digital on the reporting and classification of Data Protection and Security Incidents, the Trust unfortunately had to report one incident to the Information Commissioner's Office (ICO), as a result of patient information being shared with a GP against the patient's wishes. The ICO concluded that no action was required of the Trust over and above the actions the Trust took itself to improve its systems and processes as a result of its own investigation.

6.2 Each year the Trust completes and submits the Data Security and Protection Toolkit (DSPT) to demonstrate its compliance against the National Data Guardian's National Data Security Standards. The actual submission deadline is the subject of debate but the Trust will be ready to make its submission as the deadline has now been extended beyond 31 March 2020. Positively, to reinforce the message that the Trust is intending to submit a compliant DSPT, its internal auditors gave a Substantial Assurance finding, following the audit in February 2020. This substantiates detailed work undertaken by the Trust's Information Governance Team, whereby it assures itself, the Information Governance Steering Group and The Trust that effective Information Governance and Data Protection processes are in place. This includes an annual self-assessment audit programme covering the General Data Protection Regulation 2016 / Data Protection Act 2018, its own peer review of the DSPT, and spot checks of clinical areas across all Trust sites.

## **7. Annual Quality Report**

7.1 The requirement under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year has been suspended this year due to the NHS focus on Covid-19. However, the Trust has continued to prepare its annual quality report on a similar basis to last year.

7.2 In developing the Quality Account for 2019/20 quality improvement priorities for 2019/20 were identified following discussion within the Trust and with its Governors. The detail of the Trust's performance against these quality priorities is considered by the Quality Assurance Committee prior to their reporting to the Board. This process allows for the Board to be assured over the accuracy of the Trust's Quality Report prior to its subsequent publication.



7.3 To assure the Board that the Quality Accounts present a balanced view and that there are appropriate controls in place to ensure the accuracy of data, the Board has:

- Appointed the Chief Medical Officer supported by the Trust Medical Director and Chief Nurse to lead and advise us on all matters relating to the preparation of the Trust's annual Quality Accounts.
- Established a Quality Board to provide focus on continuously improving clinical practice.
- Put in place a system to receive and act upon feedback on the information contained in the Accounts from local stakeholders.

7.4 All service improvements are subject to robust Quality Improvement Assessments, the outcome of the initial assessment and subsequent re-assessments as the projects progress are reported to the Quality Assurance Committee who provide oversight of actions being taken in respect to any significant changes to the quality risk profile of that service improvement.

7.5 Service changes and Trust policies all include an Equality Impact Assessment which identifies any risk of individuals or groups being disadvantaged by that change or policy together with actions being taken to mitigate that risk. Such risks are captured within the Trust's risk management processes and mitigating actions are closely monitored via the Trust's divisional governance processes with any significant risks escalated to the Trust Executive Committee.

7.6 The Trust has a comprehensive suite of near real time daily reports, which allow detailed patient level review at an operational level, allowing for trend analysis. There is an established daily validation process undertaken by clinical leads for patients who exceed four hours in department, and approved by the COO or Deputy COO each respective day. The Trust capture daily A&E breach information on 4 hourly site reports which are cross referenced against electronic PAS reporting which helps ensure understanding and reconciliation of any discrepancies between daily performance (as reported via the Patient Administration system) and that observed by site management teams.

7.7 For RTT, there is a comprehensive validation process undertaken, underpinned by the patient access policy and RTT Rules Suite, whereby month end over 18 week waiters are reviewed at a care group level for their accuracy, and the validated cohort of patients are updated daily up to the point at which reporting is finalised (approximately 18th of subsequent

month). This is supported by divisional and corporate weekly meetings where trends and anomalies are tracked and rectified.

7.8 For cancer patient level information is reviewed daily as part of MDT meetings and tracking processes, captured in detail on the National Somerset system, with a range of daily updated performance and operational tracking reports to support patient pathway management.

7.9 More widely, the Trust access the national SUS CDS data quality dashboards which provide a degree of assurance around completeness of key administrative data items (patient details) broken down by main activity types (A&E, inpatient and outpatient activities) where the Trust has performed well above target level in terms of completeness of records. The data quality team proactively undertake data cleansing activities on the Patient Administration System daily, acting on a suite of automated reports and results from the trace files sent to the national Personal Demographic Services (PDS). The data quality reports are shared with the Information Governance Group.

7.10 The Trust developed a data quality kite marking process which visually shows the quality of the underlying data across a number of elements, including the timeliness of the data, the strength of internal independent validation etc. This process has been applied to the key performance indicators reported to the Trust's Finance and Performance Committee which provides an easy reference point for the Committee when discussing the Trust's reported performance and the decisions it is faced with based on the Trust's reported position. The process is being expanded to True North and wider qualitative scorecards, and will influence where the Trust focusses further data quality improvements.

7.11 The Trust also undertakes a Strategy Deployment Review at a divisional level which allows executive level scrutiny of performance trends which provides another layer of assurance in terms of performance (and its associated data quality). The process adopts a review of key performance metrics, whereby a drop in performance trend elicits a structured stratification of reasons for performance slippage, and mitigation and recovery actions to recover performance. This is an opportunity to cover data quality concerns alongside key operational constraints, or demand pressures. This is part of the Trust True North/Patient First governance arrangements all of which prioritise patient care, and allow the core operational priorities to be aligned and understood from board to floor. The Trust PFIS programme reviews data on a granular level to establish baselines, and monitor improvement, the scrutiny of which contributes to maintained high quality data.

## 8. Review of effectiveness

8.1 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 NHS foundation trust who have responsibility for the development and maintenance of the internal control framework.

### 8.2 *Head of Internal Audit Opinion*

8.3 Internal audit provide an independent and objective opinion on the degree to which risk management, control and governance support the achievement of the Trust's objectives.

8.4 Based on work undertaken during 2019/20 the Head of Internal Audit has stated in their Head of Internal Audit Opinion that they “are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust’s objectives and that controls are being applied consistently”

8.5 In forming their opinion they took into account that, the Trust had delivered its control total, that the majority of audits provided moderate assurance including the key audits of key financial systems, divisional governance and data quality. Internal Audit provided only one limited assurance opinion in the year. For this area specifically, as well as in respect of all recommendations made, actions to address their findings were confirmed by Internal Audit to be underway.

8.6 Internal Audit also reflected that the Trust has a good record in implementing internal audit recommendations. Internal Audit have confirmed that for the remaining recommendations action was in progress and these did not pose any unaddressed significant risk.

### 8.7 *External Audit*

8.8 External Audit report to the Trust on the findings from their audit work, in particular their audit of the financial statements and the Trust’s arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money Conclusion). For 2019/20 an unqualified audit opinion has been issued in respect of the financial statements and have no matters to report by exception in respect of the Value for Money Conclusion.

### 8.9 Counter-fraud

8.10 The Trust is required under Service Condition 24 of the Standard NHS Commissioning Contract to ensure appropriate counter fraud measures are in place.

8.11 The Local Counter Fraud Specialist (LCFS) adopts a risk-based approach to counter fraud work, identifying areas of potential vulnerability. Relevant local proactive exercises (LPEs) are consequently built into the Trust's annual counter fraud work plan, which includes activity relating to the four main NHS Counter Fraud Authority (CFA) standards: Strategic Governance, Inform and Involve, Prevent and Deter, and Hold to Account and which is overseen by the Audit Committee. The LCFS helps to foster an anti-fraud culture within the Trust through delivery of an ongoing training programme across a wide range of staff groups. This features regular presentations on counter fraud and on compliance with the UK Bribery Act 2010. The LCFS attends each meeting of the Audit Committee to present a report on their work. The maintenance of strong systems of financial control and stewardship of public funds remains critical during the NHS response to Covid-19. The Trust has established separate coding processes for Covid-19 costs and their recovery has also been subject to review by NHS I. The LCFS will review the Trust's fraud risk assessment and response plan in 2020/21 to ensure counter fraud activity remains appropriately focused.

8.12 The LCFS has not identified any significant control weaknesses during their work. Where improvements have been identified then, similar to Internal Audit they make recommendations and the delivery of these is tracked and reported to the Audit Committee.

### 8.13 HSE Inspections

8.14 The HSE undertook two inspections of the Trust processes. The first was in respect of dealing with waste and found these to be overall effective noting the Trust's own internal improvement plan covering this area. The HSE sought a copy of the action plan for its records and the delivery of this action plan is monitored by the Trust's health and safety group that reports directly to the Quality Assurance Committee. The second related to a review of the pathology laboratory at St Richards Hospital. The HSE found a small number of areas for improvement and have asked that the Trust provide an action plan by the 17 July 2020. The development of the action plan has already commenced along with the delivery of those actions.

#### *8.15 Fire Inspections*

8.16 Sussex Fire and Rescue Service undertook a series of visits to each of the Trust's hospitals and confirmed that they were satisfied with the measures the Trust has in place at each Hospital and made no recommendations.

#### *8.17 Board Committees*

8.18 The Board and its Committees form an important aspect of control and I have been advised during my review by the work of the Audit Committee where the results of the work of the Trust's auditors are received along with the Finance and Performance Committee and the Quality Assurance Committee.

#### *8.19 Finance and Performance Committee*

8.20 The Finance and Performance Committee which is chaired by a Non Executive Director provides me and the Board with a flow of assurance over the effectiveness of the established systems of internal financial control and the systems of internal control supporting operational performance delivery and reporting.

8.21 During the year the Committee has received regular reports on the Trust's financial position, the management of its cash position and the delivery of the Trust's capital programme, along with the delivery of the Trust's efficiency programme and reports covering workforce, procurement and IM&T. The Committee also received regular reports on the delivery of the Trusts performance measures and has received a series of more in depth reports covering specific aspects of performance.

8.22 These reports have supported the Committee in its assurance flow to the Board that these key risks have been managed well during the year.

#### *8.23 Quality Assurance Committee*

8.24 The Quality Assurance Committee which is chaired by a Non Executive Director provides me and the Board with a flow of assurance over the effectiveness of the established systems of internal control in respect of management of key quality risks.

8.25 During the year the Committee has received regular reports on the Trust's quality performance and quality risks, learning from complaints and investigations into untoward incidents along with regular reporting on the outcomes from clinical audits. The Committee have supported the assurance flow to the Board that quality key risks have been managed during the year especially that there have been no significant patient safety matters arising during the year.

#### 8.26 *Board Assurance Framework*

8.27 During the year covered by this report the Board Assurance Framework reporting framework has been maintained which has seen the a structured flow of assurance reporting to the Board on the controls managing the Trust's key risks to the delivery of the Trust's identified True North and associated breakthrough objectives. This process plays a key role in articulating where gaps in control exist and the tracking of devised actions to mitigate these.

#### 8.28 *Wider processes*

8.29 My review is also informed by, the Trust's processes for:

- monitoring the delivery of improvements flowing from the receipt of the outcome of the Annual Staff Survey
- monitoring the delivery of improvements from the learning identified from complaints and the investigation of untoward incidents
- tracking the outcomes from the programme of work undertaken by internal and external auditors as well as Counter Fraud
- Delivering improvements from the outcomes of external assurance visits including the national Getting It Right First Time reviews across many of the Trust's services.

8.30 These process culminate in reporting to the Board through the revised Divisional and Executive governance processes on the state of the Trust's systems of internal control.

8.31 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 the quality and assurance committee. Where improvements have been highlighted then a plan to address weaknesses and ensure continuous improvement of the system is in place.

## 9. Conclusion

9.1 I have considered the factors described in the NHS Improvement guidance on the 2019/20 annual governance statement in respect of significant issues.

9.2 During the period 1 April 2019 to 31 March 2020 and up to the time of signing the accounts I have identified challenged areas with respect to the consistent achievement of Trust priorities and specially the challenges in the latter months relating to Covid-19.

9.3 Oversight of the Trust's management of these challenges continues at the Board and through its Committees with each being assured that the Trust has established and adapted these, as appropriate during the Covid-19 challenges, to ensure there remain adequate systems of internal control and where control improvements are identified that these are delivered in line with agreed action plans.

9.4 Where wider opportunities for improvement have been identified I have overseen actions to ensure that we continue to improve the systems of internal control we operate for the benefits of our patients, staff and the wider community we serve.

Signed (by order of the Board of Directors)



**Dame Marianne Griffiths**

**Chief Executive Date: 19 June 2020**

Western Sussex Hospitals NHS Foundation Trust

Annual accounts for the year ended 31 March 2020



## Foreword to the accounts

### Western Sussex Hospitals NHS Foundation Trust

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

**Signed**



**Name** Marianne Griffiths  
**Job title** Chief Executive  
**Date** 19 June 2020

## Statement of Comprehensive Income

		2019/20	2018/19
	Note	£000	£000
Operating income from patient care activities	3	451,589	414,283
Other operating income	4	48,047	62,675
Operating expenses	6, 8	(483,567)	(445,044)
<b>Operating surplus/(deficit) from continuing operations</b>		<b>16,069</b>	<b>31,914</b>
Finance income	11	174	83
Finance expenses	12	(646)	(735)
PDC dividends payable		(8,553)	(8,207)
<b>Net finance costs</b>		<b>(9,025)</b>	<b>(8,859)</b>
Other gains / (losses)	13	11	13
<b>Surplus / (deficit) for the year from continuing operations</b>		<b>7,055</b>	<b>23,068</b>
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	-	-
<b>Surplus / (deficit) for the year</b>		<b>7,055</b>	<b>23,068</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments	7	(2,843)	(2,996)
Revaluations	18	2,148	15,029
Other reserve movements		-	-
<b>Total comprehensive income / (expense) for the period</b>		<b>6,360</b>	<b>35,101</b>

# Statement of Financial Position

		31 March 2020 £000	31 March 2019 £000
	Note		
<b>Non-current assets</b>			
Intangible assets	15	13,476	8,781
Property, plant and equipment	16	273,361	279,674
Receivables	24	1,087	-
<b>Total non-current assets</b>		<b>287,924</b>	<b>288,455</b>
<b>Current assets</b>			
Inventories	23	8,279	7,635
Receivables	24	33,377	42,600
Cash and cash equivalents	27	19,814	13,499
<b>Total current assets</b>		<b>61,470</b>	<b>63,734</b>
<b>Current liabilities</b>			
Trade and other payables	28	(28,466)	(39,336)
Borrowings	31	(1,850)	(1,855)
Provisions	33	(373)	(377)
Other liabilities	30	(1,750)	(1,666)
<b>Total current liabilities</b>		<b>(32,439)</b>	<b>(43,234)</b>
<b>Total assets less current liabilities</b>		<b>316,955</b>	<b>308,955</b>
<b>Non-current liabilities</b>			
Borrowings	31	(16,925)	(18,740)
Provisions	33	(3,391)	(2,551)
<b>Total non-current liabilities</b>		<b>(20,316)</b>	<b>(21,291)</b>
<b>Total assets employed</b>		<b>296,639</b>	<b>287,665</b>
<b>Financed by</b>			
Public dividend capital		244,259	241,646
Revaluation reserve		62,269	62,964
Income and expenditure reserve		(9,889)	(16,945)
<b>Total taxpayers' equity</b>		<b>296,639</b>	<b>287,665</b>

The notes on pages 8 to 49 form part of these accounts.

Name Marianne Griffiths



Position Chief Executive

Date 19 June 2020

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

	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2019 - brought forward</b>	<b>241,646</b>	<b>62,964</b>	-	-	-	(16,945)	<b>287,665</b>
Surplus/(deficit) for the year	-	-	-	-	-	7,055	7,055
Gain/(loss) arising from transfers by morfield absorption	-	-	-	-	-	-	-
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	-
Other transfers between reserves	-	-	-	-	-	-	-
Impairments	-	(2,843)	-	-	-	-	(2,843)
Revaluations	-	2,148	-	-	-	-	2,148
Transfer to retained earnings on disposal of assets	-	-	-	-	-	-	-
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	-
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Foreign exchange gains/(losses) recognised directly through OCI	-	-	-	-	-	-	-
Other recognised gains and losses	-	-	-	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	-
Public dividend capital received	2,613	-	-	-	-	-	2,613
Public dividend capital repaid	-	-	-	-	-	-	-
Public dividend capital written off	-	-	-	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-	-	-	-
Other reserve movements	-	-	-	-	-	-	-
<b>Taxpayers' and others' equity at 31 March 2020</b>	<b>244,259</b>	<b>62,269</b>	-	-	-	(9,889)	<b>296,639</b>

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

	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2018 - brought forward</b>	<b>240,844</b>	<b>50,931</b>	-	-	-	(40,013)	<b>251,762</b>
Prior period adjustment	-	-	-	-	-	-	-
<b>Taxpayers' and others' equity at 1 April 2018 - restated</b>	<b>240,844</b>	<b>50,931</b>	-	-	-	(40,013)	<b>251,762</b>
Impact of implementing IFRS 15 on 1 April 2018	-	-	-	-	-	-	-
Impact of implementing IFRS 9 on 1 April 2018	-	-	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-	-	23,068	23,068
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	-
Other transfers between reserves	-	-	-	-	-	-	-
Impairments	-	(2,996)	-	-	-	-	(2,996)
Revaluations	-	15,029	-	-	-	-	15,029
Transfer to retained earnings on disposal of assets	-	-	-	-	-	-	-
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	-
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Foreign exchange gains/(losses) recognised directly through OCI	-	-	-	-	-	-	-
Other recognised gains and losses	-	-	-	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	-
Public dividend capital received	802	-	-	-	-	-	802
Public dividend capital repaid	-	-	-	-	-	-	-
Public dividend capital written off	-	-	-	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-	-	-	-
Other reserve movements	-	-	-	-	-	-	-
<b>Taxpayers' and others' equity at 31 March 2019</b>	<b>241,646</b>	<b>62,964</b>	-	-	-	(16,945)	<b>287,665</b>

## **Information on reserves**

### **Public dividend capital**

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

### **Revaluation reserve**

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

### **Financial assets reserve**

This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

### **Merger reserve**

This reserve reflects balances formed on merger of NHS bodies.

### **Income and expenditure reserve**

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

## Statement of Cash Flows

		2019/20	2018/19
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Operating surplus / (deficit)		16,069	31,914
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	6.1	15,228	14,400
Net impairments	7	7,218	4,879
Income recognised in respect of capital donations	4	(325)	(381)
(Increase) / decrease in receivables and other assets		7,933	(8,392)
(Increase) / decrease in inventories		(644)	(642)
Increase / (decrease) in payables and other liabilities		(10,329)	(5,486)
Increase / (decrease) in provisions		850	(278)
<b>Net cash flows from / (used in) operating activities</b>		<b>36,000</b>	<b>36,014</b>
<b>Cash flows from investing activities</b>			
Interest received		174	83
Purchase of intangible assets		(3,694)	(2,032)
Purchase of PPE and investment property		(18,284)	(16,487)
Sales of PPE and investment property		11	13
Receipt of cash donations to purchase assets		325	381
<b>Net cash flows from / (used in) investing activities</b>		<b>(21,468)</b>	<b>(18,042)</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		2,613	802
Movement on loans from DHSC		(1,772)	(2,156)
Capital element of finance lease rental payments		(43)	(21)
Interest on loans		(501)	(542)
Other interest		-	(9)
Interest paid on finance lease liabilities		(165)	(185)
PDC dividend (paid) / refunded		(8,349)	(8,564)
<b>Net cash flows from / (used in) financing activities</b>		<b>(8,217)</b>	<b>(10,675)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>6,315</b>	<b>7,297</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>13,499</b>	<b>6,202</b>
Prior period adjustments			-
<b>Cash and cash equivalents at 1 April - restated</b>		<b>13,499</b>	<b>6,202</b>
<b>Cash and cash equivalents at 31 March</b>	27.1	<b>19,814</b>	<b>13,499</b>

## Notes to the Accounts

### 1. Accounting Policies

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

### Going concern

As an NHS Foundation Trust, the directors are required to make an assessment as at the balance sheet date as to whether the Trust remains a going concern.

In carrying out its assessment, the directors have taken into account the statement published by NHS England and NHS Improvement on 27th May 2020 ([https://improvement.nhs.uk/documents/6615/Statement\\_to\\_support\\_forecasting.pdf](https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf)). This states that "the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector." It also states that "Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned."

The directors have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Sussex Health and Care Partnership. Comprised of all the statutory healthcare organisations, clinical commissioning groups and local authorities in Sussex, the SHCP provides health and social care services to 1.7 million people in Sussex. In November 2019, the SHCP published its Strategic Delivery Plan and NHS Long Term Plan response for the five year period 2020/21 - 2024/25. This plan includes the continued provision of services by Western Sussex Hospitals.

The actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not concluded and an interim financial framework, with simplified contracting and funding arrangements, was introduced for the period April 2020 - July 2020. The financial framework that will apply beyond July 2020 is not yet clear. The directors have considered a range of scenarios, including a downside scenario, to understand the impact of different funding arrangements and funding levels may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts i.e. until June 2021. In each of these scenarios the Trust is in a positive cash position at the end of the review period.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge. The Trust was assessed as "Outstanding" for its Use of Resources by NHS Improvement in October 2019.

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation 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.

### Accounting convention

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

#### 1.1 Consolidation

The NHS foundation trust is the corporate trustee to the NHS charitable fund Western Sussex Hospitals Charity and Related Charities, which operates as Love Your Hospital Charity (Registered charity No. 1049201).

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entities' returns, where those funds are determined to be material. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

The Trust has reviewed its NHS charitable funds and concluded that they are not material and so are not consolidated within these accounts.

### 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 Trust has no subsidiaries.

### Associates

Associate entities are those over which the trust has the power to exercise a significant influence. The Trust has no associates.

### Joint arrangements

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. The Trust has no joint ventures.

### Joint operations

Joint operations are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the assets, and obligations for the liabilities relating to the arrangement. The Trust does not have joint operations.

## 1.2 Revenue

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

- As per paragraph 121 of the Standard the Trust will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less;
- The Trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in the Standard where the right to consideration corresponds directly with value of the performance completed to date;
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

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 it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

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

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

## 1.3 Employee Benefits

### Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, including non-consolidated performance pay earned but not yet paid. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

### Pension costs

#### *NHS Pensions Scheme*

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme. The cost to NHS foundation trust of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period.

Employers pension cost contributions are charged to operating expenses as and when they become due.



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

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

No employees are members of the Local Government Superannuation Scheme.

The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs. Remeasurements of the defined benefit plan are recognised in the income and expenditure reserve and reported in the Statement of Comprehensive Income as an item of "other comprehensive income".

#### **1.4 Other expenses**

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

#### **1.5 Corporation tax**

The trust has determined that it has no corporation tax liability as it does not operate any commercial activities that are not part of core health care delivery.

#### **1.6 Value added tax**

Most of the activities of the NHS foundation trust are outside the scope of value added tax (VAT). 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.

#### **1.7 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 to, 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 either:
  - the item has cost of at least £5,000, or
  - collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

##### *Subsequent expenditure*

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

## **Measurement**

### *Valuation*

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

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

- Land and non-specialised buildings – market value for existing use;
- Specialised buildings – depreciated replacement cost (DRC), modern equivalent asset (MEA) basis;

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

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

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

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. 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.

### *Depreciation*

Freehold land, assets under construction or development, and assets held for sale are not depreciated/amortised. Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value on a straight line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

### *Impairments*

At each financial year end, the Trust checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. 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 credited to expenditure.

### **Donated assets**

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income.

They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated in the same way as for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

### **Government grant and other grant funded assets**

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

### **Private Finance Initiative (PFI) transactions**

PFI transactions that meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as "on-Statement of Financial Position" by the trust.

The Trust has not entered into any PFI transactions.

### **Useful lives of property, plant and equipment**

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

<b>Life Years</b>	<b>Min</b>	<b>Max</b>
Buildings, excluding dwellings	1	89
Dwellings	17	83
Plant & Machinery	5	35
Transport Equipment	0	0
Information Technology	1	7
Furniture & Fittings	1	15

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

## **1.8 Intangible assets**

### *Recognition*

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of 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 and where the cost of the asset can be measured reliably; and where the cost is at least £5,000.

### *Software*

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.

### *Internally generated intangible assets*

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred.

Internally-generated assets e.g. goodwill, brands, mastheads, publishing titles, customer lists and similar items are recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The trust intends to complete the intangible asset and use it;
- The trust has the ability to sell or use the intangible asset;
- How the intangible asset will generate probable future economic benefits or service potential;

- The availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### *Measurement*

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

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

### **1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value, using the First In, First Out (FIFO) cost formula.

### **1.10 Cash and cash equivalents**

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

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

### **1.11 Financial assets**

#### **Recognition**

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered.

#### **De-recognition**

Financial assets are derecognised when the contractual rights have expired or the asset has been transferred and the trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

#### **Classification and measurement**

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

#### **Financial assets at amortised cost**

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets 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 life of the financial asset to the gross carrying amount of the financial asset.

#### **Financial assets at fair value through other comprehensive income**

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

#### **Financial assets at fair value through profit and loss**

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

#### **Impairment**

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Trust recognises a loss allowance representing expected credit losses on the financial instrument.

The Trust adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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

### **1.12 Financial liabilities**

Financial liabilities are recognised when the NHS Foundation 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 extinguished – that is, the obligation has been discharged or cancelled or has expired.

Loans from the Department of Health are recognised at historic cost. Otherwise, financial liabilities are initially recognised at fair value.

#### **Financial liabilities at fair value through profit and loss**

Derivatives that are liabilities are subsequently measured at fair value through profit or loss. Embedded derivatives that are not part of a hybrid contract containing a host that is an asset within the scope of IFRS 9 are separately accounted for as derivatives only if their economic characteristics and risks are not closely related to those of their host contracts, a separate instrument with the same terms would meet the definition of a derivative, and the hybrid contract is not itself measured at fair value through profit or loss.

#### **Other financial liabilities**

After initial recognition, all other 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 amortised cost of the financial liability. In the case of DHSC loans that would be the nominal rate charged on the loan.

### **1.13 Leases**

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

#### **Finance leases**

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. Finance charges are recognised in the Statement of Comprehensive.

#### **Operating leases**

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

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

#### **Leases of land and buildings**

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

### **1.14 Provisions**

Provisions are recognised when the NHS foundation trust has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

#### **Clinical negligence costs**

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust.

#### **Non-clinical risk pooling**

The NHS foundation 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 the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses as and when they become due.

### **1.15 Contingencies**

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
- 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.

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.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

### **1.16 Public Dividend Capital**

Public Dividend Capital (PDC) is a type of public sector equity finance, which represents the Department of Health's investment in the trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

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

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

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts. The PDC dividend calculation is based upon the trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

### **1.17 Foreign currencies**

The functional and presentational currencies of the trust are pounds sterling and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. The trust has not entered into any material foreign exchange transactions and has no assets or liabilities held in foreign currencies.

### **1.18 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts.

## **1.19 Losses and special payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

## **1.20 Accounting Standards that have been issued but have not been adopted**

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2019-20.

IFRS 17 Insurance Contracts – The IASB has deferred the effective date of IFRS 17, Insurance Contracts, to annual reporting periods beginning on or after 1 January 2023. IFRS 17 as interpreted and adapted by the FReM is to be effective from 1 April 2023.

### **IFRS 16 Leases**

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

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be 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. No adjustments will be made on 1 April 2021 for existing finance leases

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

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



**Note 2 Operating Segments**

Consistent with previous years , the Trust takes the view that there is a single operating segment - the provision of healthcare.

### Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.2

<b>Note 3.1 Income from patient care activities (by nature)</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Acute services</b>		
Elective income	63,619	60,061
Non elective income	161,172	148,953
First outpatient income	34,583	33,140
Follow up outpatient income	33,162	29,075
A & E income	23,321	19,650
High cost drugs income from commissioners (excluding pass-through costs)	30,323	28,653
Other NHS clinical income	80,800	78,332
<b>Community services</b>		
Income from other sources (e.g. local authorities)	4,970	4,995
<b>All services</b>		
Private patient income	5,031	5,123
Agenda for Change pay award central funding*		4,655
Additional pension contribution central funding**	12,651	
Other clinical income	1,957	1,646
<b>Total income from activities</b>	<b>451,589</b>	<b>414,283</b>

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

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

### Note 3.2 Income from patient care activities (by source)

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Income from patient care activities received from:</b>		
NHS England	73,790	50,898
Clinical commissioning groups	364,238	346,664
Department of Health and Social Care	142	4,655
Other NHS providers	1,027	258
NHS other	-	18
Local authorities	4,971	4,995
Non-NHS: private patients	5,031	5,123
Non-NHS: overseas patients (chargeable to patient)	257	465
Injury cost recovery scheme	1,215	1,015
Non NHS: other	918	192
<b>Total income from activities</b>	<b>451,589</b>	<b>414,283</b>
<b>Of which:</b>		
Related to continuing operations	451,589	414,283
Related to discontinued operations	-	-

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

	2019/20	2018/19
	£000	£000
Income recognised this year	257	465
Cash payments received in-year	223	202
Amounts added to provision for impairment of receivables	59	378
Amounts written off in-year	-	-

**Note 4 Other operating income**

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,216	-	1,216	1,172	-	1,172
Education and training	13,837	-	13,837	14,126	-	14,126
Non-patient care services to other bodies	15,409		15,409	14,460		14,460
Provider sustainability fund (PSF)	9,111		9,111	27,263		27,263
Marginal rate emergency tariff funding (MRET)	3,262		3,262			
Receipt of capital grants and donations		325	325		381	381
Rental revenue from operating leases		668	668		-	-
Other income	4,219	-	4,219	5,273	-	5,273
<b>Total other operating income</b>	<b>47,054</b>	<b>993</b>	<b>48,047</b>	<b>62,294</b>	<b>381</b>	<b>62,675</b>
<b>Of which:</b>						
Related to continuing operations			48,047			62,675
Related to discontinued operations			-			-

Included in Other income is £1,271k in respect of the provision of management support to Brighton and Sussex University Hospitals (see also notes 6 and 39).

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,666	2,315
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**Note 5.2 Transaction price allocated to remaining performance obligations**

	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year	-	373
after one year, not later than five years	-	302
after five years	-	-
<b>Total revenue allocated to remaining performance obligations</b>	<b>-</b>	<b>675</b>

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

**Note 5.3 Income from activities arising from commissioner requested services**

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Income from services designated as commissioner requested services	424,465	397,129
Income from services not designated as commissioner requested services	7,484	17,154
<b>Total</b>	<b>431,949</b>	<b>414,283</b>

## Note 6.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,664	3,237
Staff and executive directors costs	321,602	291,063
Remuneration of non-executive directors	158	142
Supplies and services - clinical (excluding drugs costs)	38,919	39,027
Supplies and services - general	3,736	3,739
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	45,245	42,427
Consultancy costs	467	377
Establishment	3,183	2,957
Premises	13,600	15,122
Transport (including patient travel)	1,548	1,572
Depreciation on property, plant and equipment	15,061	14,184
Amortisation on intangible assets	167	216
Net impairments	7,218	4,879
Movement in credit loss allowance: contract receivables / contract assets	59	378
Change in provisions discount rate(s)	(54)	(40)
Audit fees payable to the external auditor		
audit services- statutory audit	72	98
other auditor remuneration (external auditor only)	-	-
Internal audit costs	-	-
Clinical negligence	13,965	12,933
Legal fees	421	784
Insurance	712	603
Research and development	1,989	2,842
Education and training	5,537	4,612
Rentals under operating leases	1,857	521
Car parking & security	568	443
Hospitality	-	-
Losses, ex gratia & special payments	131	96
Other services, eg external payroll	708	686
Other	3,034	2,146
<b>Total</b>	<b>483,567</b>	<b>445,044</b>
<b>Of which:</b>		
Related to continuing operations	483,567	445,044
Related to discontinued operations	-	-

Included in operating expenses are costs of £1,271k incurred in providing management support to Brighton and Sussex University Hospitals. These costs are recorded against staff and executive director costs and establishment expenses. These costs are reimbursed through a management fee that is charged to Brighton and Sussex University Hospitals (see also notes 4 and 39).

## **Note 6.2 Other auditor remuneration**

There has been no other auditor remuneration paid to the external auditors in 2019/20.

## **Note 6.3 Limitation on auditor's liability**

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

## **Note 7 Impairment of assets**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Net impairments charged to operating surplus / deficit resulting from:</b>		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	7,218	4,879
Other	-	-
<b>Total net impairments charged to operating surplus / deficit</b>	<b>7,218</b>	<b>4,879</b>
Impairments charged to the revaluation reserve	2,843	2,996
<b>Total net impairments</b>	<b>10,061</b>	<b>7,875</b>

**Note 8 Employee benefits**

	2019/20	2018/19
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	251,087	235,344
Social security costs	23,600	23,012
Apprenticeship levy	1,258	1,186
Employer's contributions to NHS pensions*	40,621	27,286
Pension cost - other	-	-
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	-
Temporary staff (including agency)	11,626	10,707
<b>Total gross staff costs</b>	<b>328,192</b>	<b>297,535</b>
Recoveries in respect of seconded staff	-	-
<b>Total staff costs</b>	<b>328,192</b>	<b>297,535</b>
<b>Of which</b>		
Costs capitalised as part of assets	747	535

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

**Note 8.1 Retirements due to ill-health**

During 2019/20 there were no early retirements from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is 0k (£104k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

## **Note 9 Pension costs**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

### **a) Accounting valuation**

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

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

### **b) Full actuarial (funding) valuation**

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The employer contribution rate for 2019/20 is 20.6%, and the Scheme Regulations were amended accordingly

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

The Trust is required to auto-enrol employees who are not eligible to join the NHS Pension scheme into the NEST workplace pension scheme. Employees can then choose to opt out of the scheme. National Employment Savings Trust (NEST) is a low cost, defined contribution, occupational pension scheme backed by the government. It was set up by the government to give employers an auto enrolment scheme that makes the process as simple as possible.



## Note 10 Operating leases

### Note 10.1 Western Sussex Hospitals NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Western Sussex Hospitals NHS Foundation Trust is the lessor.

During preparations for transition to IFRS16 the Trust identified several arrangements which should now be disclosed as an Operating Lease with the Trust acting as Lessor.

These include the lease of:

- Restaurant space to The Compass Group;
- Hyperbaric unit to Qinetiq; and
- Nursery/childcare facility to Buffer Bear Nursery.

In addition, the Trust entered into a sublease arrangement with Coastal West Sussex CCG for office buildings.

	2019/20 £000	2018/19 (Restated) £000
<b>Operating lease revenue</b>		
Minimum lease receipts	668	607
Contingent rent	-	-
Other	-	-
<b>Total</b>	<b>668</b>	<b>607</b>
	<b>31 March 2020 £000</b>	<b>31 March 2019 (Restated) £000</b>
<b>Future minimum lease receipts due:</b>		
- not later than one year;	965	607
- later than one year and not later than five years;	3,415	2,280
- later than five years.	928	1,408
<b>Total</b>	<b>5,308</b>	<b>4,295</b>

### Note 10.2 Western Sussex Hospitals NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Western Sussex Hospitals NHS Foundation Trust is the lessee.

During preparations for transition to IFRS16 the Trust identified several additional arrangements which upon examining their nature and substance should now be disclosed as an Operating Lease with the Trust acting as Lessee including vehicle rental agreements and implicit equipment leases within Managed Equipment Services (MES) contracts.

	2019/20 £000	2018/19 (Restated) £000
<b>Operating lease expense</b>		
Minimum lease payments	1,857	1,118
Contingent rents	-	-
Less sublease payments received	-	-
<b>Total</b>	<b>1,857</b>	<b>1,118</b>
	<b>31 March 2020 £000</b>	<b>31 March 2019 (Restated) £000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	2,284	1,727
- later than one year and not later than five years;	4,937	4,121
- later than five years.	1,264	1,722
<b>Total</b>	<b>8,485</b>	<b>7,570</b>
Future minimum sublease payments to be received	-	-

**Note 11 Finance income**

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	174	83
<b>Total finance income</b>	<b>174</b>	<b>83</b>

**Note 12.1 Finance expenditure**

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

	2019/20	2018/19
	£000	£000
<b>Interest expense:</b>		
Loans from the Department of Health and Social Care	495	532
Finance leases	165	185
Interest on late payment of commercial debt	-	9
<b>Total interest expense</b>	<b>660</b>	<b>726</b>
Unwinding of discount on provisions	(14)	9
Other finance costs	-	-
<b>Total finance costs</b>	<b>646</b>	<b>735</b>

**Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015**

	2019/20	2018/19
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	627	1,199
Amounts included within interest payable arising from claims made under this legislation	-	9
Compensation paid to cover debt recovery costs under this legislation	-	-

**Note 13 Other gains / (losses)**

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	11	13
Losses on disposal of assets	-	-
<b>Total gains / (losses) on disposal of assets</b>	<b>11</b>	<b>13</b>
Gains / (losses) on foreign exchange	-	-
Fair value gains / (losses) on investment properties	-	-
Fair value gains / (losses) on financial assets / investments	-	-
Fair value gains / (losses) on financial liabilities	-	-
Recycling gains / (losses) on disposal of financial assets mandated as fair value through OCI	-	-
Other gains / (losses)	-	-
<b>Total other gains / (losses)</b>	<b>11</b>	<b>13</b>

**Note 14.1 Discontinued operations**

There were no discontinued operations in 2019/20.

**Note 14.2 Corporation Tax**

The Trust did not pay any Corporation Tax in 2019/20.

**Note 15.1 Intangible assets - 2019/20**

	Software licences £000	Licences & trademarks £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
<b>Valuation / gross cost at 1 April 2019 - brought forward</b>	<b>6,769</b>	-	<b>6,342</b>	<b>1,112</b>	<b>14,223</b>
Transfers by absorption	-	-	-	-	-
Additions	2,917	-	777	-	3,694
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	1,168	-	-	-	1,168
Transfers to / from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
<b>Valuation / gross cost at 31 March 2020</b>	<b>10,854</b>	-	<b>7,119</b>	<b>1,112</b>	<b>19,085</b>
<b>Amortisation at 1 April 2019 - brought forward</b>	<b>5,442</b>	-	-	-	<b>5,442</b>
Transfers by absorption	-	-	-	-	-
Provided during the year	167	-	-	-	167
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
<b>Amortisation at 31 March 2020</b>	<b>5,609</b>	-	-	-	<b>5,609</b>
<b>Net book value at 31 March 2020</b>	<b>5,245</b>	-	<b>7,119</b>	<b>1,112</b>	<b>13,476</b>
<b>Net book value at 1 April 2019</b>	<b>1,327</b>	-	<b>6,342</b>	<b>1,112</b>	<b>8,781</b>

**Note 15.2 Intangible assets - 2018/19**

	Software licences £000	Licences & trademarks £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
<b>Valuation / gross cost at 1 April 2018 - as previously stated</b>	<b>6,139</b>	-	<b>4,940</b>	<b>1,112</b>	<b>12,191</b>
Prior period adjustments	-	-	-	-	-
<b>Valuation / gross cost at 1 April 2018 - restated</b>	<b>6,139</b>	-	<b>4,940</b>	<b>1,112</b>	<b>12,191</b>
Transfers by absorption	-	-	-	-	-
Additions	630	-	1,402	-	2,032
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
<b>Valuation / gross cost at 31 March 2019</b>	<b>6,769</b>	-	<b>6,342</b>	<b>1,112</b>	<b>14,223</b>
<b>Amortisation at 1 April 2018 - as previously stated</b>	<b>5,226</b>	-	-	-	<b>5,226</b>
Prior period adjustments	-	-	-	-	-
<b>Amortisation at 1 April 2018 - restated</b>	<b>5,226</b>	-	-	-	<b>5,226</b>
Transfers by absorption	-	-	-	-	-
Provided during the year	216	-	-	-	216
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
<b>Amortisation at 31 March 2019</b>	<b>5,442</b>	-	-	-	<b>5,442</b>
<b>Net book value at 31 March 2019</b>	<b>1,327</b>	-	<b>6,342</b>	<b>1,112</b>	<b>8,781</b>
<b>Net book value at 1 April 2018</b>	<b>913</b>	-	<b>4,940</b>	<b>1,112</b>	<b>6,965</b>

**Note 16.1 Property, plant and equipment - 2019/20**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation/gross cost at 1 April 2019 - brought forward</b>	<b>21,464</b>	<b>212,314</b>	<b>7,966</b>	<b>4,303</b>	<b>74,385</b>	<b>282</b>	<b>24,556</b>	<b>2,519</b>	<b>347,789</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions	129	5,820	-	7,757	2,777	-	1,346	-	17,829
Impairments	(129)	(18,140)	(246)	-	-	-	-	-	(18,515)
Reversals of impairments	-	330	-	-	-	-	-	-	330
Revaluations	-	694	-	-	-	-	-	-	694
Reclassifications	-	5,052	-	(11,382)	4,015	-	1,147	-	(1,168)
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	-	-	-	-
<b>Valuation/gross cost at 31 March 2020</b>	<b>21,464</b>	<b>206,070</b>	<b>7,720</b>	<b>678</b>	<b>81,177</b>	<b>282</b>	<b>27,049</b>	<b>2,519</b>	<b>346,959</b>
<b>Accumulated depreciation at 1 April 2019 - brought forward</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>49,320</b>	<b>268</b>	<b>16,385</b>	<b>2,142</b>	<b>68,115</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-
Provided during the year	-	9,470	108	-	3,697	3	1,736	47	15,061
Impairments	-	(7,324)	(108)	-	-	-	-	-	(7,432)
Reversals of impairments	-	(692)	-	-	-	-	-	-	(692)
Revaluations	-	(1,454)	-	-	-	-	-	-	(1,454)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>53,017</b>	<b>271</b>	<b>18,121</b>	<b>2,189</b>	<b>73,598</b>
<b>Net book value at 31 March 2020</b>	<b>21,464</b>	<b>206,070</b>	<b>7,720</b>	<b>678</b>	<b>28,160</b>	<b>11</b>	<b>8,928</b>	<b>330</b>	<b>273,361</b>
<b>Net book value at 1 April 2019</b>	<b>21,464</b>	<b>212,314</b>	<b>7,966</b>	<b>4,303</b>	<b>25,065</b>	<b>14</b>	<b>8,171</b>	<b>377</b>	<b>279,674</b>

**Note 16.2 Property, plant and equipment - 2018/19**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation / gross cost at 1 April 2018 - as previously stated</b>	<b>21,417</b>	<b>209,022</b>	<b>7,128</b>	<b>1,677</b>	<b>69,660</b>	<b>282</b>	<b>21,955</b>	<b>2,519</b>	<b>333,660</b>
Prior period adjustments	-	-	-	-	-	-	-	-	-
<b>Valuation / gross cost at 1 April 2018 - restated</b>	<b>21,417</b>	<b>209,022</b>	<b>7,128</b>	<b>1,677</b>	<b>69,660</b>	<b>282</b>	<b>21,955</b>	<b>2,519</b>	<b>333,660</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions	486	5,598	160	3,232	4,505	-	2,215	-	16,196
Impairments	(2,922)	(13,064)	(232)	-	-	-	-	-	(16,218)
Reversals of impairments	144	3,131	4	-	-	-	-	-	3,279
Revaluations	2,339	7,627	906	-	-	-	-	-	10,872
Reclassifications	-	-	-	(606)	220	-	386	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	-	-	-	-
<b>Valuation/gross cost at 31 March 2019</b>	<b>21,464</b>	<b>212,314</b>	<b>7,966</b>	<b>4,303</b>	<b>74,385</b>	<b>282</b>	<b>24,556</b>	<b>2,519</b>	<b>347,789</b>
<b>Accumulated depreciation at 1 April 2018 - as previously stated</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>45,904</b>	<b>265</b>	<b>14,888</b>	<b>2,095</b>	<b>63,152</b>
Prior period adjustments	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation at 1 April 2018 - restated</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>45,904</b>	<b>265</b>	<b>14,888</b>	<b>2,095</b>	<b>63,152</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-
Provided during the year	-	9,117	104	-	3,416	3	1,497	47	14,184
Impairments	-	(3,373)	(18)	-	-	-	-	-	(3,391)
Reversals of impairments	-	(1,672)	(1)	-	-	-	-	-	(1,673)
Revaluations	-	(4,072)	(85)	-	-	-	-	-	(4,157)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>49,320</b>	<b>268</b>	<b>16,385</b>	<b>2,142</b>	<b>68,115</b>
<b>Net book value at 31 March 2019</b>	<b>21,464</b>	<b>212,314</b>	<b>7,966</b>	<b>4,303</b>	<b>25,065</b>	<b>14</b>	<b>8,171</b>	<b>377</b>	<b>279,674</b>
<b>Net book value at 1 April 2018</b>	<b>21,417</b>	<b>209,022</b>	<b>7,128</b>	<b>1,677</b>	<b>23,756</b>	<b>17</b>	<b>7,067</b>	<b>424</b>	<b>270,508</b>

**Note 16.3 Property, plant and equipment financing - 2019/20**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2020</b>									
Owned - purchased	21,464	196,600	7,612	678	24,463	11	8,928	330	<b>260,086</b>
Finance leased	-	2,073	-	-	140	-	-	-	<b>2,213</b>
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	-	-
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - government granted	-	-	-	-	-	-	-	-	-
Owned - donated	-	7,397	108	-	3,557	-	-	-	<b>11,062</b>
<b>NBV total at 31 March 2020</b>	<b>21,464</b>	<b>206,070</b>	<b>7,720</b>	<b>678</b>	<b>28,160</b>	<b>11</b>	<b>8,928</b>	<b>330</b>	<b>273,361</b>

**Note 16.4 Property, plant and equipment financing - 2018/19**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2019</b>									
Owned - purchased	20,993	201,818	5,376	4,303	21,499	14	8,039	189	<b>262,231</b>
Finance leased	-	-	2,590	-	199	-	-	-	<b>2,789</b>
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	-	-
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - government granted	-	-	-	-	-	-	-	-	-
Owned - donated	471	10,496	-	-	3,367	-	132	188	<b>14,654</b>
<b>NBV total at 31 March 2019</b>	<b>21,464</b>	<b>212,314</b>	<b>7,966</b>	<b>4,303</b>	<b>25,065</b>	<b>14</b>	<b>8,171</b>	<b>377</b>	<b>279,674</b>

## **Note 17 Donations of property, plant and equipment**

There is no difference between the cash provided and the fair value of the assets acquired.

## **Note 18 Revaluations of property, plant and equipment**

The Trust commissioned the District Valuer to undertake a full formal market valuation of its estate as at 31st March 2018. For the reporting period ending 31st March 2019, assets valuations were updated by the District Valuer using BCIS indices and local market conditions to value Buildings, Dwellings and Land on an alternative site basis, with site optimisation applied. The same approach has been used to update asset values in the current financial period, albeit with the indices supplied by the District Valuer but applied to the asset values by the Trust.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors.

The District Valuer has advised that they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Had the Trust commissioned a formal valuation then it is likely that the valuation would have been reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.

Consequently, less certainty - and a higher degree of caution - should be attached to the year-end valuation than would normally be the case. The Trust has considered whether a full valuation should be commissioned but given the current market conditions does not consider that this would provide any greater certainty over asset values.

The Trust has considered what impact this uncertainty may have on its annual accounts and particularly the risk that assets values may be materially overstated. 98.3% of the Trusts' Building, Dwellings and Land value is associated with the three main hospital sites; St Richards' Hospital, Worthing Hospital and Southlands Hospital. The Trust expects to continue to operate from these sites. The Trust does not currently have any Buildings, Dwellings or Land that has been declared surplus and are intended for disposal. Any reduction in market value is therefore likely to be temporary albeit that the period of recovery cannot be reliably assessed at this time. A reduction in market value would have the following impact on the accounts:

- The impairment in value would be taken to the revaluation reserve, where sufficient balance remains, or to the income and expenditure account. These areas of the accounts should therefore be treated with caution in line with the statement above;
- Impairments taken to the income and expenditure account are disregarded when assessing the Trust's performance against its control total. A movement on this area would therefore not impact the Trust's delivery of its financial duties or the Provider Sustainability Fund income that is earned based on financial performance;
- Depreciation and public dividend capital dividend payable would reduce. Given the date when the global pandemic was declared and restrictions were applied, this is unlikely to have caused a material effect in 2019/20 but may impact future accounting periods.

Given the unknown future impact that COVID-19 might have on the real estate market, the Trust will keep the valuation of its assets under close review.

## **Note 19.1 Investment Property**

The Trust had no investments in 2019/20.

## **Note 19.2 Investment property income and expenses**

The Trust had no investment property income and expense in 2019/20.

## **Note 20 Investments in associates and joint ventures**

The Trust has no investments in unconsolidated subsidiaries, joint ventures, associates or unconsolidated entities.

## **Note 21 Other investments / financial assets (non-current)**

The Trust has no other investments in 2019/20.



## Note 22 Disclosure of interests in other entities

The Trust has no interests in unconsolidated subsidiaries, joint ventures, associates or unconsolidated entities.

## Note 23 Inventories

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Drugs	3,481	3,232
Work In progress	-	-
Consumables	4,688	4,286
Energy	19	102
Other	91	15
<b>Total inventories</b>	<b>8,279</b>	<b>7,635</b>
<b>of which:</b>		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £60,991k (2018/19: £59,979k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

**Note 24.1 Receivables**

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
<b>Current</b>		
Contract receivables	32,477	41,254
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	(1,006)	(947)
Allowance for other impaired receivables	(207)	(207)
Deposits and advances	-	-
Prepayments (non-PFI)	1,937	1,763
Interest receivable	-	-
Finance lease receivables	-	-
PDC dividend receivable	15	219
VAT receivable	161	518
Corporation and other taxes receivable	-	-
Other receivables	-	-
<b>Total current receivables</b>	<b>33,377</b>	<b>42,600</b>
<b>Non-current</b>		
Contract receivables	-	-
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	-	-
Allowance for other impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	-	-
Interest receivable	-	-
Finance lease receivables	-	-
VAT receivable	-	-
Corporation and other taxes receivable	-	-
Other receivables	1,087	-
<b>Total non-current receivables</b>	<b>1,087</b>	<b>-</b>
<b>Of which receivable from NHS and DHSC group bodies:</b>		
Current	24,667	33,147
Non-current	1,087	-

## Note 24.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
<b>Allowances as at 1 April - brought forward</b>	<b>947</b>	<b>207</b>	-	<b>776</b>
Prior period adjustments			-	-
<b>Allowances as at 1 April - restated</b>	<b>947</b>	<b>207</b>	-	<b>776</b>
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			569	(569)
Transfers by absorption	-	-	-	-
New allowances arising	59	-	378	-
Changes in existing allowances	-	-	-	-
Reversals of allowances	-	-	-	-
Utilisation of allowances (write offs)	-	-	-	-
Changes arising following modification of contractual cash flows	-	-	-	-
Foreign exchange and other changes	-	-	-	-
<b>Allowances as at 31 Mar 2020</b>	<b>1,006</b>	<b>207</b>	<b>947</b>	<b>207</b>

## Note 24.3 Exposure to credit risk

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

**Note 25 Other assets**

The Trust has no other assets.

**Note 26.1 Non-current assets held for sale and assets in disposal groups**

The Board has not declared any assets being surplus to requirements in 2019/20.

**Note 26.2 Liabilities in disposal groups**

The Trust has no liabilities in disposal groups.

### Note 27.1 Cash and cash equivalents movements

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

	2019/20	2018/19
	£000	£000
<b>At 1 April</b>	<b>13,499</b>	<b>6,202</b>
Prior period adjustments		-
<b>At 1 April (restated)</b>	<b>13,499</b>	<b>6,202</b>
Transfers by absorption	-	-
Net change in year	6,315	7,297
<b>At 31 March</b>	<b>19,814</b>	<b>13,499</b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	155	110
Cash with the Government Banking Service	19,659	13,389
Deposits with the National Loan Fund	-	-
Other current investments	-	-
<b>Total cash and cash equivalents as in SoFP</b>	<b>19,814</b>	<b>13,499</b>
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
<b>Total cash and cash equivalents as in SoCF</b>	<b>19,814</b>	<b>13,499</b>

### Note 27.2 Third party assets held by the trust

Western Sussex Hospitals NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March	31 March
	2020	2019
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
<b>Total third party assets</b>	<b>-</b>	<b>-</b>

**Note 28.1 Trade and other payables**

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
<b>Current</b>		
Trade payables	5,060	12,356
Capital payables	1,734	2,189
Accruals	10,352	13,853
Receipts in advance and payments on account	-	-
Social security costs	3,667	3,581
VAT payables	-	-
Other taxes payable	3,190	3,221
PDC dividend payable	-	-
Other payables	4,463	4,136
<b>Total current trade and other payables</b>	<b>28,466</b>	<b>39,336</b>
<b>Non-current</b>		
<b>Total non-current trade and other payables</b>	<b>-</b>	<b>-</b>
<b>Of which payables from NHS and DHSC group bodies:</b>		
Current	6,591	4,731
Non-current	-	-

**Note 28.2 Early retirements in NHS payables above**

The Trust has no early retirements in NHS payables above.

**Note 29 Other financial liabilities**

The Trust has no other financial liabilities.

**Note 30 Other liabilities**

	31 March 2020 £000	31 March 2019 £000
<b>Current</b>		
Deferred income: contract liabilities	1,750	1,666
Deferred grants	-	-
Lease incentives	-	-
Other deferred income	-	-
<b>Total other current liabilities</b>	<b>1,750</b>	<b>1,666</b>
<b>Non-current</b>		
<b>Total other non-current liabilities</b>	<b>-</b>	<b>-</b>

**Note 31.1 Borrowings**

	31 March 2020 £000	31 March 2019 £000
<b>Current</b>		
Loans from DHSC	1,806	1,812
Obligations under finance leases	44	43
<b>Total current borrowings</b>	<b>1,850</b>	<b>1,855</b>
<b>Non-current</b>		
Loans from DHSC	14,756	16,527
Obligations under finance leases	2,169	2,213
<b>Total non-current borrowings</b>	<b>16,925</b>	<b>18,740</b>

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

	Loans from DHSC £000	Other loans £000	Finance leases £000	PFI and LIFT schemes £000	Total £000
<b>Carrying value at 1 April 2019</b>	<b>18,339</b>	<b>-</b>	<b>2,256</b>	<b>-</b>	<b>20,595</b>
<b>Cash movements:</b>					
Financing cash flows - payments and receipts of principal	(1,772)	-	(43)	-	(1,815)
Financing cash flows - payments of interest	(501)	-	(165)	-	(666)
<b>Non-cash movements:</b>					
Transfers by absorption	-	-	-	-	-
Additions	-	-	-	-	-
Application of effective interest rate	496	-	165	-	661
Change in effective interest rate	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Early terminations	-	-	-	-	-
Other changes	-	-	-	-	-
<b>Carrying value at 31 March 2020</b>	<b>16,562</b>	<b>-</b>	<b>2,213</b>	<b>-</b>	<b>18,775</b>

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

	Loans from DHSC £000	Other loans £000	Finance leases £000	PFI and LIFT schemes £000	Total £000
<b>Carrying value at 1 April 2018</b>	<b>20,455</b>	<b>-</b>	<b>2,277</b>	<b>-</b>	<b>22,732</b>
Prior period adjustment	-	-	-	-	-
<b>Carrying value at 1 April 2018 - restated</b>	<b>20,455</b>	<b>-</b>	<b>2,277</b>	<b>-</b>	<b>22,732</b>
<b>Cash movements:</b>					
Financing cash flows - payments and receipts of principal	(2,156)	-	(21)	-	(2,177)
Financing cash flows - payments of interest	(542)	-	(185)	-	(727)
<b>Non-cash movements:</b>					
Impact of implementing IFRS 9 on 1 April 2018	47	-	-	-	47
Transfers by absorption	-	-	-	-	-
Additions	-	-	-	-	-
Application of effective interest rate	532	-	185	-	717
Change in effective interest rate	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Early terminations	-	-	-	-	-
Other changes	3	-	-	-	3
<b>Carrying value at 31 March 2019</b>	<b>18,339</b>	<b>-</b>	<b>2,256</b>	<b>-</b>	<b>20,595</b>



## Note 32 Finance leases

### Note 32.1 Western Sussex Hospitals NHS Foundation Trust as a lessor

There are no future lease receipts due under finance lease agreements where Western Sussex Hospitals NHS Foundation Trust is the lessor.

### Note 32.2 Western Sussex Hospitals NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
<b>Gross lease liabilities</b>	<b>11,498</b>	<b>11,705</b>
of which liabilities are due:		
- not later than one year;	207	207
- later than one year and not later than five years;	732	781
- later than five years.	10,559	10,717
Finance charges allocated to future periods	(9,285)	(9,449)
<b>Net lease liabilities</b>	<b>2,213</b>	<b>2,256</b>
of which payable:		
- not later than one year;	44	43
- later than one year and not later than five years;	101	144
- later than five years.	2,068	2,069
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as expense in the period	(151)	(125)

### Note 33.1 Provisions for liabilities and charges analysis

	<b>Pensions: early departure costs</b>	<b>Pensions: injury benefits</b>	<b>Legal claims</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2019</b>	<b>1,073</b>	<b>1,709</b>	<b>145</b>	<b>-</b>	<b>2,928</b>
Transfers by absorption	-	-	-	-	-
Change in the discount rate	(82)	28	-	-	(54)
Arising during the year	(10)	57	-	1,087	1,134
Utilised during the year	(123)	(107)	-	-	(230)
Reclassified to liabilities held in disposal groups	-	-	-	-	-
Reversed unused	-	-	-	-	-
Unwinding of discount	(5)	(9)	-	-	(14)
<b>At 31 March 2020</b>	<b>853</b>	<b>1,678</b>	<b>145</b>	<b>1,087</b>	<b>3,764</b>
<b>Expected timing of cash flows:</b>					
- not later than one year;	120	108	145	-	373
- later than one year and not later than five years;	446	432	-	-	878
- later than five years.	287	1,138	0	1,087	2,513
<b>Total</b>	<b>853</b>	<b>1,678</b>	<b>145</b>	<b>1,087</b>	<b>3,764</b>

Pension costs are based upon known amounts that will have to be paid to the NHS Pension Agency in respect of staff who have retired early. By their very nature, provisions are estimates, though informed. For the calculation of pension and injury benefit liabilities, government actuary figures for expected mortality have been used and for legal claims, data is provided by the NHS Litigation Authority.

Other includes an estimate of the provisions arising under the clinicians pensions tax scheme. NHS England has used information provided by the Government Actuaries Department and NHS Business Services Authority to calculate an 'average discounted value per nomination'. This figure per individual of £3,345 has been multiplied by the number of eligible clinicians within the Trust and will be refined in future years.

### Note 33.2 Clinical negligence liabilities

At 31 March 2020, £245,768k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Western Sussex Hospitals NHS Foundation Trust (31 March 2019: £183,283k).

### Note 34 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
<b>Value of contingent liabilities</b>		
NHS Resolution legal claims	(47)	(50)
<b>Gross value of contingent liabilities</b>	<b>(47)</b>	<b>(50)</b>
Amounts recoverable against liabilities	-	-
<b>Net value of contingent liabilities</b>	<b>(47)</b>	<b>(50)</b>
<b>Net value of contingent assets</b>	<b>-</b>	<b>-</b>

The Foundation Trust has no contingent liabilities other than those advised by the NHSLA as at 31st March 2020 shown above.

### Note 35 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	1,461	2,065
Intangible assets	-	-
<b>Total</b>	<b>1,461</b>	<b>2,065</b>

### Note 36 Other financial commitments

The Trust has no other financial commitments.

## **Note 37 Financial instruments**

### **Note 37.1 Financial risk management**

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

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

#### **Currency risk**

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

#### **Interest rate risk**

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

#### **Credit risk**

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

#### **Liquidity risk**

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups (CCGs), which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from a combination of its own self-generated funds and capital investment loans with reference to NHS Improvement's Continuity of Services Risk Rating. The Trust is not, therefore, exposed to significant liquidity risks.

## Note 37.2 Carrying values of financial assets

	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2020</b>				
Trade and other receivables excluding non financial assets	32,351	-	-	32,351
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	19,814	-	-	19,814
<b>Total at 31 March 2020</b>	<b>52,165</b>	<b>-</b>	<b>-</b>	<b>52,165</b>

	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2019</b>				
Trade and other receivables excluding non financial assets	40,099	-	-	40,099
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	13,499	-	-	13,499
<b>Total at 31 March 2019</b>	<b>53,598</b>	<b>-</b>	<b>-</b>	<b>53,598</b>

## Note 37.3 Carrying values of financial liabilities

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2020</b>			
Loans from the Department of Health and Social Care	16,562	-	16,562
Obligations under finance leases	2,213	-	2,213
Other borrowings	-	-	-
Trade and other payables excluding non financial liabilities	17,540	-	17,540
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
<b>Total at 31 March 2020</b>	<b>36,315</b>	<b>-</b>	<b>36,315</b>

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2019</b>			
Loans from the Department of Health and Social Care	18,339	-	18,339
Obligations under finance leases	2,256	-	2,256
Other borrowings	-	-	-
Trade and other payables excluding non financial liabilities	28,706	-	28,706
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
<b>Total at 31 March 2019</b>	<b>49,301</b>	<b>-</b>	<b>49,301</b>

**Note 37.4 Maturity of financial liabilities**

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
In one year or less	19,391	30,561
In more than one year but not more than two years	1,820	1,816
In more than two years but not more than five years	3,771	4,818
In more than five years	11,333	12,106
<b>Total</b>	<b>36,315</b>	<b>49,301</b>

**Note 37.5 Fair values of financial assets and liabilities**

There are no financial assets held at book value or fair value by the Trust.

# **Note 38 Losses and special payments**

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Cash losses	-	-	-	-
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	-	-	-	-
Stores losses and damage to property	-	-	-	-
<b>Total losses</b>	-	-	-	-
<b>Special payments</b>				
Compensation under court order or legally binding arbitration award	-	-	2	2
Extra-contractual payments	-	-	-	-
Ex-gratia payments	62	65	61	52
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
<b>Total special payments</b>	<b>62</b>	<b>65</b>	<b>63</b>	<b>54</b>
<b>Total losses and special payments</b>	<b>62</b>	<b>65</b>	<b>63</b>	<b>54</b>
Compensation payments received	-	-	-	-

## Note 39 Related parties

The Department of Health and Social Care is regarded as the parent Department of the Trust and is therefore a related party. During the year Western Sussex Hospitals NHS Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. Material transactions with these entities are summarised in the tables below.

On 1st April 2017, the Trust (WSH) entered into a long-term agreement with NHS Improvement and Brighton and Sussex University Hospitals NHS Trust (BSUH). This agreement provides for collaboration between the Trusts, including arrangements for board membership and governance in common, as well as the provision of management support to BSUH by WSH. The initial term of this agreement was for three years which has since been extended for a further year.

Western Sussex Hospitals NHS Trust is sole corporate trustee of Western Sussex Hospitals Charitable Trust, from whom the Trust has received revenue and capital payments.

	Receivables		Payables	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
NHS Coastal West Sussex	3,466	5,071	4,573	1,412
NHS England	12,235	19,317	11	476
NHS Brighton and Hove	127	510	-	34
NHS South Eastern Hampshire	239	222	144	145
NHS Horsham and Mid Sussex	62	160	29	-
Sussex Community NHS Foundation Trust	1,220	1,391	156	193
Sussex Partnership NHS Foundation Trust	1,664	967	215	44
Portsmouth Hospitals NHS Trust	1,176	1,319	96	115
Health Education England	94	235	14	88
NHS Resolution <sup>1</sup>	-	-	-	-
Brighton and Sussex University Hospitals NHS Trust	2,173	449	2,079	2,287
Western Sussex Hospitals Charities and Other Related Charities	17	470	-	-
<b>Total</b>	<b>22,473</b>	<b>30,111</b>	<b>7,317</b>	<b>4,794</b>

Details of related party transactions with individuals are as follows:

	Income		Expenditure	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
University of Sussex (related to Kirsten Baker, Non-Executive Director Adviser <sup>2</sup> )	238	241	-	12
St Barnabas Hospice (related to Mike Rymer, Non Executive Director <sup>3</sup> )	291	-	9	11

	Income		Expenditure	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
NHS Coastal West Sussex	337,662	322,664	-	-
NHS England	73,962	79,684	32	-
NHS Brighton and Hove	6,412	6,638	-	-
NHS South Eastern Hampshire	6,948	6,358	-	-
NHS Horsham and Mid Sussex	5,086	4,041	-	-
Sussex Community NHS Foundation Trust	3,272	3,125	203	313
Sussex Partnership NHS Foundation Trust	3,761	2,986	392	193
Portsmouth Hospitals NHS Trust	4,090	3,845	483	381
Health Education England	13,494	13,193	3	14
NHS Resolution <sup>1</sup>	-	-	14,230	13,247
Brighton and Sussex University Hospitals NHS Trust	2,317	1,800	3,239	2,945
Western Sussex Hospitals Charities and Other Related Charities	184	381	-	-
<b>Total</b>	<b>457,188</b>	<b>444,715</b>	<b>18,582</b>	<b>17,093</b>

## Notes to the above

- 1) Related party identified (and prior year figures shown for comparison purposes.)
- 2) K Baker is a Member of Council at the University of Sussex.
- 3) M Rymer is a co-opted member of the Quality Assurance Committee at St Barnabas Hospice.



# **INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF WESTERN SUSSEX HOSPITALS NHS FOUNDATION TRUST**

## **Opinion**

We have audited the financial statements of Western Sussex Hospitals NHS Foundation Trust for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 39, 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 HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts.

In our opinion, the financial statements:

- give a true and fair view of the state of Western Sussex Hospitals NHS Foundation Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the Department of Health and Social Care's Group Accounting Manual 2019/20 and the directions under paragraphs 24 and 25 of Schedule 7 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 below. We are independent of the Foundation Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, 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.

## **Conclusions relating to going concern**

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

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

## Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> <li>• Going Concern</li> <li>• Property, Plant and Equipment Valuation</li> <li>• Inappropriate Capitalisation of Revenue Expenditure</li> <li>• Risk of Manipulation of Reported Financial Performance</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall materiality of £4.836m which represents 1% of Gross Operating Expenses</li> </ul>

## Key audit matters

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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Going Concern</b> <i>Refer to Note 1 sub-heading Going Concern.</i></p> <p>The Foundation Trust Audit Reporting Manual states: 'there is no presumption of going concern status for NHS foundation trusts. Directors must decide each year whether or not it is appropriate for the NHS foundation trust to prepare its accounts on the going concern basis, taking into account best estimates of future activity and cash flows.'</p> <p>The going concern assessment is required to cover a period of 12 months from the date of the auditor report. The Trust has carefully considered the guidance issued by NHSE/I in preparing the going concern disclosures within the annual report and financial statements, and has worked closely with us to agree the nature and extent of the disclosures.</p>	<p>We have obtained the Trust's financial plans and cashflows to support a going concern assessment up to and including the end of June 2021. As part of our work, we have scrutinised the Trust's revised financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions and key assumptions in forecasting.</p> <p>These procedures included reconciling income back to the Trusts key contracts, comparing inflation to Bank of England predictions and challenging the budgeted expenditure for reasonableness, when compared to prior period data.</p>	<p>The Trust has modelled three different cash flow scenarios and in all cases the Trust demonstrated it had sufficient cash flow to continue operating.</p> <p>The main financial and operational consequence of Covid-19 on the Trust is the impact on patient demand and funding arrangements. The certainty of what their funding arrangements look like going forward is reduced. This has been disclosed in their revised Going Concern note and procedures performed as above to determine the impact of a range of outcomes impacting the cash flows and future financial plans.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><u>Valuation of property, plant and equipment (PPE)</u>  <i>Refer to the accounting policies (Note 1.7 Property, Plant and Equipment) and Note 18 Revaluations of Property Plant and Equipment</i></p> <p>PPE, in particular land and buildings, is the largest figure in the Trust's balance sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.</p> <p><u>Update – Covid-19 related constraints on property valuation</u></p> <p>The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty.</p> <p>Subsequent to providing indices to the Trust to revalue their PPE, the District Valuer disclosed a material uncertainty relating to the valuation movements due to the Covid-19. The Trust included appropriate additional disclosure within the financial statements in response to this.</p>	<p>We obtained the valuations and challenged the indices used by the Trust, which had been provided by the District Valuer. We consulted with our own EY valuation experts to ensure the applicability of the indices to the portfolio of assets held by the Trust and to verify the indices applied were correct;</p> <p>We agreed the indexation movement applied to the portfolio of assets back to independently obtained information and ensure it has been properly applied, and;</p> <p>We tested the journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements.</p> <p>Additional procedures in response to the impact of Covid-19 on our inherent risk were as follows. We:</p> <ul style="list-style-type: none"> <li>• Considered the Trust's asset base by type of asset and valuation methodology;</li> <li>• Ensured the appropriate disclosure have been made in the accounts concerning the material uncertainty;</li> <li>• Considered whether any further input was required from EY Real Estates, our internal specialists on asset valuations; and</li> <li>• Considered the wider impact of material uncertainty on whether reasonable assurance over valuation could be obtained.</li> </ul>	<p>Subsequent to providing indices to the Trust to revalue their PPE, the District Valuer disclosed a material uncertainty relating to the valuation movements due to the Covid-19. As part of our work we considered the extent of the valuation uncertainty and noted the following:</p> <ul style="list-style-type: none"> <li>• All but approximately £7.2m of the Trust's building assets are valued at DRC. Given DRC valuations are not informed by evidence of relevant market conditions which could have been impacted by Covid-19, we are satisfied that the outbreak of Covid-19 is unlikely to have led to significant uncertainty in the valuation; and</li> <li>• Although the valuation of land is more reliant on market evidence, EYRE were satisfied that the valuer's approach of not changing land values from the prior year was reasonable.</li> </ul> <p>Based on the work we have undertaken we are satisfied that the carrying value of PPE disclosed in the financial statements is materially accurate.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><u>Inappropriate capitalisation of revenue expenditure</u>  Refer to Note 1.7 Property, Plant and Equipment Recognition and Note 16.1 Property, plant and equipment - 2019/20  PPE additions total £17.829m</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure. This would result in expenditure being deferred into future financial periods and reduce expenditure charged to the 2019/20 Statement of Comprehensive Income, thus improving the in-year financial outturn.</p>	<p>We tested PPE additions using lower testing thresholds to ensure they are appropriately supported by documentary evidence and that the expenditure incurred and capitalised is clearly capital in nature.</p> <p>We identified and understood the basis for any significant journals transferring expenditure from non-capital codes to PPE additions or from revenue to capital codes on the general ledger at the end of the year.</p> <p>We also undertook the following general procedures in relation to fraud risks:</p> <ul style="list-style-type: none"> <li>• Made inquiries of management about risks of fraud and the controls put in place to address those risks.</li> <li>• Obtained an understanding the oversight given by those charged with governance of management's processes over fraud.</li> <li>• Considered the effectiveness of management's controls designed to address the risk of fraud.</li> </ul>	<p>We have identified no evidence of the inappropriate capitalisation of revenue expenditure.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><u>Manipulation of Reported Financial Performance</u>  <i>Refer Note 28.1 Trade and other payables – Accruals value £10.352m and Note 24.1 Receivables (manual accruals not separately disclosed)</i></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>In response to this risk, we undertook the following procedures:</p> <ul style="list-style-type: none"> <li>• Tested manually accrued receivables relating to accrued Non-NHS income back to supporting documentation to ensure they had been recognised in line with the Trust's recognition policies;</li> <li>• Tested manually accrued payables relating to operating costs (excluding payroll and finance expenditure) back to supporting documentation.</li> <li>• Tested the completeness of expenditure by completing cut-off procedures for a period of 6 weeks after year end, and by testing for unrecorded liabilities at the balance sheet date;</li> <li>• Compared the outturn position for income and expenditure back to budgets and obtained an understanding of any material variance; and</li> <li>• Considered and discussed with management any accounting estimates on revenue or expenditure recognition.</li> </ul>	<p>We have identified no evidence of the manipulation of reported financial performance.</p>

## An overview of the scope of our audit

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Foundation Trust. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Foundation Trust and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Trust to be £4.836 million (2019: £4.45 million), which is 1% (2019: 1%) of Gross Operating Expenses. We believe that Gross Operating Expenses provides us with an appropriate basis for determining the nature, timing and extent of risk assessment procedures to identify our assessment of the risks of material misstatement.

During the course of our audit, we reassessed initial materiality to reflect the operating expenses reported in the draft 2019/20 financial statements. This did not have a significant impact on the level of materiality we applied.

### **Performance materiality**

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Trust's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £3.627million (2019: £3.338million). We have set performance materiality at this percentage due to ensure the total uncorrected and undetected audit differences do not exceed our materiality for the financial statements as a whole.

### **Reporting threshold**

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.242m (2019: £0.222m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. This is lower than the Whole of Government Account reporting threshold.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

We read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on other matters prescribe by the Code of Audit Practice issued by the National Audit Office**

In our opinion:

- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration and Staff report identified as subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

## **Matters on which we report by exception**

The Code of Audit Practice requires us to report to you if:

- We issue a report in the public interest under schedule 10(3) of the National Health Service Act 2006;
- We refer the 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 involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- We are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources as required by schedule 10(1)(d) of the National Health Service Act 2006;
- we have been unable to satisfy ourselves that the Annual Governance Statement, and other information published with the financial statements meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20 and is not misleading or inconsistent with other information forthcoming from the audit; or
- we have been unable to satisfy ourselves that proper practices have been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

The NHS Foundation Trust Annual Reporting Manual 2019/20 requires us to report to you if in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the NHS Foundation Trust acquired in the course of performing our audit.
- otherwise misleading.

We have nothing to report in respect of these matters.

## **Responsibilities of Accounting Officer**

As explained more fully in the Accountable Officer's responsibilities statement, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accountable 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 Accountable 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 Council of Governors intend to cease operations, or have no realistic alternative but to do so.

## **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.

## **Auditor's responsibilities with respect to value for money arrangements**

We are required to consider whether the Foundation Trust has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is based on the overall criterion that "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

Proper arrangements are defined by statutory guidance issued by the National Audit Office and comprise the arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we draw on the requirements of the guidance issued by NHS Improvement to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risk that we consider significant within the Code of Audit Practice which defines as:

*"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects".*

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risk there is no requirement to carry out further work. Our risk assessment considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

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 the Foundation 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 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.

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 form a view on whether, in all significant respects, the Foundation Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.



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

### **Certificate**

We certify that we have completed the audit of the financial statements of Western Sussex Hospitals 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 issued by the National Audit Office on behalf of the Comptroller and Auditor General (C&AG).

### **Use of our report**

This report is made solely to the Council of Governors of Western Sussex Hospitals NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors, for our audit work, for this report, or for the opinions we have formed.

Helen Thompson  
Ernst & Young LLP

Helen Thompson  
for and on behalf of Ernst & Young LLP  
Southampton  
23 June 2020



