Birmingham Women's and Children's NHS Foundation Trust

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Annual Report and Accounts 2020-21

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Chair's Foreword

I have been incredibly proud over the last year to witness the achievements of our staff through their determination, compassion, sacrifice and true teamwork.

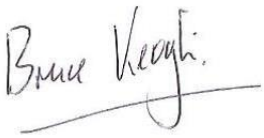
The COVID-19 pandemic placed many obstacles in our path and it was the privilege of our Board of Directors and Council of Governors to support and challenge the Trust's senior leaders to maintain our ambition to deliver the highest possible quality of services for women, children, young people and families, and to contribute to the delivery of health services across Birmingham.

Children and young people have sacrificed so much through the last 12 months and so many have now been waiting for long periods of time to receive our care and treatment.

Thanks to our Finance Team, who negotiated a route through the most complex financial arrangements we have seen in the NHS, and to additional funding achieved through collaboration with other children's hospitals, we believe we will be able to recover our services quite quickly. But we intend to better. Many innovations have emerged from the adversity of delivering services in the pandemic and we intend to use those to become more efficient and effective.

Despite the pressures and experiences of the last year our staff continue to dedicate their time and passion to ensuring our patients, services users and families have the best care, experience and outcomes.

On behalf of the Board of Directors and the Council of Governors, thank you, to every one of you.



Professor Sir Bruce Keogh, Chair

Chief Executive's Foreword

Every year my annual report foreword includes words like 'challenging and difficult' but the last 12 months really have been the very definition of this for everyone at Birmingham Women's and Children's (BWC) as we have faced up to the changing world inflicted on us by the COVID-19 pandemic. However, despite this, we have never felt more together or inspired as an organisation, as teamwork and sheer hard work and determination kicked in, proving we are stronger than any virus.

Our BWC team truly went above and beyond to keep our patients and families safe; working in new and very different ways, pulling together to ensure our vaccination programme was successfully rolled out in double quick time, accelerating our contribution to important research studies, and offering support to our NHS partners when it was needed. This included colleagues being redeployed to our neighbours at University Hospitals Birmingham NHS Foundation Trust, playing vital roles in setting up a dedicated COVID-19 recovery ward at Good Hope Hospital and working across adult intensive care units to provide COVID care. I also want to pay a special tribute to those who worked from home and/or shielded to help save lives. The personal sacrifices made by so many have been huge, and at every turn our unique BWC spirit has shone through.

Whilst uncertainty regarding the pandemic remains, we are now able to look forwards, in particular to how we recover the services that were paused or scaled back during the first and second waves, including elective and diagnostic procedures, boosted by the Accelerator funding secured from Government. We have made huge strides over last months, approaching the number of patients treated in previous years, whilst ambitiously planning to go further, ensuring our women, children, young people and families can access the services they need and deserve in a timely way.

We are also very conscious that the periods of lockdown, and changes in our worlds, have had a profound impact on the mental health of young people. Our mental health teams have not stopped for a single minute, always being there for those who need them, working flexibly and differently to keep important services going. However we know there is still more to do, and that in many ways the mental health pandemic is only now starting.

In March 2021 I had the absolute honour and privilege of speaking with HRH The Duke of Cambridge regarding these challenges, and in particular our pioneering Forward Thinking Birmingham Peer Support Worker programme, funded thanks to the support of NHS Charities Together. This project – the first of its kind in the country – will see young people aged between 16 and 24 offering support to peers from similar communities and backgrounds, using their own lived experiences of mental health to aid recovery.

Improvement is a constant across all other areas of our organisation too, and another service which has really stood out this year is maternity. The last 12 months have been tough for our families as we have had to live with the necessary restrictions in place to stop the potential spread of COVID-19, and we thank our women for their extraordinary understanding. We have also responded decisively to the interim findings of the Ockenden Review into maternity care at Shrewsbury and Telford Hospital NHS Trust, firm in the knowledge that there is always more we can do to make pregnancy journeys even better for those we care for.

Birmingham is a wonderful place; a diverse city we are immensely proud to be a part of. However, the last 12 months has highlighted even more starkly the inequalities in our communities, and the racial discrimination that inspired the Black Lives Matter movement. As a Trust, we have made a clear commitment to tackling all forms of inequality, working in partnership with our staff networks and setting up an Inclusion and Diversity Committee, along with new initiatives like 'By Your Side', offering coaching and mentoring to those who would not ordinarily be able to access such opportunities. However, there is still so much more to be done, as discrimination of any kind has no place in our organisation.

As thoughts move to the year ahead we have high hopes for our Trust and city. Birmingham is currently making its final preparations for the Commonwealth Games before we welcome nations from across the world for what promises to be a defining moment in our city's future. There could be no better way to mark such a momentous occasion than receiving the news we are all hoping for; that we have concrete plans and timescales for the new builds on our sites to give us the facilities that match the world-class care we provide each and every day.

I would like to say a particular thank you to our Deputy Chief Executive, David Melbourne, for the support he has offered over the last 12 months, leading the Trust for the period I was on secondment to the Department of Health and Social Care helping with the national COVID-19 effort.

Most importantly, I would like to express my heartfelt gratitude to our BWC people, and our patients, families, communities and businesses for their unwavering support. During times of great challenge it is spirit and kindness that gets you through. Together we truly are stronger, and we will rise again.

Sarah-Jane Marsh, Chief Executive Officer

Performance Report

Overview

This overview provides a short summary of the Trust' purpose and organisational structure, the key risks to the achievement of its objectives and how it has performed during the year.

History and Structure of the Trust

The Birmingham and Midland Free Hospital was founded in 1862 and moved to Steelhouse Lane in Birmingham in 1998 as Birmingham Children's Hospital.

Birmingham Children's Hospital was granted foundation trust status on 1 February 2007 under the Health and Social Care (Community Health and Standards) Act 2003 and was named Birmingham Children's Hospital NHS Foundation Trust.

At Parkview in Moseley the Trust hosts the Child and Adolescent Mental Health Service (CAMHS). The Trust also provides mental health services from a range of accommodation in the community.

On 1 February 2017 the Trust acquired Birmingham Women's Hospital in Edgbaston and in recognition of the extended services of the enlarged, integrated organisation, the Trust changed its name to Birmingham Women's and Children's NHS Foundation Trust.

In 2018 we opened Waterfall House at the Steelhouse Lane site – a state of the art building and home to the UK's first pioneering Rare Diseases Centre for children and a combined inpatient and outpatient Oncology and Haematology Centre.

Purpose of the Trust and activities

Our mission is to provide outstanding care and treatment, to share and spread new knowledge and practice, and to always be at the forefront of what is possible.

Our vision is to be a world-leading team, providing world-leading care.

Our goal is to be the best place to work and be cared for, where research and innovation thrives, creating a global impact.

Birmingham Women's Hospital Key Facts

- A centre of excellence, providing specialist services to more than 50,000 women, men and their families every year from Birmingham, the wider region and beyond.
- One of only two dedicated women's hospitals in the UK, with the busiest single site maternity unit, delivering more than 8,200 babies a year.
- Provides a full range of gynaecological, maternity and neonatal care, including a Fertility Centre, a Fetal Medicine Centre and the West Midlands Regional Genetics Laboratory - the largest of its type in Europe.
- An international centre for education, research and development.

Birmingham Children's Hospital Key Facts

- A leading specialist paediatric centre, caring for sick children and young people.
- A world leader in some of the most advanced treatments, complex surgical procedures and cutting-edge research and development.
- A national liver and small bowel transplant centre
- A global centre of excellence for complex heart conditions, the treatment of burns, cancer and liver and kidney disease .
- A nationally designated specialist centre for epilepsy surgery
- A paediatric major trauma centre for the West Midlands.
- The largest single Paediatric Intensive Care Unit in the UK with 31 beds.
- One of the largest Child and Adolescent Mental Health Services in the country, with a dedicated inpatient Eating Disorder Unit and Acute Assessment Unit for regional referrals of children and young people with the most serious of problems (Tier 4) and the Forward Thinking Birmingham community mental health service for 0-25 year olds.

Mission

To provide outstanding care and treatment, to share and spread new knowledge and practice, and to always be at the forefront of what is possible.

NHS
Birmingham Women's and Children's
NHS Foundation Trust

Our vision

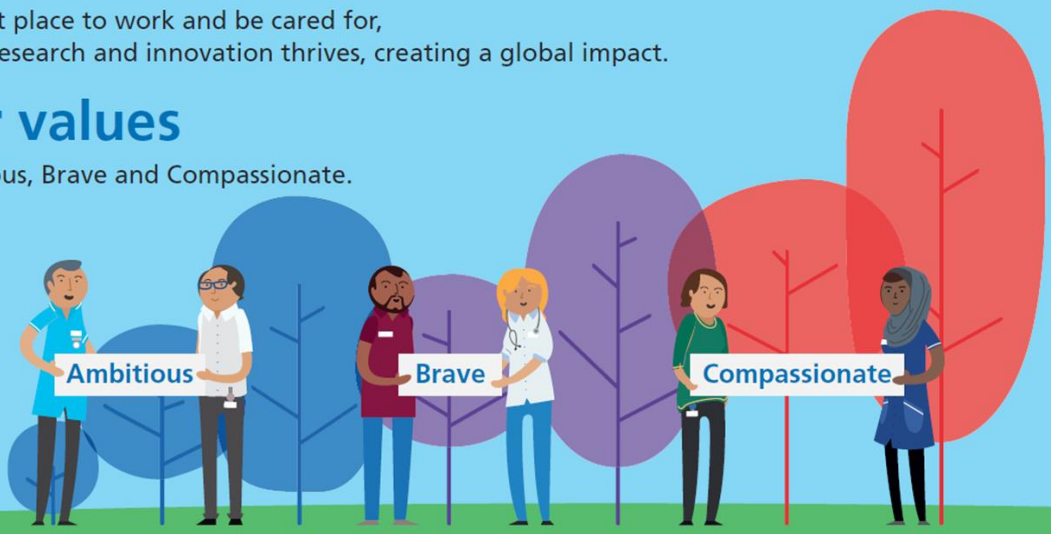
A world-leading team providing world-leading care.

Our goal

The best place to work and be cared for,
where research and innovation thrives, creating a global impact.

Our values

Ambitious, Brave and Compassionate.



Enabled by

Sustainable workforce, digital revolution, new buildings and effective use of resources.

Chief Executive's Statement on Performance

The management of the COVID-19 pandemic meant that the consequences of the financial pressures faced by the public sector which had played a significant role in the management of Trusts through the setting of Control Totals were of a more secondary consideration in 2020/21. The financial regime for the first six months was set up to ensure that all organisations would break-even allowing a total focus on the operational and clinical response to and management of the pandemic.

From a financial perspective the changes to the national financial regime and the joint commissioning and financial planning approach of the Birmingham and Solihull STP and Specialised Commissioners enabled the Trust to withstand the financial pressures and impact of the pandemic.

We could not have achieved our performance this year without our staff so great credit has to go to them at a time when operational and clinical pressures were exacerbated by an increasingly difficult labour market. Workforce supply remains a significant risk across the NHS and is recognised as one of our key strategic risks within the Trust especially in its impact on delivering activity within our operating theatres, PICU and Mental Health services as we look to recover and restore our services. In year we have managed to reduce our overall use of temporary staffing and live within the Agency ceiling set by NHS England/Improvement (NHSE/I) and this was assisted throughout the year by significant reductions in staff turnover.

Although the organisation's headline financial performance appears strong this was an unusual year financially, with the first half of the year operating within an artificial regime so that the focus remained on dealing with the COVID-19 pandemic. The second half of the year was more testing which included delivering a financial performance that met the Trust's year-end financial strategy and supported the national position. There was less of a national focus on efficiency levels in 2020/21 although we continued to seek to make every penny count without compromising patient care or the patient experience. In anticipation of the pressure on public sector finances and with uncertainty over the future financial regime and absence of planning guidance post October 2021 it is our view that our underlying finances remain below where we need them to be. This is a message that is shared across our system and one that we need to understand more fully.

The COVID pandemic and the priority given to the pandemic response had a marked impact on operational performance throughout the year. Staff availability was reduced through increased sickness, symptomatic isolation, and shielding or redeployment of vulnerable staff. The Trust also played a central role in providing mutual aid to the wider system. Many of our staff worked on secondment at other hospitals, and we also expanded the catchment of many of our services, for example paediatric trauma and paediatric intensive care. This combination of reduced staff availability and diversion to COVID activity caused a significant reduction in elective activity in year. Outpatient clinics were predominantly moved to 'virtual' telephone and video consultations with an initial impact on efficiency. Where services were undertaken face-to-face, the requirements of social distancing and infection control meant that we saw fewer patients in each clinic and theatre session.

Performance Overview

Performance Analysis

2020/21 was the most challenging year in the history of the NHS, a situation compounded by a most challenging year financially. The difficulties experienced in dealing with the COVID-19 pandemic, three separate planning rounds, EU exit and the move to more system based governance and structures made 2020/21 a year like no other.

In early 2020 the Board agreed a small surplus plan for 2020/21. Although 2020/21 would no longer see Control Totals set by NHSE/I, the Trust was given a Financial Improvement Trajectory (FIT) which was not accepted as being deliverable. The onset of the COVID pandemic saw a reset of the financial regime which, for the first half of the year, necessitated all organisations to deliver a break-even position. Achieving a break-even position required the full funding of costs directly associated with COVID combined with retrospective top-up monies.

With the initial four month COVID financial plan extended to cover the first half of the year the Trust was acutely aware that costs incurred in both delivering services and ensuring that staff and patients were protected must still represent value for money for the taxpayer. As a result the level of additional cost claimed through the respective top-up processes was one of the lowest in the country.

The move to the Phase Three period (October to March) saw a shift in the financial regime with a more system based approach requiring systems to operate within an overall funding envelope. At an organisational level the approach of all organisations only being able to report a break-even position ended on 30 September and this was replaced by a more traditional financial regime where surpluses and deficits would be reported. The Trust's initial Phase Three plan was impacted by projected losses in non-healthcare income, funding issues associated with the national Genomics development and the costs of COVID testing. Following regional and national level discussions the Trust was faced with a final deficit plan of £3.7m which would have been the first deficit in its history.

As the second half of the year progressed, a number of changes were made to the Phase Three financial regime, with revised guidance being released throughout the final quarter of the year. This revised guidance saw funding issues resolved, with the Trust in receipt of a number of additional funding releases. This additional funding combined with the delivery of a year-end financial strategy agreed by the Finance and Resources Committee the Trust ended the year with a surplus of £3.8m. This was on a par with NHSE/I expectations and contributed to the Birmingham and Solihull (BSOL) system also achieving its financial target at year-end.

Given the nature of the financial year and the regimes that were in operation, undertaking any financial comparative analysis with the prior year will provide only a limited indication of the Trust's performance. This also extends to any assessment of activity performance in year.

At a headline level overall income increased by 10.2% over the past year to £509 million. Both healthcare and non-healthcare income increased by 10%, although there were changes in the sources of income, with prominent changes being linked to the temporary funding regime in operation for the first half of the year. Reimbursement and top-up monies received in year totalled £13m, with employer pension contribution income again reaching £12m.

Although accounting for less than 2% of income funding received at the end of the year, non-healthcare income losses and untaken annual leave costs were the difference between reporting an in-year surplus and an in-year deficit.

With a move to block contract arrangements across the vast majority of healthcare income the financial impact of reduced clinical activity due to COVID-19 was significantly diminished.

Excluding exceptional items it cost £501 million to run the Trust during the year; a 12% increase on 2019/20. The three highest spend categories are staff, clinical supplies and services (linked to the FTB contract) and drugs. Employee expenses as a share of overall expenditure remained consistent with 2019/20 at 60%. Drug costs increased by 15% and were driven by the full year spend linked to high cost drugs approved for use at the end of 2019/20. Clinical supplies experienced a 17% rise primarily linked to the increased cost of PPE and COVID testing.

The other key cost change in year was in our clinical negligence premium with NHS Resolution. This has continued to rise and will do so again in 2021/22. The rise in premium in 2020/21 was 30%, although the opportunity to recoup the 10% Maternity Incentive Scheme bonus was suspended in 2020/21 due to the pandemic.

The average number of monthly employees in 2020/21 was 5,441 (whole time equivalent), 4.7% more than in 2019/20. The average cost of our employees was 3.0% more in 2020/21 than in 2019/20 which was expected given the impact of the final year of the three year Agenda for Change pay deal and changes to medical staffing contracts.

These increases outweigh the benefits of workforce savings through the efficiency programme, which were lower than planned, and the expansion of the clinical support worker and apprentice programme.

During the year we saved £3.2 million in planned cost releasing savings (£12.1 million in 2019/20), which contributed towards the achievement of the Trust's surplus. There was no nationally imposed efficiency requirement during 2020/21. However, the Trust felt it appropriate to reinforce the value for money message across the Trust and continued with an internally set target. This represents 57% of the target we set at the beginning of the year. The change in the financial regime in 2020/21 resulted in the previous year's efficiency legacy being eliminated. The continued legacy issue is one that has impacted on the Trust and with this slate effectively wiped clean this should put the Trust on a firmer financial footing in future years.

The continued impact of the COVID pandemic on the operational planning process for 2021/22 has delayed the setting of a full national efficiency programme for the forthcoming year. The Trust has once again set a stretch target to build momentum in the efficiency environment which will be required in the second half of the year and certainly into 2022/23.

As the NHS changes the basis on which providers are paid for the care they provide, the focus going forward will be on identifying cash releasing efficiencies to reduce our expenditure base. There will need to be significant changes to our cost base in order to deliver this and given that over 60% of our costs are incurred through the pay bill this is an area where the majority of our efficiencies will have to be found, especially in targeting the causes of our high temporary staffing spend. During 2020/21 we maintained our system of ensuring that cost savings did not impact on the safety and quality of services delivered; as part of this, every savings scheme was required to be signed off by at least two senior clinical staff (most frequently the Chief Medical Officer and Chief Nurse). Further to this, the Quality Committee received regular reports on Cost Improvement Programme Quality Impact Assessments.

Investment in maintaining our estate and the development of new facilities and equipment replacement is currently funded from the surpluses that we make. During 2020/21 £21.0 million was invested in new capital schemes with some of these schemes due for completion during the 2021/22 financial year. The overall capital expenditure in the year was higher than planned at the start of the year due to the successful award of additional monies during the year to reduce the Trust's critical infrastructure risk, to expand capacity in the Emergency Department and to eradicate dormitory accommodation within our Mental Health inpatient services at Parkview. The level of spend also enabled the BSOL system to fully utilise its capital allocation.

Despite the extensive capital programme our cash balances increased during the year to £109 million in cash or cash equivalents at the end of the financial year (£94 million in 2019/20).

During 2020/21 the Trust's cash position was also supplemented by improvements in working capital derived from resolving historical disputes and closer working with BSOL and wider system organisations. There remain some longstanding non-NHS debts which will require resolution in 2021/22.

Our previous annual financial positions provided a sound foundation upon which to commence 2020/21. However, the financial regime operated during the pandemic and the financial regime that will operate throughout and post 2021/22 is likely to be challenging for the Trust. The move to predominantly block funding arrangements with challenging efficiency targets will test the Trust's ability to improve efficiency and productivity without recourse to increasing clinical income. Our approach will continue to balance responsibilities to patients, staff and taxpayers.

As part of our efficiency process we will continue to work in partnership with our commissioners to ensure that children are treated in the most appropriate setting for their condition.

The Trust continues to be actively engaged with the Department of Health and Social Care and NHSE/I on a number of financially orientated national groups which enables us to be at the forefront of decision and policy making.

Our operational position

Demand for many of our services fell markedly during most of last year, with referrals down by over 25% and Emergency Department attendances down by a third. Towards the end of the year we saw demand begin to increase. By March 2021, GP referrals were only 7% lower than the pre-pandemic monthly average and Emergency Department attendances were close to pre-pandemic levels. The number of births at BWH fell during the second half of the year but by the end of the year had returned to the typical level.

The Trust is making progress in reducing the backlog for diagnostic tests. Two-thirds of patients waiting for a diagnostic procedure waited less than 6 weeks at the end of March 2021. MRI (with general anaesthetic) is the main challenge. Recovery will depend on both increased throughput in sessions but also additional capacity, which is being procured.

The Trust saw recovery of both outpatient and elective activity, reaching 90% of pre-pandemic levels by the end of quarter four. A particular focus was being placed locally on increasing the proportion of new outpatients, on reducing specialty variation in outpatient recovery, and on reducing 'did not attends' through increased use of text and telephone reminders.

Despite the increased level of activity, the inpatient waiting list and long waiting times grew during the last quarter of the year. The number of patients waiting over a year for their first treatment stood at 1,122 at the end of March 2021. Backlogs are most severe in Paediatric Surgery and Urology, Orthopaedics, and Gynaecology. In common with other hospitals, the Trust is using clinical prioritisation to manage the waiting list, ensuring the highest priority cases are seen first regardless of waiting time.

In the Mental Health service, waiting lists and waiting times remain broadly stable with continuing high-use of a 'virtual consultation' model of care. The Tier 4 service child and adolescent mental health unit at Parkview continues to see a high number of challenging patients who would be better cared for in a specialist intensive care unit. Nationally, there is a significant shortage of these beds as demand has increased, and delays in transfer are having a significant impact on the existing service and our staff. The mental health leadership team is working with NHS England as commissioners of these services to find more appropriate places of care for these young people.

Equality of Service Delivery

During 2020/21 the Trust established a new Inclusion and Diversity Committee to oversee delivery of a new Inclusion and Diversity Strategy, the goals of which are linked to the Trust's strategic goal to be 'the best place to work and to be cared for'.

The work of the Committee in relation to staff is described in the Staff Report. In relation to patients, service users and families, the Committee's work during the year included:

- Receiving a regular report containing analysis of patient feedback, complaints and Patient Advice and Liaison Service (PALS) contacts through an inclusion and diversity lens. This focused in particular on ethnicity and identified a need for new ways of supporting families, particularly those from minority ethnic backgrounds.

- In response to the above analysis, supporting a proposal to appoint a Patient and Families Ambassador for Inclusion and Diversity to lead on the delivery of a package of targeted interventions; this was achieved with support from the Birmingham Women's and Children's Hospital Charity.

The purpose of this development, which will be implemented during 2021/22, is to:

    - Improve the care experience for women, children, young people and families from diverse or disadvantaged groups by making the patient experience service, PALS and complaints services more accessible to them.

    - Target Inclusion and Diversity educational packages to teams that will improve care delivery by enabling clinical teams to better understand cultural concepts of care and tailor our provision to meet those individual needs.

The role of the new Ambassador will include:

    - Positioning women, children and families at the forefront of care where ethnic minorities and/or a disability are present.

    - Improving pathways to care for ethnic groups and those with a disability.

    - Working alongside colleagues in Public Health, Patient Experience, Interpreters Services, Chaplaincy, and Human Resources to develop a suite of learning designed to offer challenging and insightful perspectives to our workforce.

    - Working with our Staff Ambassador and Inclusion Ambassador to share organisational intelligence.

- Reviewing an analysis of the impact of poverty and social exclusion on the Trust's patients and families, aligned to the Integrated Care System's Inequalities Work Programme.

- Commissioning an assessment of the experiences of ethnic minority patients through an analysis of patient access data during the COVID-19 pandemic. Data included Emergency Department attendances, and 'Did not Attend' rates and average waiting times in services across the Trust. This analysis identified many differences between the experiences of white and ethnic minority patients, which suggested significant health inequalities linked to ethnicity. Next steps following this work include understanding the statistical significance of the data and the role of deprivation, continuing to improve ethnicity data collection, and sharing the findings of the analysis with clinical teams across the Trust to improve the understanding of actual and potential health inequalities in all services.

- Reviewing examples of internal good practice, including in the Maternity Service, where a programme of work was developed in response to evidence that '*in comparison with white women, black women were almost five times more likely to die from pregnancy and*

childbirth related causes and Asian women were nearly twice as likely' (MBRRACE 2020), and indications that emerged during the pandemic that COVID-19 was affecting ethnic monitory women at a higher rate compared with white women. This work included:

- Prioritising Continuity of Care provision in areas of deprivation and areas with a large population of ethnic minority people.
- Tailored, multifaceted communication plan.
- Targeted, enhanced community engagement and education.
- Midwifery-led COVID hotline.
- Providing resources in multiple languages.

Financial risk management objectives and policies

Our Finance and Resources Committee oversees the cash management and investment strategy which is based on NHSE/I (previously Monitor) best practice. Following previous changes to the calculation of public dividend capital all surplus cash is retained within Government Banking Services/National Loans Funds accounts thereby negating any risk of loss through inappropriate investments. Cashflow forecasts are updated on a weekly basis to ensure that no cashflow and liquidity risks are evident. Future cashflow planning will be undertaken for the Trust's long-term modelling and this will support the site development work to be undertaken as part of the continued Outline Business Case work for redevelopment of the Birmingham Women's and Children's Hospitals.

The Committee also scrutinises all our major capital investment and business cases above the delegated threshold of the Resource Committee. The Scheme of Delegation, which was revised in late 2017/18 to aid financial recovery, continued to operate at the same authority levels with a minor amendment in March 2020 to reflect the revised governance arrangements associated with the Trust's COVID management arrangements. The scrutiny of the Committee ensures such developments are affordable and provide value for money. Due to the extensive agendas of the Resource Committee and Finance and Resources Committee during 2020/21 the process of reviewing previously approved business cases to ensure delivery of their original benefits, both financial and non-financial, was temporarily halted. This review process will recommence in 2021/22.

With the increased importance of efficiency savings the Committee has scrutinised the delivery of the savings plan during the year to ensure that the approach does not impact on the quality of services provided. The scrutiny of financial efficiency plans continues through the Resource Committee which is chaired by the Deputy Chief Executive. The Quality Committee leads on ensuring that the efficiency plans do not impact on the quality of services.

During the year the Trust was active in ensuring that any risks associated with the UK's exit from the European Union were minimised. This was multi-faceted and included daily situation reports, weekly internal EU Exit review meetings and wider health economy reviews and meetings. This was added to the Trust's Board Assurance Framework during the course of the year and reported to the Board through the Finance and Resources Committee.

The Trust's approach to managing COVID resulted in a revised set of financial arrangements both nationally and at the Trust during March 2020. These commenced at the end of 2019/20 and continued throughout 2020/21, with the Trust responding to guidance when released. Costs associated with COVID were reclaimed in line with the national process. As part of the Internal Audit Plan for 2020/21 the Trust requested that KPMG undertake audits to review *Major Incidents and Emergency Planning in light of COVID-19* and *Financial Governance and Control during COVID-19*. Both audits received *Significant assurance with minor improvement opportunities*. The recommendations from both these audits will strengthen the Trust's responses to future incidents.

The Trust's activities expose it to a variety of financial risks, though due to their nature the degree of exposure is reduced compared to that faced by many business entities. The financial risks are mainly credit and inflation risks with minimal exposure to market or liquidity risks. The nature of how the Trust is financed exposes it to a degree of customer credit risk. The Trust regularly reviews the level of actual and contracted activity with commissioners to ensure that any income risk is resolved at a high level at the earliest available opportunity. The Trust mitigates its exposure to credit risk through regular review of receivables due and by calculating a bad debt provision.

The Trust has exposure to annual price increases of medical and non-medical supplies and services arising out of its core healthcare activities. This risk is mitigated through, for example, transferring the risk to suppliers by contract tendering, negotiating fixed purchase costs and in the case of external agency staff costs via the operation of the Trust's own staff bank. This latter issue has been further controlled through the imposition of national price and wage caps, the enforcement of which has escalated since April 2016.

Major Trust Risks

The risks described below have been assessed as high risk on the Board Assurance Framework and are the most significant risks for the organisation now and going into the future. Two of the risks* were added during the year.

Quality *Failure to improve significant quality issues*

Management and mitigation

- Improvement plans for each issue.
- Internal Audit plan linked to issues.
- Communication and engagement with regulatory or reviewing bodies.

Outcomes: Improved quality metrics relevant in each case; improved regulatory ratings.

Workforce *Inablity to recruit and retain the right staff with the right skills*

Management and mitigation

- People Strategy
- Recruitment strategy
- Health and Wellbeing programmes
- Inclusion and Diversity Strategy

Outcomes: Sustained reduction in turnover and vacancy levels, successful recruitment; increased staff satisfaction.

COVID-19 *Reduced quality of care due to the impact of COVID-19**

Management and mitigation

- Prioritisation, triage and health status checks of patients waiting.
- Regional and national networks used to share information.
- Mutual aid to support Trusts in the BSOL ICS and beyond.
- Staff testing and vaccination hub on-site.
- Essential services protected to enable swifter recovery.
- Flu vaccination plan delivered.

Outcomes: Swift recovery of services to pre-pandemic level; no harm caused by delays.

Capacity and flow *Failure to manage capacity and patient flow through services*

Management and mitigation

- Clinical prioritisation of waiting lists
- Use of telemedicine.
- Hospital Operations Centre
- Use of informatics to identify risks and issues
- ED strategy delivery
- Winter plan implementation

Outcomes: Improved productivity and achievements of performance targets.

New Hospital Estate *Failure to secure new estate for all major services*

Management and Mitigation

- Programme Board overseeing delivery of New Hospital Programme.
- Strategic Outline Case developed
- Advisors appointed to assist with Outline Business Case

Outcomes: New estate, fit for current and future service delivery.

Discrimination *Staff or patients/carers could experience discrimination **

Management and Mitigation

- Dedicated resources allocated to lead and implement the inclusion and diversity strategy.
- Inclusion and Diversity Committee overseeing implementation of strategy.
- Staff-led Inclusion Diversity and Equality Action Group provides challenge and advice to the Committee.
- Inclusion Ambassador
- Patient Ambassador
- Mandatory training programme for leaders

Outcomes: health inequalities are eliminated; workforce is representative of community at all levels; discriminatory behaviours are eliminated.

Going concern

After making enquiries, the Directors have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. In previous years NHSI's Single Oversight Framework was used to oversee and support Trusts in improving financial sustainability, efficiency and compliance with controls within the financial sector. Within the current financial regime these measures are not being reported externally. However, the Trust would have maintained the lowest level of risk with an assessed Use of Resource rating being measured as a "1". All five of the measures supporting this framework are at either the lowest or second lowest level of risk.

With financial planning now at a system level the overall dynamic has shifted from organisational plans being submitted and reviewed by NHSE/I to a system level plan now requiring sign-off. The framework to support this shift is being developed and will be further strengthened as part of the overall Integrated Care System (ICS) development during 2021/22. Organisational sovereignty remains crucial within this framework development and discussions to date have ensured that the financial plan for the Trust in 2021/22 is a break-even one.

We continue to operate in a series of short-term planning periods. At every juncture the strength of the planning undertaken at the Trust ensures that the financial plan for the Trust will support the ongoing delivery of services.

The Trust's balance sheet and cash reserves remain strong with the ongoing financial plan seeing this position being maintained despite continued investment throughout the estate.

NHSE/I is not yet able to announce the financial and contracting arrangements for the full 2021/22 financial year and beyond. However, the Government has issued a mandate to NHSE/I for the continued provision of services in England. Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably expected to be commissioned. While mechanisms for contracting and payment are not definitively in place, it is clear that NHS services will continue to be funded, and government funding is in place for this.

For the reasons stated, the Directors continue to adopt the going concern basis in preparing the accounts.

Sarah-Jane Marsh
Chief Executive Officer
22 June 2021

Accountability Report

Directors' Report

Executive and Non-Executive Directors in 2020/21	
At year end	
Professor Sir Bruce Keogh	Chair
Mr Vij Randeniya	Deputy Chair and Senior Independent Director
Mr Alan Edwards	Deputy Chair
Mrs Sue Noyes	Non-Executive Director
Dr Niti Pall	Non-Executive Director
Mr David Richmond	Non-Executive Director
Professor Judith Smith	Non-Executive Director
Mr Matthew Boazman	Chief Officer for Strategy and Innovation
Mr Steve Cumley	Chief Operating Officer
Ms Sarah-Jane Marsh	Chief Executive Officer
Mr David Melbourne	Deputy Chief Executive Officer / Chief Finance Officer (Acting Chief Officer between May and October 2020)
Mrs Marion Harris	Chief Nursing Officer
Mr Philip Foster	Interim Chief Finance Officer (May to October 2020)
Mrs Raffaela Goodby	Chief People Officer (from 26 October 2020)
Dr Fiona Reynolds	Chief Medical Officer

Between May and October 2020 Sarah-Jane Marsh transferred away from the Trust temporarily to support the NHS COVID-19 Test and Trace programme.

During this period, David Melbourne, Deputy Chief Executive and Chief Finance Officer, became Acting Chief Executive, while Phil Foster, Director of Finance became Interim Chief Finance Officer.

Details of all significant interests held by Directors are contained in a Register of Interests which may be obtained via the Publication Scheme on the Trust's website: www.bwc.nhs.uk.

Finance Statements

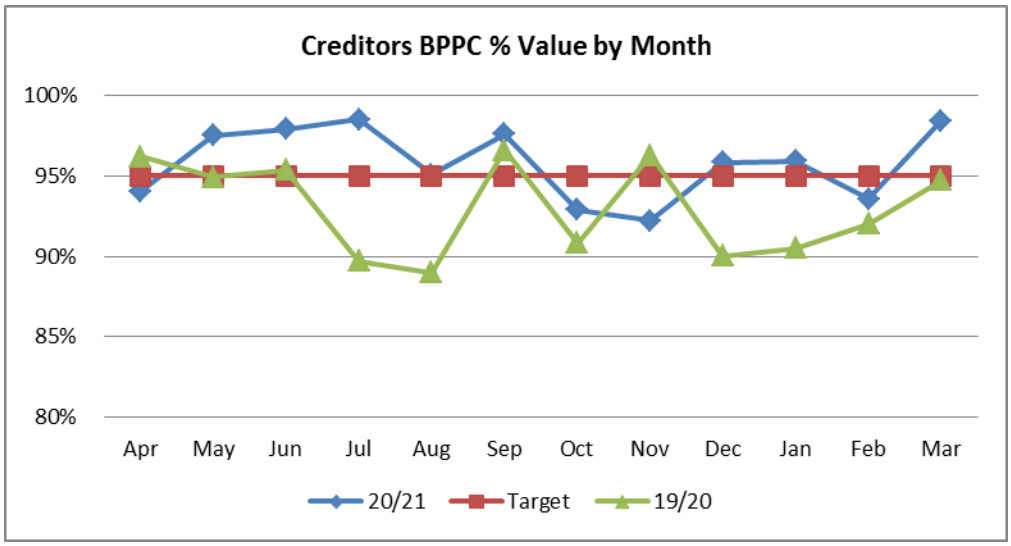
- The Trust's accounts have been prepared under a direction issued by NHSE/I.
- The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.
- The Trust has complied with the requirement that the income from the provision of goods and services for the purposes of the health service in England must be greater than the income from the provision of goods and services for any other purposes.
- The Trust has made no political donations.
- The Trust has not levied fees or charges for any service that is material to the accounts, or where the full cost exceeds £1 million.

Policy and payment of creditors

We aim to comply with the public sector Better Payment Practice Code (BPPC) target of paying at least 95% of correct and payable invoices within 30 days of receipt, by targeting all invoices for payment within this timescale. During the pandemic, particular focus has been placed on liaising

closely with our suppliers to pay invoices even faster, within seven days whenever possible, to help ensure there are no unintended cash problems. Overall performance for the year against the BPPC has been above 95%, although, disappointingly, it has dipped below this on some individual months. We recognise that there is more work to do in this area to improve performance.

Creditors Better Payment Practice Code (BPPC) Value % by Month 2019/20 – 2020/21



NHS Improvement's Well Led Framework

The well-led framework has been developed by NHS Improvement and the Care Quality Commission to support trusts to undertake reviews of their leadership and governance. More information about how the Trust uses this framework to ensure its services are well-led can be found in the Annual Governance Statement.

There are no material inconsistencies between the Annual Governance Statement, the corporate governance statement, the quality and annual reports and reports arising from Care Quality Commission reviews.

Partnerships and Stakeholders

During 2020/21 the Trust has entered into or continued with formal arrangements with the following organisations, which are essential to the Trust's business:

- **BWC Management Services Limited.** Trading as Vital Services, this company is a wholly owned subsidiary of the Trust. This company provides the Trust with a fully managed healthcare facility. In practical terms this means that it is licenced to occupy the Trust's estate for the purpose of providing all of its soft and hard facilities services.

- **Birmingham Children's Hospital Pharmacy Limited (BCH Pharmacy).** This company is a wholly owned subsidiary of Birmingham Children's Hospital Health Services, which is a wholly owned subsidiary of the Trust. BCH Pharmacy is responsible for the operation of the Trust's Outpatient Pharmacy service.

- **Priory Group and The Children's Society.** Forward Thinking Birmingham (FTB) is a partnership between the Trust and these organisations working together to provide mental health services for 0-25 year olds in Birmingham.

Actions taken to make employees aware of the financial factors affecting the Trust

- Monthly budget reports are available to managers.
- During the year we sought to raise awareness of the Trust's financial position and how all staff can make the hospital more financially sustainable.
- Model Hospital information is shared across the organisation.
- Detailed financial information is contained in regular reports to the Board of Directors and published with all papers of Board meetings held in public on the Trust's website.
- The Chief Executive's Leadership Group receive a monthly update on the key financial issues as part of the Integrated Performance Report.

Consultation and Involvement

During 2020/21 our engagement work with patients, families and the public have included and been supported by a range of programmes.

- **Young People's Advisory Group**: a key area of involvement for this active group has been our Big Build programme to develop the vision for the new hospitals.
- **Family and Patient Advisory Group**: through this group we engage with families from across the Trust to understand their views and work with them to develop and improve our services. The Group met virtually during the year.
- **Virtual Appointments**: the first patients and families to attend their appointments through a virtual method were asked to complete a survey to help us develop and improve the approach.
- **Somali Patient and Family engagement**: working with Healthwatch we have developed a series of measures to improve experiences of our services, with a particular focus on communication.
- **CONTACT**: we have engaged with this support group for disabled children to help find practical solutions to some of the difficulties of living with a disability.
- **Feedback Survey System**: we have developed an in-house system to collect patient and family feedback and to enable staff to develop their own surveys.
- **Interpreting**: during the pandemic we expanded the use of our Dora Interpreter on Wheels, which can provide support to families and staff in over 100 languages.
- **Communications training**: starting with a successful session on British Sign Language, we are developing a range of sessions with staff, which will include increasing an understanding of autism.
- **NHS Cadets**: the Trust is a partner in a national scheme to encourage young people aged 14-18 years to learn about working within the NHS and to undertake volunteer roles.
- **Professional Bridge**: a programme that engages with volunteers to develop their understanding about NHS professions and encourage them to join the workforce.
- **Arts**: with support from our Charity we are increasing the range and diversity of arts provision across the Trust.

Sarah-Jane Marsh
Chief Executive Officer
22 June 2021

Remuneration Report

Annual Statement on Remuneration

The remuneration, terms and conditions of employment of Executive Directors are determined by the Appointments and Remuneration Committee, a committee of the Board of Directors, chaired by the Trust Chair.

During 2020/21 the Committee:

- Agreed interim arrangements to support the substantive Chief Finance Officer and Deputy Chief Executive to temporarily transfer to a leadership role in the Integrated Care System in 2021/22.
- Agreed the Chief Officer team objectives for 2021/22.
- Approved pay awards for executive directors for 2021/22.
- Approved interim remuneration for directors undertaking interim roles during 2020/21.
- Approved the appointment of Raffaela Goodby, Chief People Officer.

The Committee's decisions were made in the context of national guidance and pay awards, the Trust's strategy, the performance of the Trust, the size of the organisation and the operational and financial challenges within which the Board operates.

In accordance with the Trust's Inclusion and Diversity Strategy, the Board is seeking to increase the diversity of its membership. An alternative recruitment strategy will be adopted for the next executive appointment to help achieve this. More information about our Inclusion and Diversity Strategy and objectives can be found in the **Staff Report**.

Senior Managers' Remuneration Policy

Senior Managers' Remuneration Package: Future policy table

					A description of the framework used to assess performance					
Element	**Description**	**How does this component support short and long-term strategic objectives of BCH**	**How the component operates**	**Maximum amount that can be paid**	**Description**	**Performance measures that apply (indication of weighting where more than one applies)**	**Details of the performance period**	**The amount (£) that may be paid in respect of minimum level of performance which results in a payment**	**The amount (£) that may be paid in respect of any further levels of performance set in accordance with the policy**	**Provisions for recovery of sums paid or for withholding payment of sums**
Salary	Annual salary	Takes into account attraction and retention considerations essential to the Trust's strategy.	In accordance with agreed rates of pay	In accordance with agreed rates of pay awarded nationally	Aligned to national award/ benchmarking if performance targets met and agreed annually	None	None	None	None	None
Taxable Benefits	Lease car/ contribution to car or allowance absorbed into base salary.	Takes into account attraction and retention considerations essential to the Trust's strategy.	Paid in equal monthly instalments	£5,900	None	None	None	None	None	None
Performance-related Bonus	Performance fund representing a % of combined salaries, individually apportioned based on performance.	Executive directors are set objectives related to Trust's strategic objectives.	Following annual individual performance assessment; paid monthly.	Considered annually.	5 point performance scale.	-1 below expectations 0 solid performance 1 sometimes exceeded expectations 2 regularly exceeded expectations 3 outstanding	Financial year.	Agreed annually by A&R committee and based on organisational performance and financial position	None	Pay is subject to potential 'earn-back' of up to 10% of pay in the event of performance failing to meet agreed objectives

Notes

The Very Senior Manager (VSM) reward framework includes an assessment of performance linked to pay, which could result in an increase or a reduction in salary. This ensures that individual performance is recognised and provides an incentive for excellent or outstanding performance. The framework enables an annual decision to be made as to the size or existence of a performance fund based on the financial position of the organisation at that time and taking into account any direct or relevant national guidance.

The general policy for employee remuneration is to apply the national agreement as recommended by the Pay Review Body (PRB) and accepted by the Treasury. The Trust would not normally deviate from this position except for VSMs.

Three senior managers were paid more than £150,000 a year: the Chief Executive Officer, the Deputy Chief Executive Officer, and the Chief Medical Officer (including salary for clinical work). The Appointments and Remuneration Committee awarded these salaries having considered the depth and breadth of each role and benchmarking (including established pay ranges in acute foundation trusts published by NHS Improvement) and is satisfied that they are appropriate.

Non-Executive Director Remuneration

Fee payable	Additional fees for other duties	Other items considered to be remuneration
Annual remuneration for non-executive Board member role	The Deputy Chair role is paid additional fees to reflect additional responsibilities.	None

Service Contracts Obligations

No obligations on the Trust are contained in any senior managers' service contracts which could give rise to or impact on remuneration payments or payments for loss of office. The Trust does not propose to include any such obligations in any future senior manager contracts.

Policy on payment for loss of office

The notice period for all non-executive directors is set at one month. The notice period for all other senior managers is set at six months.

The Trust does not have a policy for the payment of loss of office and does not propose to set such a policy. No payments were made for loss of office to a Senior Manager in 2020/21. No payments of money or other assets were made during the financial year to any individual who was not a senior manager but has previously been a senior manager at any time.

Statement of consideration of employment conditions elsewhere in the Trust

In making its decisions regarding components of and increases to senior managers' remuneration packages the Appointments and Remuneration Committee takes into account the pay and conditions of the Trust's employees, including any annual NHS pay award.

The Trust's employees were not consulted in 2020/21 regarding decisions relating to senior managers' remuneration.

The executive salary strategy is based on benchmarking and taking into account national guidance and pay awards as described above.

Annual Report on Remuneration

a) Information not subject to audit

Senior Managers' Service Contracts (a senior manager is defined as an Executive or Non-Executive Director of the Board of Directors)

Senior Manager Service Contract Details (Board membership only)					
Senior Manager	**Title**	**Date of Contract**	**Unexpired Term (as at 31.3.2021)**	**Notice Period**	**Provision for compensation for early termination**
Professor Sir Bruce Keogh	Chair	01/12/2017	2 years and 10 months	1 month (informal)	None
Professor Judith Smith	Non- Executive Director	01/06/2014	1 year and 2 months	1 month (informal)	None
Mr Alan Edwards	Non- Executive Director/Deputy Chair	01/02/2015	10 months	1 month (informal)	None
Mr Vij Randeniya	Non- Executive Director/Deputy Chair	01/02/2015	10 months	1 month (informal)	None
Sue Noyes	Non- Executive Director	01/04/2018	3 years	1 month (informal)	None
Niti Pall	Non- Executive Director	01/06/2018	3 years and 2 months	1 month (informal)	None
David Richmond	Non- Executive Director	01/04/2018	3 years	1 month (informal)	None
Ms Sarah-Jane Marsh	Chief Executive Officer	01/09/2010	Permanent appointment	6 months	None
Mr David Melbourne	Deputy Chief Executive Officer/Chief Finance Officer	01/11/2009	Permanent appointment	6 months	None
Mrs Raffaela Goodby	Chief People Officer	26/10/2020	Permanent appointment	6 months	None
Mr Matthew Boazman	Chief Officer for Strategy and Innovation	01/03/2015	Permanent appointment	6 months	None
Dr Fiona Reynolds	Chief Medical Officer	16/07/2015	Permanent appointment	6 months	None
Mr Steve Cumley	Chief Operating Officer	15/04/2019	Permanent appointment	6 months	None
Mrs Marion Harris	Chief Nurse	23/3/2019	Permanent appointment	6 months	None

Appointments and Remuneration Committee

The Appointments and Remuneration Committee was established under paragraph 18 (2) of Schedule 7 to the NHS Act 2006. The Committee met five times in 2020/21. The work of the Committee is described above. The Committee is chaired by the Trust Chair and has a core membership of Non-Executive Directors, including the Deputy Chairs.

Appointments and Remuneration Committee Meeting Attendance 2020/21					
Member of Committee	**June**	**July**	**November**	**February**	**March**
Bruce Keogh, Chair	✓	✓	✓	✓	✓
Vijith Randeniya, Deputy Chair	✓	✓	✓	✓	✓
Alan Edwards, Deputy Chair	✓	✓	✓	✓	✓

Sarah-Jane Marsh, Chief Executive Officer attended each meeting to provide advice and contribute to discussions, withdrawing from the meetings where potential conflicts of interest arose. Raffaela Goodby, Chief People Officer, attended meetings by invitation to provide advice and assistance to the Committee.

The Trust's policy and procedures on pay

The Trust follows national pay arrangements for employees. The Trust has a range of policies in place which describe any local variations to or the application of national arrangements.

Expenses Paid

Directors' Expenses

Year	Number of Directors in office	Number of Directors receiving expenses	Aggregate sum of expenses paid to Directors
2016/17	18	7	£4,900
2017/18	19	6	£4,000
2018/19	19	7	£5,400
2019/20	17	5	£5,000
2020/21	16	3	£2,100

Governors' Expenses

Year	Number of Governors in office	Number of Governors receiving expenses	Aggregate sum of expenses paid to Governors
2016/17	19	1	£100
2017/18	19	1	£20
2018/19	24	0	0
2019/20	25	1	£79
2020/21	23	0	0

b) Information Subject to audit

Salary and Pension entitlements of senior managers

(i) Remuneration

2020/21 Remuneration Table

Name and Title		Notes	1st April 2020 to 31st March 2021					
			Salary & Fees	Taxable Benefits	Annual Performance-related Bonus	Long-term Performance-related Bonuses	Pension-related Benefits	Total
			(bands of £5000) £000	(to nearest £100) £00	(bands of £5000) £000	(bands of £5000) £000	(bands of £2500) £000	(bands of £5000) £000
Ms Sarah-Jane Marsh	Chief Executive Officer	4	105-110	-	-	-	20-22.5	125-130
Mr David Melbourne	Acting Chief Executive / Deputy Chief Executive and Chief Finance Officer	5,6,7	165-170	59	-	-	12.5-15	185-190
Mr Phil Foster	Interim Chief Finance Officer	8	100-105	-	-	-	12.5-15	115-120
Mr Steve Cumley	Chief Operating Officer		125-130	-	-	-	7.5-10	135-140
Mrs Theresa Nelson	Chief Officer for Workforce Development	9	55-60	-	-	-	32.5-35	90-95
Mrs Raffaela Goodby	Chief People Officer	10	50-55	-	-	-	40-42.5	90-95
Mrs Marion Harris	Interim Chief Nursing Officer/Chief Nursing Officer		115-120	-	-	-	212.5-215	330-335
Dr Fiona Reynolds	Chief Medical Officer	11	195-200	-	-	-	67.5-70	265-270
Mr Matthew Boazman	Chief Officer for Strategy and Innovation		130-135	-	-	-	50-52.5	185-190
Professor Sir Bruce Keogh	Chairman		55-60	-	-	-	-	55-60
Mr Vijith Randeniya	Deputy Chairman		20-25	-	-	-	-	20-25
Mr Alan Edwards	Deputy Chairman		20-25	-	-	-	-	20-25
Mrs Sue Noyes	Non-Executive Director		10-15	-	-	-	-	10-15
Dr Niti Pall	Non-Executive Director		10-15	-	-	-	-	10-15
Mr David Richmond	Non-Executive Director		10-15	-	-	-	-	10-15
Professor Judith Smith	Non-Executive Director		10-15	-	-	-	-	10-15
			1225-1230	59	-	-	467.5-470	1700-1705

1) The definition of Senior Managers includes only the Chief Officers and the Non-Executive Directors. These are the senior officers of the Trust having Board of Director voting powers unless otherwise specified below.
2) In setting the remuneration of Executive Directors the Appointments and Remuneration Committee has met and considered a range of benchmark information on reward packages in the NHS.
3) Pension-related benefits do not represent an amount that will be received by the employees unless otherwise specified below. This is a calculation intended to provide users of the accounts with an estimate of the benefit that being a member of the NHS Pension Scheme could provide.
4) Sarah-Jane Marsh seconded to NHS Test and Trace 5th May 2020 to 16th November 2020.
5) David Melbourne was Acting Chief Executive 5th May 2020 to 16th November 2020.
6) Taxable Benefits relates to lease cars.
7) Pension-related benefits for Mr David Melbourne include the cash value of payments in lieu of retirement benefits.
8) Phil Foster was Interim Chief Finance Officer 5th May 2020 to 16th November 2020.
9) Theresa Nelson was Chief Officer for Workforce Development until 6th September 2020.
10) Raffaela Goodby was Chief People Officer from 26th October 2020.
11) Salary and Fees for Dr Fiona Reynolds included £85,000-90,000 in respect of clinical work. Total remuneration included £125,000-130,000 in respect of clinical work.

2019/20 Remuneration Table

Name and Title		Notes	1st April 2019 to 31st March 2020					
			Salary & Fees	Taxable Benefits	Annual Performance-related Bonus	Long-term Performance-related Bonuses	Pension-related Benefits	Total
			(bands of £5000) £000	(to nearest £100) £00	(bands of £5000) £000	(bands of £5000) £000	(bands of £2500) £000	(bands of £5000) £000
Ms Sarah-Jane Marsh	Chief Executive Officer		230-235	-	-	-	45-47.5	275-280
Mr David Melbourne	Deputy Chief Executive and Chief Finance Officer	4,5	150-155	62	-	-	15-17.5	175-180
Mr Alex Borg	Interim Chief Operating Officer	6	0-5	-	-	-	0-2.5	5-10
Mr Steve Cumley	Chief Operating Officer	7	115-120	-	-	-	102.5-105	220-225
Ms Michelle McLoughlin	Chief Nursing Officer	8	20-25	-	-	-	-	20-25
Mrs Marion Harris	Interim Chief Nursing Officer/Chief Nursing Officer	9	90-95	-	-	-	120-122.5	210-215
Mrs Theresa Nelson	Chief Officer for Workforce Development		115-120	-	-	-	-	115-120
Dr Fiona Reynolds	Chief Medical Officer	10	180-185	-	-	-	35-37.5	215-220
Mr Matthew Boazman	Chief Officer for Strategy and Innovation		125-130	-	-	-	25-27.5	150-155
Professor Sir Bruce Keogh	Chair		55-60	-	-	-	-	55-60
Mr Vijith Randeniya	Deputy Chair		20-25	-	-	-	-	20-25
Mr Alan Edwards	Deputy Chair		20-25	-	-	-	-	20-25
Mr David Adams	Non-Executive Director		10-15	-	-	-	-	10-15
Mrs Sue Noyes	Non-Executive Director		10-15	-	-	-	-	10-15
Dr Niti Pall	Non-Executive Director		10-15	-	-	-	-	10-15
Mr David Richmond	Non-Executive Director		10-15	-	-	-	-	10-15
Professor Judith Smith	Non-Executive Director		10-15	-	-	-	-	10-15
			1225-1230	62	-	-	350-352.5	1585-1590

1) The definition of Senior Managers includes only the Chief Officers and the Non-Executive Directors. These are the senior officers of the Trust having Board of Director voting powers unless otherwise specified below.

2) In setting the remuneration of Executive Directors the Appointments and Remuneration Committee has met and considered a range of benchmark information on reward packages in the NHS.

3) Pension-related benefits do not represent an amount that will be received by the employees unless otherwise specified below. This is a calculation intended to provide users of the accounts with an estimate of the benefit that being a member of the NHS Pension Scheme could provide.

4) Taxable Benefits relates to lease cars.

5) Pension-related benefits for Mr David Melbourne include the cash value of payments in lieu of retirement benefits.

6) Mr Alex Borg was Interim Chief Operating Officer until 14 April 2019.

7) Mr Steve Cumley was appointed Chief Operating Officer from 15 April 2019.

8) Ms Michelle McLoughlin was Chief Nursing Officer until her retirement on 23 May 2019.

9) Mrs Marion Harris was appointed Interim Chief Nursing Officer from 24 May 2019 and Chief Nursing Officer from 18 December 2019.

10) Salary and Fees for Dr Fiona Reynolds included £85,000-90,000 in respect of clinical work. Total remuneration included £125,000-130,000 in respect of clinical work.

(ii) Pension Benefits

2020/21 Pensions Table

Name and Title		1st April 2020 to 31st March 2021							
		Real increase in pension at retirement age	Real increase in pension lump sum at retirement age	Total accrued pension at retirement age at 31 March 2021	Lump sum at retirement age related to accrued pension at 31 March 2021	Cash Equivalent Transfer Value at 1 April 2020	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2021	Employers Contribution to Stakeholder Pension
		(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	£000
Ms Sarah-Jane Marsh	Chief Executive Officer	0-2.5	-	55-60	95-100	749	28	818	-
Mr Philip Foster	Interim Chief Finance Officer	0-2.5	-	40-45	95-100	807	31	866	-
Mr Steve Cumley	Chief Operating Officer	0-2.5	-	35-40	70-75	520	3	549	-
Mrs Theresa Nelson	Chief Officer for Workforce Development	0-2.5	2.5-5	25-30	50-55	497	39	552	-
Mrs Raffaela Goodby	Chief People Officer	0-2.5	-	10-15	-	86	22	117	-
Mrs Marion Harris	Chief Nursing Officer	10-12.5	30-32.5	60-65	180-185	-	-	-	-
Dr Fiona Reynolds	Deputy Chief Medical Officer	2.5-5	2.5-5	75-80	175-180	1,450	79	1,580	-
Mr Matthew Boazman	Chief Officer for Strategy and Innovation	2.5-5	0-2.5	35-40	60-65	433	29	488	-

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 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.

CETVs are not calculated for pension scheme members who are above normal pensionable age for the relevant pension scheme.

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

Employer contributions to the NHS pension scheme are 20.6% (previously 14.3%) of the pensionable pay of scheme members. Employee contributions are based on annualised, full-time salary. For directors where this figure falls between £70,631 and £111,377 the contribution rate is 13.5% of pensionable pay, while it is 14.5% for those where this figure is in excess of £111,377.

2019/20 Pension Table

Name and Title		1st April 2019 to 31st March 2020							
		Real increase in pension at retirement age	Real increase in pension lump sum at retirement age	Total accrued pension at retirement age at 31 March 2020	Lump sum at retirement age related to accrued pension at 31 March 2020	Cash Equivalent Transfer Value at 1 April 2019	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employers Contribution to Stakeholder Pension
		(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	£000
Ms Sarah-Jane Marsh	Chief Executive Officer	2.5-5	0-2.5	50-55	95-100	677	28	749	-
Mr David Melbourne	Deputy Chief Executive / Chief Finance Officer	-	-	55-60	165-170	1,268	-	1,298	-
Mr Alex Borg	Interim Chief Operating Officer	0-2.5	-	20-25	35-40	240	-	266	-
Mr Steve Cumley	Chief Operating Officer	5-7.5	7.5-10	35-40	70-75	421	69	520	-
Ms Michelle McLoughlin	Chief Nursing Officer	-	-	-	-	1,084	-	-	-
Mrs Marion Harris	Interim Chief Nursing Officer/Chief Nursing Officer	5-7.5	15-17.5	45-50	145-150	1,027	154	1,244	-
Mrs Theresa Nelson	Chief Officer for Workforce Development	0-2.5	-	25-30	45-50	474	-	497	-
Dr Fiona Reynolds	Deputy Chief Medical Officer	2.5-5	-	70-75	170-175	1,348	44	1,450	-
Mr Matthew Boazman	Chief Officer for Strategy and Innovation	0-2.5	-	30-35	55-60	394	11	433	-

Median Remuneration

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 at the Trust in the financial year 2020/21 was £197,500 (2019/20: £232,500). This was 6.45 times (2019/20: 7.72 times) the median remuneration of the workforce, which was £30,615 (2019/20: £30,112).

The changes in the mix of workforce have not impacted upon the median salary of the Trust. The banded remuneration of the highest paid director has reduced since the previous financial year as a result of the secondment of the Chief Executive Officer to NHS Test and Trace, resulting in a reduction in the income multiple disclosed.

Sarah-Jane Marsh
Chief Executive Officer
22 June 2021

Staff Report

Additional workforce data for the Trust is available here: ***NHS Digital Workforce Statistics.***

The staff costs and staff numbers information is subject to audit.

Analysis of staff costs

	2019/20 £'000	2020/21 £'000
Costs of permanently employed staff	£269,980	£293,123
Costs of other staff	£8,809	£9,304

Analysis of average staff numbers

Average number of employees (Whole Time Equivalent basis)	Total	Permanent	Other
Administration and Estates	1358.42	1276.27	82.15
Healthcare assistants and other support staff	545.54	541.80	3.74
Healthcare Science Staff	369.92	360.63	9.28
Medical and Dental	614.15	311.04	303.11
Nursing, midwifery and health visiting staff	1810.98	1784.26	26.72
Scientific, therapeutic and technical staff	702.91	651.97	50.93
Other	39.98	6.51	33.47
Total average numbers	**5441.9**	**4932.49**	**509.41**

Gender of directors and employees as at 31 March 2021

	Male (Number)	Female (Number)	Male (%)	Female (%)
Board members	7	7	50	50
Other employees	1111	5143	18	82

Gender Pay Gap

The Trust's gender pay gap information can be found on the Trust's website: ***Trust Reports***. This information can also be compared with information from other organisations on the Government's website: ***Gender Pay Gap Service.*** Due to Coronavirus (COVID-19), enforcement of reporting deadlines does not apply to organisations in the 2020/21 reporting year.

Sickness Absence

One of the Trust's priorities is 'Creating the Best Place to Work'. We recognise the value that employee wellbeing plays in creating a happy and engaged workforce. Our Attendance Policy and sickness absence toolkit and procedures are intended to support individuals in maintaining good levels of attendance, and we strive to promote a just culture, and a working environment that helps prevention of injury and ill health, encourages staff to look after their own wellbeing and self-care, and achieve a work and home life balance.

During the past year, supporting staff with COVID-19 has involved implementing wellbeing checks for staff who are unwell with COVID, self-isolating or shielding. Individual COVID risk assessments for all staff have been introduced, along with guidance on regularly refreshing the assessment and management of risks.

Sickness absence is monitored and reported each month through our Trust governance framework. Particular challenges are addressed through bespoke support, and through management and Human Resources interventions.

Sickness absence data is published by NHS Digital and can be found here: ***NHS Digital Sickness Absence Data.***

The Trust's Occupational Health service, which is provided by People Asset Management, includes pre-employment screening, health validation, health screening and advice and guidance on employee health and absence, as well as a 24 hour helpline. This year, a COVID referral route has also been made available for managers requiring specialist advice on COVID risk or illness.

Equal Opportunities for Disabled Staff

Having a diverse workforce and culture that enables everyone to bring their true selves to work enables greater levels of engagement and advocacy. Diversity enhances creativity; it encourages the search for new information and perspectives, leading to better decision-making, problem-solving and quality of care. We can only provide the best possible care for our patients if we also recognise and meet the diverse needs of our staff and value the richness that diversity brings and its positive influences on the services that the Trust provide.

Our Equality and Diversity policy requires the Trust to:

- Make reasonable adjustments to maintain the services of an employee who becomes disabled, including training and development, provision of special equipment and reviewing working patterns.
- Give full and proper consideration to disabled people who apply for jobs, having regard to reasonable adjustments.
- Make every effort to ensure our key areas and events are accessible for staff with physical disabilities.

Our recruitment policy supports effective and fair recruitment processes including mandatory NHS standards ensuring all new staff provide a safe and risk free service to our patients.

We aim to ensure that all applicants who declare a disability are offered an interview if they meet the minimum requirements for the post.

Monitoring and auditing is used to help identify and eliminate possible discrimination and to improve recruitment processes. Reasonable adjustments are made for staff with a disability in relation to training and all other work related activities, supported by our occupational health service and our sickness absence procedures.

Discrimination and victimisation are unacceptable. It is our aim to ensure that no disabled employee or job applicant receives less favourable treatment or facilities (either directly or indirectly) in recruitment or employment.

The Trust is fully compliant with the requirements of the Public Sector Equality Duty.

Inclusion and Diversity

During 2020/21 we launched a new Inclusion and Diversity Strategy, linked to the Trust's strategic objective to create 'the best place to work' and aligned to our Workforce Race Equality Scheme and

Workforce Disability Equality Scheme submissions (which can be found on the ***Equality Diversity & Inclusion*** section of our website).

Our Goal is: **to create the best place to work and to be cared for, where diversity is embraced and celebrated and all forms of racism and discriminatory behaviours are eliminated**. Our objectives are:

1. To increase ethnic minority staff in leadership roles.
2. To improve the experience of staff from all protected groups.
3. To increase the overall representation of staff from protected groups at all levels.
4. To achieve Stonewall accreditation.
5. To achieve Disability Confident employer status (level 3).
6. To equalise the likelihood of recruitment from shortlisting ratio.

Our newly established Inclusion and Diversity Committee, chaired by the Chief Executive provides Board level oversight of strategy implementation, with support and challenge from advisory members that include our Staff Ambassador, Inclusion Ambassador and Chair of the Staff Inclusion, Diversity and Equality Action Group (IDEA).

Key areas of focus for the Committee during the year have included:

- An anti-racism campaign, including a new process for reporting incidents of racist behaviour.
- Revised recruitment policies and processes, including training, to support achievement of objectives 1 and 6 above.
- Support for new staff networks representing staff with disabilities, LGBTQ+ staff and staff from minority ethnic backgrounds.

To ensure we can build on the foundations created during the year, our focus during 2021/22 will be on developing the infrastructure needed to ensure delivery of our objectives, with senior, specialist leadership and dedicated resources.

Staff Survey

Approach to Staff Engagement

We are fully committed to involving, consulting and engaging with our staff and want our staff to have the best experience possible. The importance of this is highlighted by our organisational priority 'Creating the best place to work.' We involve our staff in decisions about our future strategy, their working environment and the development of services through a variety of methods including:

- An annual staff engagement week which is used to inform the development and implementation of the Trust's strategic objectives.
- Listening Events.
- An active programme of engagement operated by the Staff Ambassador (Freedom to Speak up Guardian) and Inclusion Ambassador.
- Leaders' Summits to engage leaders in strategy development and workforce priorities.
- Quality Improvement methodology and processes.
- Joint Consultative and Negotiation Committees (JCNC).
- A detailed Resources Report is contained within the monthly Board of Directors papers which are available for all staff and shared with our JCNC colleagues.

- A regular email bulletin containing Trust news.
- Regular Chief Executive Briefing sessions.
- Invitation to Board of Directors meetings in public.
- Staff networks.
- Inclusion, Diversity and Equality Action (IDEA) Group.

Feedback on staff engagement is monitored during the year by local surveys and annually by the National Staff Survey. The results from these surveys inform our plans and areas of focus.

Staff Survey Results

The NHS staff survey is conducted annually. From 2018 onwards, the results from questions are grouped to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate to the 2020/21 survey among Trust staff was 46% (2019/20: 52%). Scores for each indicator together with that of the survey benchmarking group (acute trusts) are presented below.

	2020/21		2019/20		2018/19	
	Trust	**Benchmarking group**	**Trust**	**Benchmarking group**	**Trust**	**Benchmarking group**
Equality, Diversity and Inclusion	**9.1**	**9.1**	9.1	9.2	8.8	9.3
Health and Wellbeing	**6.1**	**6.1**	5.8	6.0	5.5	6.2
Immediate Managers	**7.0**	**6.8**	7.0	6.9	6.5	7.0
Morale	**6.2**	**6.2**	6.1	6.2	5.6	6.4
Quality of appraisals			5.5	5.5	4.8	5.6
Quality of Care	**7.4**	**7.5**	7.2	7.5	6.9	7.7
Safe Environment – Bullying and Harassment	**8.4**	**8.1**	8.2	8.2	8.0	8.5
Safe Environment - Violence	**9.7**	**9.5**	9.7	9.5	9.7	9.7
Safety Culture	**6.9**	**6.8**	6.8	6.8	6.3	7.0
Staff Engagement	**7.2**	**7.0**	7.1	7.1	6.9	7.4
Team Working	**6.6**	**6.5**				

We have seen our results improve since 2018 and despite the challenges of COVID we did manage to move forward many of our planned actions in 2020. We have identified the need for further focus in 2021 in the following areas:

Area for focus	**Action planned**
Line manager support	Training and development for managers
Respect and civility	Training and resources for managers and staff
Tackling discrimination	Training and resources for managers and staff
Equality in career progression	Coaching, mentoring and training for staff

Trade Union Facility Time

Number of employees who were relevant union officials during the relevant period	23
Full-time equivalent employee number	23
Total cost of facility time	£37,561
Total pay bill	£302,427,000
Percentage of total pay bill spent on facility time	0.01%
Time spent on paid trade union activities as a percentage of total paid facility time hours	66.09%
Percentage of time spent on facility time	**Number of employees**
0%	0
1 to 50%	23
51 to 99%	0
100%	0

Pensions and Benefits

Accounting policies for pensions and other retirement benefits are set out in note 1.5 to the accounts. Details of senior managers' remuneration can be found in the Remuneration Report.

Ill health retirements and redundancies

There was one ill health retirement in 2020/21. A number of staff exit packages have been agreed during the year, these are summarised as follows (note: this information is subject to audit).

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
< £10,000	0	10	10
£10,000 - £25,000	0	1	1
£25,001 - £50,000	0	0	0
£50,001 - £100,000	1	0	1
£100,001 - £150,000	0	1	0
£150,001 - £200,000	0	0	0
> £200,000	0	0	0
Total Number of Exit Packages	1	12	12
Total Resource Cost - £	57,000	33,000	90,000

Equivalent staff exit packages agreed during 2019/20 were:

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
< £10,000	0	10	10
£10,000 - £25,000	1	2	3
£25,001 - £50,000	0	0	0
£50,001 - £100,000	1	0	1
£100,001 - £150,000	0	1	1
£150,001 - £200,000	0	0	0
> £200,000	0	0	0
Total Number of Exit Packages	2	13	15
Total Resource Cost - £	107,000	169,000	276,000

Health and Safety

The most significant risks to the non-clinical safety of our patients, staff and visitors are monitored by our Non-Clinical Risk Coordinating Committee. Reports are presented regularly to our Quality Committee to provide assurance about what is being done to make sure our environment and practices are as safe and secure as they can be.

During 2020/21 the key health and safety matters considered by the Non-Clinical Risk Coordinating Committee were:

- Fire safety.
- Personal Protective Equipment.
- Electrical infrastructure.
- Moving and handling training.
- Emergency Planning, Resilience and Response.

Counter Fraud and Corruption

In accordance with NHS Standard contract, the Trust has an on-going programme to prevent fraud and bribery and ensure proper use of public funds. The aim of the Counter Fraud service is to prevent fraudulent activity, which threatens this principle. This is supported by the Trust's Counter Fraud, Bribery and Corruption Policy.

The Trust has continued to promote the awareness of fraud and bribery throughout the year, creating an anti-fraud culture and ensuring that all employees are aware of their role and responsibilities with regard to identifying and preventing suspicious activity. This has been achieved by the inclusion of counter fraud training at the core of our mandatory training programme, supplemented with an online learning module and presentations by the Local Counter Fraud Specialist. A staff survey was also circulated to all employees, to identify areas for development, and to ensure that the counter fraud programme is risk based. Responses demonstrated clear awareness and knowledge of fraud and bribery within the NHS and how to raise concerns.

We have continued to proactively identify and prevent fraud, undertaking proactive reviews and working alongside the Internal Auditor, as well as assisting with the implementation and review of key policies and procedures, in accordance with best practice guidance. Where referrals have been received, the Trust has demonstrated a zero tolerance approach and internal and external investigations have been undertaken where necessary. We have an annual counter fraud plan which will continue to raise the awareness of fraud and bribery and respond to emerging issues identified

nationally and locally by the NHS Counter Fraud Authority, so that appropriate controls are implemented to safeguard public funds. The Trust has implemented recommendations following a review of counter fraud arrangements last year and continues to perform well against this organisational assessment.

Expenditure on Consultancy

Expenditure on consultancy during 2020/21 was £nil (2019/20: £76k).

High Paid Off-payroll Engagements

The Trust allows off-payroll arrangements to be made only in circumstances where vital specialised roles cannot, in the short-term, be supported through standard payroll arrangements. The Trust regularly monitors and reviews all high paid off-payroll arrangements to ensure alternative solutions are sought in order to reduce the duration of such arrangements to the minimum. This includes the use of HMRC's online employment status indicator tool. The Trust seeks evidence that appropriate arrangements are in place in relation to tax and national insurance from individuals with whom such arrangements are made.

The Trust does not make off payroll arrangements with members of the Board of Directors.

Table 1: All off-payroll engagements as of 31 March 2021 for more than £245 per day that last for longer than six months

Total number of existing engagements as of 31 March 2021	11
Of which...	
Number that have existed for less than one year at time of reporting	4
Number that have existed for between one and two years at time of reporting	3
Number that have existed for between two and three years at time of reporting	1
Number that have existed for between three and four years at time of reporting	3
Number that have existed for four or more years at time	0

Table 2: All new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	4
Of which...	
Number assessed as within the scope of IR35	4
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the Trust's payroll	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Table 3: Any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during 2020/21.	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during 2020/21, including both off-payroll and on-payroll engagements.	16

Sarah-Jane Marsh
Chief Executive Officer
22 June 2021

NHS Foundation Trust Code of Governance

Birmingham Women's and Children's 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.

Board of Directors and Council of Governors

Constitutionally formed, the Council of Governors has the following key responsibilities:

- **Strategic –** Providing advice on our general direction and ensuring that our plans assist in the delivery of our long-term goals;
- **Guardianship –** Ensuring that the Board of Directors conforms to the terms of authorisation, acting as a trustee of the Trust;
- **Advisory –** Providing advice to the Board of Directors to ensure the Trust continues to deliver services to meet the needs of the patients, parents, families and the wider local communities.

The Council of Governors is also responsible for:

- Representing the views of the members and acting as a source of information on members' views.
- Working with the Board of Directors to inform the Trust's strategic direction.
- Appointing (and removing) the Chair and Non-Executive Directors
- Setting the remuneration of the Chair and Non-Executive Directors.
- Approving the appointment of the Chief Executive Officer.
- Appointing the External Auditor.
- Receiving copies of our annual reports, annual accounts and the External Auditor's report.
- Holding the Non-Executive Directors individually and collectively to account.
- Approving any amendments to the Core Constitution.

The Board of Directors is legally accountable for the services we provide and is specifically responsible for:

- Setting the Trust's strategic direction (having taken into account the Council of Governors' views).
- Ensuring that clinical services provide high-quality and safe care for patients, parents and their families.
- Ensuring that governance arrangements are implemented to provide assurance that there are safe systems of internal control in place.
- Ensuring that a rigorous performance management framework is implemented which ensures the Trust continues to perform well against national and local targets.
- Ensuring the Trust is at all times compliant with its Terms of Authorisation.

The Constitution sets out the key responsibilities of the Board of Directors. The accountability framework defines the Committees of the Board and sets out within the approved terms of reference the responsibilities for each of these Committees. Non-Executive Directors are members (or the Chair) of each of these Committees.

In the event of a dispute between the Council of Governors and the Board of Directors, the Council of Governors and the Board of Directors should meet and attempt to resolve the dispute by negotiation. If agreement cannot be reached, the dispute should be referred to the Chair, whose decision shall be final. In the event that a dispute is referred to the Chair and the Chair considers that he/she has a perceived or real interest in the outcome of that dispute and that the dispute would be better resolved externally, then the Chair may refer the dispute for resolution by

arbitration under the Rules of the Chartered Institute of Arbitrators (as amended or re-issued from time to time).

Governors' views are shared with the Board of Directors through formal meetings of the Council of Governors, which are chaired by the Trust Chair and attended by the Non-Executive Directors. The Executive Directors are invited to attend the meetings to present reports and information.

The views of members and the public are ascertained by the Governors through engagement with patients, either directly through walkabouts (outside the pandemic period) or indirectly through receipt of patient experience information.

The Governors' Scrutiny Committee provides a forum to support the Council to meet its obligations, in particular to hold the Non-Executive Directors to account. This Committee is chaired by the Deputy Chair and has a core membership of Governors. Meetings of the Committee are also attended by Non-Executive Directors and Executive Directors for appropriate agenda items.

Board of Directors meetings

**Board members are not routinely required to attend Council of Governors meetings. All Board members attended Council of Governors meetings when invited or requested to do so.*

NON-EXECUTIVE DIRECTORS All the Non-Executive Directors of the Board are considered to be independent					
Board member	**Title**	**Meeting Attendance (actual/possible)**			
		Board of Directors	***Council of Governors**	**Appointments & Remuneration Committee**	**Audit Committee**
Bruce Keogh	Chair	13/13	4/4	5/5	n/a
Vijith Randeniya	Deputy Chair/Senior Independent Director	13/13	4/4	5/5	7/7
Alan Edwards	Deputy Chair/ Chair of Audit Committee	12/13	4/4	5/5	7/7
Judith Smith	Non-Executive Director	9/13	3/4	n/a	6/7
Niti Pall	Non-Executive Director	11/13	1/4	n/a	n/a
David Richmond	Non-Executive Director	13/13	4/4	n/a	n/a
Sue Noyes	Non-Executive Director	13/13	4/4	n/a	n/a

EXECUTIVE DIRECTORS			
Board member	**Title**	**Meeting Attendance (actual/possible)**	
		Board of Directors	***Council of Governors**
Sarah-Jane Marsh	Chief Executive Officer (interim role outside Trust May-October 2020)	6/6	1/1
David Melbourne	Deputy Chief Executive Officer/ Chief Finance Office / Interim Chief Executive Officer	13/13	4/4
Marion Harris	Chief Nursing Officer	12/13	0/4
Theresa Nelson	Chief Officer for Workforce Development (until September 2020)	6/7	0/1
Matthew Boazman	Chief Officer for Strategy and Innovation	11/13	2/4
Fiona Reynolds	Chief Medical Officer	13/13	1/4
Steve Cumley	Chief Operating Officer	12/13	4/4
Raffaela Goodby	Chief People Officer (from October 2020)	6/6	2/2
Phil Foster	Interim Chief Finance Officer (May to October 2020)	8/8	0/2

Council of Governors and Meetings

Governor	Constituency/ Class	Tenure	Meeting attendance (actual/possible)		
			Council of Governors	Governors Scrutiny Committee	Nominations Committee
Elected Governors					
Zaira Akhtar	BCH Patient	Term ended	2/2	1/1	n/a
Zafin Aktar	BWH Patient/Carer	3 years from November 2020 (second term)	1/4	1/3	n/a
Christopher Allen	Rest of West Midlands	Term ended September 2020	1/2	0/1	n/a
Kate Archer	BWH Patient/Carer	3 years from November 2020 (second term)	3/4	3/3	n/a
Rachel Brown	Rest of West Midlands	3 years from December 2018	4/4	3/3	n/a
Aqeela Choudry	Rest of West Midlands	3 years from November 2020	0/2	0/2	n/a
Helen Cox	Staff – Nursing	3 years from December 2018	3/4	3/3	2/2
Jennie Dalton	Black Country	3 years from September 2019	3/4	3/3	n/a
Judith Ferrarin	Birmingham and Solihull	3 years from December 2018	2/4	2/3	n/a
Kiah Ferrarin	Birmingham and Solihull	Term ended September 2020	0/2	0/1	n/a
Omega Gavaza	Rest of West Midlands	3 years from December 2018 (second term)	0/4	0/3	n/a
Rizwan Jalil	Black Country	3 years from November 2020 (second term)	4/4	2/3	2/2
Andrea Jester	Staff– Medical/Dental	3 years from November 2020 (second term)	4/4	3/3	n/a
Chris Jones	Birmingham and Solihull	Term ended September 2020	2/2	0/1	n/a
Clare Maceachen	BCH Carer	3 years from November 2020 (second term)	4/4	1/3	n/a
Marie McGee	Staff– Non-Clinical	3 years from September 2019	1/4	0/3	n/a
Shelagh Musgrave	BCH Carer	3 years from December 2018	2/4	3/3	n/a
Musa Nela	BCH Patient	Term ended September 2020	0/2	0/1	n/a
Rebecca O'Sullivan	Staff– Clinical Other	3 years from July 2019 (second term)	2/4	1/3	n/a
Claire Powers	Black Country	3 years from September 2019	4/4	3/3	2/2
Gemma Price	Staff– Midwife	3 years from February 2020	2/4	2/3	n/a
Morgan Siviter	Black Country	3 years from November 2020	0/2	1/2	n/a
Pamela Stirrop	Birmingham and Solihull	3 years from November 2020	2/2	2/2	n/a
Claire Terry, Lead Governor	Birmingham and Solihull	3 years from January 2020 (second term)	4/4	3/3	2/2
Sandra Wallace	Staff– Mental Health	Term ended September 2020	0/2	0/1	n/a
Alison Ward	Black Country	Resigned May 2020	0/1	0/0	n/a

Gilles de Wildt	Birmingham and Solihull	3 years from February 2020	4/4	3/3	n/a
Appointed Governors					
Karen McCarthy	Birmingham City Council	3 years from June 2020	4/4	1/3	n/a

Balance and Completeness of the Board of Directors

The Executive and Non-Executive Directors of the Board provide a balance and breadth of knowledge, experience and skills. The Executive Directors have at a senior level considerable NHS experience in a range of areas including finance, medicine, nursing, strategic and operational planning, research and workforce development. Their expertise is complemented by the Non-Executive Directors who have extensive private and public sector experience in medicine, business, commerce, banking, accounting, audit, research, management and leadership, marketing, NHS service provision, medicine, health care and health policy, and local enterprise.

The Nominations Committee and the Appointments and Remuneration Committee consider the balance and breadth of knowledge, experience and skills required on the Board at each appointment and reappointment of directors and have ensured the maintenance of a balanced and complete Board throughout the year.

The Chair has no other significant commitments.

Board Member Skills, Expertise and Experience

Professor Sir Bruce Keogh - Chair

Appointed January 2018

Qualifications MD, DSc, FRCS, FRCP

Expertise and Experience

Sir Bruce has had a distinguished international career as a cardiac surgeon. He has had a longstanding interest in healthcare quality and has served on the boards of the Commission for Health Improvement and Healthcare Commission. He was appointed Medical Director of the NHS in 2007. For a decade he was responsible for clinical policy, clinical leadership and innovation across the health service. In 2018 he became Chair of the Birmingham Women's and Children's NHS Foundation Trust. He is keen to encourage a focus on upgrading our estate to facilitate delivery of 21st century care, supporting our staff, research, clinical outcomes and taxpayer value. He was knighted for services to medicine in 2003.

Vij Randeniya – Deputy Chair, Senior Independent Director

Appointed February 2015

Qualifications Ba (Hons) History, MA Management, Diploma in Business Excellence, Honorary Doctorate in Science from Aston University, Member of the Institute of Fire Engineers, Fellow of the Royal Society for the Arts and a Fellow for the Royal Society for Public Health.

Expertise and Experience

Vij is the former Chief Fire Officer for the West Midlands Fire Service, spanning a thirty year career; Vij was also the elected President of the UK Fire Chiefs Association and served as the Chair of Birmingham Metropolitan College. He led the Fire Service during a five year period which saw real terms budget cuts of 20%, yet improving outcomes for the public. Formerly a Chair of Birmingham St Mary's Hospice and Vice Chair for the Royal Society for Public Health, Vij is now a Non-Executive Director at Dudley Group of Hospitals NHSFT, and Vice Chair of Aston Universities. For the last six years he has been the Chair of the Environment Agency's Trent River flood and coastal committee. He is also part of the Grenfell Tower Fire enquiry process.

Alan Edwards – Deputy Chair

Appointed February 2015

Qualifications BA (Hons) Business Studies and CPFA (Chartered Public Finance Accountant)

Expertise and Experience

Alan is an experienced public sector board member having previously been Chair of the Royal Wolverhampton NHS Trust and an Independent Member of the Board of the UK National Policing Improvement Agency. He is currently Deputy Chair of the Ethics, Transparency and Audit Panel for Staffordshire Police, Fire and Crime Commissioner and an Independent Governor at the University of Wolverhampton. He is also Chair CIPFA Development at the Chartered Institute of Public Finance and Accountancy. Most of his career has been spent as a management consultant having being a consulting Partner at PwC, KPMG and IBM.

Judith Smith – Non-Executive Director

Appointed June 2014

Qualifications BA (Hons) French Language and Literature, Diploma in Health Services Management, MBA, PhD Health Services Management.

Expertise and Experience

Judith is Professor of Health Policy and Management and Director of the Health Services Management Centre (HSMC) at the University of Birmingham. She is also Director of the National Institute for Health Research (NIHR) funded BRACE (Birmingham, RAND Europe and University of Cambridge) Rapid Service Evaluation Centre. Judith has worked in health services research and policy analysis for over 25 years in the UK and New Zealand, prior to which she was a senior manager in the NHS, and a graduate of the NHS Management Training Scheme. Judith took up post at HSMC in June 2015 following six years as Director of Policy at the Nuffield Trust. Judith is Deputy Chair and a trustee of Health Services Research UK, the professional membership body for health services and organisational research. She is also Deputy Director of the NIHR's Health Services and Delivery Research Programme of funding.

Sue Noyes – Non-Executive Director

Appointed April 2018

Qualifications BA (Hons) English Studies, Member of ICAEW (Chartered Accountant), NHS Strategic Financial Leadership Programme, Counselling Skills Certificate, Coaching Diploma, DiSC Personality Profiler.

Expertise and Experience

Sue is a chartered accountant by background, with approaching thirty years of experience across the NHS at a senior level, including more than ten years as a finance director, and a number of acting Chief Executive positions in NHS provider and commissioner organisations. In 2013 Sue took the position of Chief Executive at East Midlands Ambulance Service NHS Trust where she led a transformation programme; she has also managed organisational change including the merger of three organisations. She has a track record of delivering improved staff engagement, performance reporting and monitoring systems and collaboration across a number of organisations. She is Chair of Coventry Further Education College, a former Chair of the national Ambulance Staff Charity, and is a qualified coach and mentor, with her own career coaching business.

David Richmond – Non-Executive Director

Appointed April 2018

Qualifications BSc, MBChB, MD, FRCOG, FFMLM; Honorary Fellowships: FRCPE (Edinburgh), FRCPI (Ireland), FACOG (USA), FSOGC (Canada), FGSOG (Germany).

Expertise and Experience

David was a Consultant Gynaecologist at Liverpool Women's Hospital and Honorary Lecturer at Liverpool University (1991-2017) and the Medical Director of the Trust from 1993 to 2010. He was involved with the Royal College of Obstetricians and Gynaecologists (RCOG) for 20 years culminating in becoming its Vice President (Clinical Quality) in 2010 and then President of the College from 2013-2016. He was a member of the Better Births report team in 2016 and then the Maternity Transformation Board in 2017. Through his Royal College positions, he has held several national and international roles, including Vice Chair of the Academy of Medical Royal Colleges. He retired from clinical practice at Liverpool Women's in July 2017. David is currently the South West Ambassador for

Getting It Right First Time, a national quality improvement programme with NHSI, and national Clinical Lead for Obstetrics and Gynaecology.

Niti Pall – Non-Executive Director

Appointed June 2018

Qualifications MBBS, LRCP, MRCS, VTS certified.

Expertise and Experience

Niti worked as a GP Partner from 1992 until 2013 and continues to hold sessions. She has been a practicing clinician for 30 years, initially training in Obstetrics and Gynaecology before becoming a GP. She has held numerous appointments as Director and Board Member over the last 25 years in the provider, commissioning, independent and voluntary sectors. She is currently medical director for KPMG's Global healthcare practice and Senior Digital Advisor to AXA Emerging Customer and board chair of Harbr. Her previous executive appointments include Medical and Innovation Director for International Development Markets at BUPA, Chief Medical Officer for HCL Healthcare, and Founder for Health India Private Limited .She has held commissioning roles in the West Midlands for Sandwell and West Birmingham. Her voluntary sector roles include being a Trustee for Diabetes UK, President of the International Diabetes Federation, and a member of the advisory Board of the King's Fund. She has also established community interest companies locally for day services for Asian elders and Asian women's counselling. Niti is also Board Chair of Well Tech, a social impact technology accelerator for healthcare based out of the UK.

Sarah-Jane Marsh – Chief Executive Officer

Appointed June 2009

Qualifications BA (Hons) History, MA Russian and Eastern European Studies, MSc Health Care Management

Expertise and Experience

Sarah-Jane joined the NHS via the Graduate Management Scheme, holding various roles in primary and secondary care and at the Department of Health, before promotion to Director of Planning and Productivity at Walsall Hospitals. Appointed Chief Operating Officer at Birmingham Children's Hospital in December 2007, and Chief Executive just over a year later, the Trust has been under her leadership for twelve years. In 2015, Sarah-Jane took on the additional role of Chief Executive of Birmingham Women's, before going on to integrate the two Trusts to create the first Women's and Children's NHS Foundation Trust in Europe. She also led the development of an innovative mental health partnership for 0-25 year olds in the city – Forward Thinking Birmingham, the first of its type in the NHS. In 2020, in response to the COVID-19 Pandemic, Sarah-Jane was asked to become Director of Testing at the newly formed NHS Test and Trace, building capacity to perform over 500,000 tests a day in less than 6 months. Sarah-Jane also chairs the NHS England Maternity Transformation Programme Board, which aims to make maternity care across England safer and more personalised, as well as the Children and Young People's Transformation Programme Board, which brings together partners across health, care and education to improve the health and wellbeing of children and young people. Sarah-Jane is a Doctor of both the University of Birmingham, and Birmingham City University. Her passions are exceeding the expectations of patients and families, and making Birmingham Women's and Children's the very best place to work and be cared for, whilst supporting leaders from all backgrounds to achieve their full potential.

David Melbourne – Deputy Chief Executive/Chief Finance Officer

Appointed November 2009

Qualifications BA (Hons) Economics and History, ACA, CPFA, MBA

Expertise and Experience

David joined the NHS from KPMG in the late 1990s and has held a variety of Board positions in Derbyshire, Lincolnshire and Birmingham. David joined BCH in late 2009 and his current roles include Board responsibility for finance, information and technology, performance, fundraising, estates and capital planning. He is a board member of Birmingham Children's Hospital Pharmacy Limited that operates the outpatient pharmacy, and BWC Management Services which is responsible for Estates and Facilities at both Birmingham Children's and Birmingham Women's hospitals. He is also a board member and chair of finance at the Health Exchange - a community interest company that provides health advice to communities across the West Midlands. He was selected as NHS Director of Finance of the year in December 2011. David is also a member of the NHS National Procurement Customer Board and chairs the Midlands Procurement Customer Board.

Fiona Reynolds – Chief Medical Officer

Appointed July 2015

Qualifications BSc, MBChB, FRCA

Expertise and Experience

Fiona joined Birmingham Children's Hospital in 2002 as a Consultant Paediatric Intensivist and held a variety of clinical leadership roles. Between 2007 and 2010 she was the clinical lead in PICU, overseeing a major expansion of the department. She was appointed as Deputy Chief Medical Officer in 2010. In 2012, Fiona led implementation of BCH becoming a Major Trauma Centre. In 2015 she was appointed as Chief Medical Officer and has led many quality improvement projects improving patient care across the Trust.

Matthew Boazman – Chief Officer for Strategy and Innovation

Appointed March 2015

Qualifications BSc (Hons) Biological Chemistry, MChem Biological Chemistry, MSc Health Care Management

Expertise and Experience

Matt first joined the NHS in 2002, via the Graduate Management Training Scheme and has worked in a variety of NHS roles across Kent and the South East within secondary care, before moving to the Aids Committee of Toronto in Canada. In 2004 he joined the Whittington Hospital NHS Trust in North London as a General Manager, before going on to become Director of Operations for the Trust in 2011 and subsequently Whittington Health when it merged with the local community NHS Trust. Matthew joined Birmingham Children's Hospital in 2013 as Director of Strategy and Planning before becoming Chief Officer for Strategy and Innovation when Birmingham Women's and Children's Hospital was formed in 2017. His particular areas of interest are maternal and infant health, child health, rare diseases and genomics and he is the lead for the Central and South genomics laboratory consortium.

Steve Cumley – Chief Operating Officer

Appointed April 2019

Qualifications BSc (Hons) Diagnostic Radiography, MSc, MBA

Expertise and Experience

Steve joined the NHS in 1999 as a radiographer before moving into operational management in 2006. Steve held a number of divisional management positions at University Hospitals Birmingham (UHB), including Deputy Divisional Director of Operations, Divisional Director of Operations, and Deputy Chief Operating Officer. Steve became Chief Operating Officer at BWC in 2019.
Steve has a particular interest in whole pathway redesign and integrated models of care, having worked on a number of transformational projects involving a range of partner organisations across the wider healthcare system.

Marion Harris – Chief Nursing Officer

Appointed May 2019

Qualifications BSc (Hons), RGN, RSCN, HV Dip

Expertise and Experience

Marion is an experienced Paediatric Nurse who has had an extensive career in acute hospitals (district general and specialised hospitals) and community settings in a variety of nursing and management roles. Prior to her appointment as Chief Nurse in 2019 she was the Deputy Chief Nurse at BWC, a role she held for five years. She has championed nursing leadership and recruitment, encouraging nurses at all levels to be the best nurse or midwife they can be. Previous roles have included Head of Nursing Surgery, Ward Manager, Clinical Nurse Specialist Urology, Modern Matron and Clinical Director for Surgery. She is passionate about nursing and advanced nursing practice to ensure patients receive high quality care, regardless of age. She is also a CQC specialist inspector and has undertaken numerous inspections to ensure babies, children and young people receive the best care in all settings.

Raffaela Goodby – Chief People Officer

Appointed October 2020

Qualifications Bsc Psychology (Hons), Post Graduate Certificate in the Psychology of Organisation Development and Change, Chartered Fellow of Chartered Institute of Personnel and Development

Expertise and Experience

Raffaela has always lived in or around Birmingham, growing up in Hall Green, attending St Paul's School for Girls and graduating from the University of Birmingham with a BSc Psychology. She holds a Postgraduate CIPD certificate in the psychology of organisation development and change and is a Fellow Member of the Chartered Institute of Personnel and Development. Raffaela started her career in the private sector as a recruitment consultant before moving to local government in 2003. Raffaela joined BWC from Sandwell and West Birmingham NHS Trust where she spent over 5 years as the board director responsible for People and Organisation Development. Her particular focus is on colleagues being empowered to 'bring their whole selves to work' and driving true inclusion through good people practices. Raffaela was awarded the HPMA HR Director of the Year in 2020.

Nominations Committee

The Nominations Committee is a committee of the Council of Governors, chaired by the Trust's Chair. The Committee is responsible for the identification and nomination of non-executive directors for appointment (including the Chair), giving consideration to succession planning and the balance of skills, expertise and experience required on the Board of Directors.

Where the Nominations Committee is considering matters pertaining to the role of Chair, the Committee is chaired by the Deputy Chair and Senior Independent Director.

The Nominations Committee is also responsible for deciding upon the termination and renewal of non-executive terms of office and oversees the terms and conditions of office and remuneration of all Non-Executive Directors.

During 2020/21 the Nominations Committee:

- Reviewed the appraisal of the Chair.
- Reappointed Bruce Keogh as Chair for a second three-year term.
- Reappointed Judith Smith, Non-Executive Director to a further one-year term
- Reappointed Sue Noyes, Niti Pall and David Richmond, Non-Executives for second three-year terms

Performance evaluation of the Board, its committees and its directors

The Board has conducted a review of the effectiveness of its system of internal control. During the year the Board obtained a significant amount of assurance through the work of the Internal Auditor which is described in detail in the Annual Governance Statement. In addition, evaluation was undertaken through appraisal of the Chair, using NHS Improvement/England's new *Framework for Conducting Annual Appraisals of NHS Provider Chair* and appraisal of each Executive Director.

Responsibility for Preparation of the Annual Report and Accounts

The Directors are responsible for preparing the annual reports and accounts. The Directors consider that the Annual Report and Accounts 2020/21 taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

The Audit Committee

The Audit Committee's key role is to provide oversight and assurance to the Board, specifically with regard to the Trust's financial reporting, audit arrangements, risk management and internal control processes and governance framework. The Committee:

- Provides assurance of independence for external and internal audit.
- Ensures that appropriate standards are set and that compliance with them is monitored.
- Monitors corporate governance.

The Committee reviews the adequacy of:

- The structures, processes and responsibilities for identifying and managing key risks;
- Risk and control related disclosure statements;
- The underlying assurance processes that indicate the degree of the achievement of our corporate objectives;

- The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements;
- The operational effectiveness of relevant policies and procedures;
- The policies and procedures relating to fraud and corruption as set out in Secretary of State Directions and as required by the NHS Counter Fraud and Security Management Service;
- Our 'whistle blowing' procedures to ensure that arrangements are in place for the proportionate and appropriate investigation and follow-up of allegations.

The Audit Committee ensures that there is an effective internal audit function established by management that meets Government Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board of Directors. The Internal Audit function is provided by KPMG. For more information see the Annual Governance Statement.

The Audit Committee reviews the work and findings of the External Auditor and considers the implications of the External Auditor's work and the Trust's response to it. The External Audit function is provided by Deloitte.

The Trust tendered for its external audit service in 2018; following a tender exercise conducted by a working group the Council of Governors awarded a three year contract to Deloitte with an option to extend for a further 2 years.

The value of external audit services provided in 2020/21 is £127k including non-recoverable VAT (2019/20 £85k).

No non-audit services were provided by Deloitte in 2020/21 (2019/20: £4k including VAT, for regulatory reporting). These services are overseen by the Audit Committee. The Audit Committee is assured that the External Auditor's internal controls and appropriate challenge by the Committee ensure that auditor objectivity and independence is safeguarded.

The Audit Committee monitors the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.

Between April and July 2020 meetings of the Audit Committee were merged temporarily with meetings of the Finance and Resources Committee in accordance with NHS England/Improvement's guidance to reduce burden and alleviate capacity to manage the COVID-19 pandemic. The meeting agendas clearly distinguished between the responsibilities of each Committee and the Audit Committee confined its focus during this period to core governance responsibilities, including audit, risk and fraud.

In addition to the matters outlined above, the Audit Committee also considered the following matters during the year:

- Single supplier procurement decisions.
- Accounting policies.
- Scheme of Delegation from the Board to the Trust's wholly owned subsidiary, BWC Management Services Ltd.
- Raising Concerns at Work policy.

Membership Report

Eligibility

Membership of Birmingham Women's and Children's NHS Foundation Trust is open to:

- Any person who is or has been a patient/service user of Birmingham Children's Hospital or Birmingham Women's Hospital in the last five years
- Any person who is or has been a parent/carer of a patient/service user of Birmingham Children's Hospital or Birmingham Women's Hospital in the last five years
- All permanent staff members and those staff members who are on a temporary contract of 12 months or greater
- Any member of the public aged 10 or over who lives in one of the following constituencies:
  - Birmingham and Solihull
  - The Black Country
  - Rest of England

Membership Numbers

The Trust set and achieved a target of 10,000 members by 2010/11 and this has been maintained since that time.

The number of members in each constituency is as follows:

Membership 2020/21	
Total Public Members	4,080
Total Patient/Carer Members	5,003
Total Staff Members	6,256
TOTAL	15,339

Membership Engagement

During 2020/21 we continued our approach to membership communication through fully electronic means by issuing a quarterly newsletter to all public, patient and carer members.

Each year we hold an Annual General Meeting (AGM) to which our members are invited to hear about how the Trust has performed over the year.

Both our Young Person's Advisory Group (YPAG) (which evolved from our membership) and Think4Brum, our mental health patient engagement group, presented an annual review of their activities to the Council of Governors.

Our staff members are engaged throughout the year on the Trust's strategy, and their input sets the agenda of our annual week-long staff engagement week, which drives the Trust's strategic development.

More information about how we have engaged with staff can be found in the Staff Report. Information about how we have engaged with patients and families can be found in the Director's Report.

Membership Strategy

We are able to access a range of information about the make-up of our membership. The data allows us to determine whether our membership is representative of the population we serve. This assists us to identify where sections of the population are under-represented which helps to inform our membership strategy.

In 2020/21 we communicated and engagement with our members by:

- Communication through our website and social media platforms.
- Distributing regular information to members via email.
- Inviting members to attend events such as Council of Governors meetings and the Annual General Meeting.
- Supporting Governors to communicate with members and the public.
- Encouraging members to communicate with Governors.
- Actively publicising governor elections.

Members can communicate with Governors as follows:

By email: bwc.foundationtrustoffice@nhs.net

By post:
Birmingham Women's and Children's NHS Foundation Trust
Foundation Trust Office
Birmingham Children's Hospital
Steelhouse Lane
Birmingham
B4 6NH

Details of all material interests held by Governors are contained in a Register of Interests which is open to the public and may be obtained on the Trust's website.

Sustainability Report

In October 2020, the NHS became the world's first health system to commit to delivering a full net zero service by 2045. This is important because the NHS is the biggest single organisation in the country, with current emissions of about 4% of the UK's carbon footprint. In its new net-zero strategy, Delivering a Net-Zero National Health Service, the NHS has set two targets:

- For the emissions we control directly (the NHS Carbon Footprint), we will reach net zero by 2040, with an ambition to reach an 80% reduction by 2028 to 2032;

- For the emissions we can influence (our NHS Carbon Footprint Plus), we will reach net zero by 2045, with an ambition to reach an 80% reduction by 2036 to 2039.

The Trust not only realises that it has a significant part to play to reduce its impact on the environment, but also has a commitment to its patients to provide high quality, sustainable care for all, now and for future generations.

The Trust remains committed to reducing these impacts, and as such, updated its existing Green Plan to bring it in line with the latest NHS strategy comprising of The Greenhouse Gas Protocol Scopes 1, 2 and 3.

The Trust's Green Plan includes investigations and actions to identify the Trust's current carbon position and assesses potential measures to minimise its carbon footprint. The Trust has invested in people by creating dedicated roles to drive this net-zero agenda and working groups have been created to tackle matters such as medical gases, supply chain, travel, and engagement. These groups report back to a monthly Green Plan Team with clinical and non-clinical representatives, chaired and supported by the Trust at senior level.

The data relating to the Trust carbon footprint for all three scopes will be published, and updated, over the coming months. This baseline is key for the Trust to measure its progress against, and ensure that it remains on track to meet the national targets.

Specific areas actively being investigated to drive carbon efficiencies are:

- Utilities (electricity, gas, water)
- Heating & cooling systems
- Lighting systems
- Building Fabric (windows & insulation)
- Building Management Systems (BMS)
- Patient, staff, and visitor travel (continuing to promote cycling, walking & public transport)
- Medical gases
- Supply chain

The Trust is also working to create a robust Climate Adaptation Plan as more intense storms and floods, more frequent heat waves and the spread of infectious disease from climate change threaten to undermine years of health gains. This plan articulates how the Trust will ensure the continued delivery of quality care during such events by minimising the disruption through careful building operational design and emergency policies and procedures.

NHS Improvement's Single Oversight Framework

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

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- 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 segment in which the Trust has been placed by NHS Improvement is segment 2, which means the Trust is receiving targeted support.

This segmentation information is the Trust's position as at May 2021. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Statement of the Chief Executive's Responsibilities as the Accounting Officer of Birmingham Women's and Children's 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 Birmingham Women's and Children's 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 Birmingham Women's and Children's NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health 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 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 and
- prepare the financial statements on a going concern basis.

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

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

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

Sarah-Jane Marsh
Chief Executive
22 June 2021

Annual Governance Statement 2020/21

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Birmingham Women's and Children's 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 Birmingham Women's and Children's NHS Foundation Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

Leadership

The Board of Directors has ultimate responsibility for risk management and internal control. This is managed through the Board's corporate governance arrangements, including layers of risk reporting through the Board's committee structure, which ensures a link between risk management at Board and at local department level. During the COVID-19 pandemic this structure was maintained and enhanced as described in the paragraph headed COVID-19 below.

Risk Management Training and Guidance

Staff are trained and equipped to manage risk in the following ways, and this continued throughout the COVID-19 pandemic:

- Mandatory risk, health and safety training on induction and thereafter every three years.
- Mandatory annual information governance training.
- Training for managers on incident investigation and risk management.
- Advanced investigations training for staff required to lead serious incident investigations.
- Management Matters training includes risk management and quality governance skills.
- Staff governance leads in each Clinical Division support good risk management practice.
- Support, guidance and bespoke training is provided by the Quality Governance Team, and through guidance documents available on the staff intranet.

Learning from Good Practice

Learning from good practice is as important as learning from when things go wrong. This is achieved at the Trust in a number of ways, including:

- **Learning from Excellence Reporting**: Episodes of excellent practice are reported by staff through the incident reporting system and learning is shared.
- **Monthly Staff Star Awards**: Staff are nominated by patients, families and colleagues for actions that exemplify the Trust values; the nominations are widely shared across the Trust.
- **Quality Improvement huddles**: This key element of our Quality Improvement methodology includes celebrating positive results.

4. Risk and Control Framework

Risk Management Strategy

The Trust's risk management framework supports the organisation to understand the risks it faces and to make informed decisions about the extent to which risks can be tolerated and controlled. This is achieved through governance systems and frameworks, risk management tools and staff training.

The Risk Assessment Policy sets out the responsibilities and accountability for the assessment of risk and provides guidance on day to day risk management.

The Board sets and regularly reviews its strategic objectives through engagement with staff and analsysis of its operational and corporate risks. The risks to achievement of those objectives are set out in the Board Assurance Framework (BAF), which describes the ways in which each risk is controlled, the assurances as to the effectiveness of those controls, and the additional mitigating actions required.

The Board agrees its appetite or tolerance for each individual risk by setting a target risk score, which is regularly reviewed and updated.

Quality Governance

The content of the BAF is informed by the work of the Board and its committees through Key Issues and Assurance Reports, which assign an assurance rating to each issue considered during each Committee meeting. The Quality Committee oversees the strategic risks relating to the quality of services by receiving reports which describe the controls and actions taken to manage each risk.

The following sub-committees are held to account by the Quality Committee for managing risks within their respective terms of reference through the use of Key Issues and Assurance Reports:

- Clinical Safety and Quality Assurance Committee
- Non-Clinical Risk Coordinating Committee
- Information Governance Committee
- Workforce Committee

The Trust is subject to a range of reviews by external bodies including regulators and peer reviewers. Processes are in place to identify and monitor the risks to compliance with the standards assessed by these external bodies, and to monitor the implementation of actions to address these risks. Information about planned or completed external reviews is reported to the Quality Committee.

The Trust's risk management and quality monitoring processes are used to identify potential risks to compliance with Care Quality Commission (CQC) registration requirements. During 2019/20 the CQC inspected the Trust and rated it as good overall, including a rating of good under the well-led domain. During 2020/21 monthly engagement meetings with the CQC took place virtually. As well as a core focus on the Trust's COVID incident manangement, this engagement also considered Maternity Services, Mental Health Services, Radiology services at Birmingham Women's Hospital, serious incidents and infection control.

Data Security

The Trust's strategic cyber security risk is included on the BAF with a target risk score that reflects the long-term nature of the risk. The Finance and Resources Committee regularly reviewed this risk during the year and received a quarterly report from the Chief Technology Officer on progress in delivering the Trust's digital and technology services and projects.

During 2020/21 the Internal Auditor reviewed the Trust's IT General Controls in relation to two clinical systems, and the Data Security and Protection Toolkit to provide assurance to the Board regarding data security; each review was rated *partial assurance with improvements required.* In each case the Audit Committee was satisfied with the planned actions to adress the issues identified.

Corporate Governance Statement

The Board is assured that the Trust is fully compliant with NHS Foundation Trust Licence Condition 4 (foundation trust governance).

The Board receives independent assurance on an annual basis from the External and Internal Auditors that its corporate governance systems are appropriate, which provides validity to this statement.

The principal risks to compliance with Condition 4 are:

- *Failure to improve significant quality issues identified internally or by external review.*
- *Inablity to recruit and retain the right staff with the right skills.*
- *Failure to manage capacity and patient flow through our services.*
- *Reduced quality of care due to the impact of COVID-19*

These risks are described in the Major Trust Risks section above. They are overseen by the Board and its committees through review of the Board Assurance Framework.

Embedded Risk Management

Risk management is embedded into the activity of the Trust and is supported by the central Quality Governance Team as well as governance leads who work within each Clinical Division to support effective risk management, including a positive incident reporting and learning culture.

During 2020/21 the use of risk management techniques by clincal staff was critical in the development of processes to prioritise patients waiting for elective treatment, undertake health assessments of those patients, and undertaking harm reviews of any patients waiting beyond their clinically indicated date.

The Trust's Staff Ambassador and Inclusion Ambassador provide support to staff by encouraging openness and advising staff on the appropriate processes to raise concerns, formally report risks or incidents.

In order to assess risks to compliance with the Trust's equality and diversity obligations, the Trust requires every formal policy to include an equality impact assessment. On an annual basis the Trust publishes a report describing compliance with national, regional and local standards including the Workforce Race Equality Standard and the Workforce Disability Equality Standard.

The Inclusion and Diversity Committee was established in 2020/21 to provide a greater focus to the achivement of the Trust's inclusion and diversity priorities and management of the associated risk to the Trust's overall strategy, which is included in the Board Assurance Framework.

The Trust provides information and assurance on risk management to the public through the Council of Governors, which includes Governors elected by the public, patients, carers and staff, and Governors appointed to represent our key partners.

Workforce Safeguards

The Board delegates to its Committees the role of overseeing workforce strategies and staffing systems which assure the Board that staffing processes are safe, sustainable and effective. This includes complying with the Developing Workforce Safeguards recommendations. Key elements of the workforce assurance framework are:

- Oversight by the Finance and Resources Committee of information including workforce efficiencies and productivity, performance metrics and strategic workforce priorities.

- Oversight by the Quality Committee of workforce data including vacancy rates, staff turnover, sickness levels and performance against targets for completion of mandatory

training and staff appraisals. This enables the Committee to identify any workforce issues that could impact on the quality of services.

- Annual reports on Midwifery and Nurse staffing, which include information on workforce planning, planned versus actual staffing levels, turnover and retention, and attraction and recruitment strategies.

- Oversight by the Audit Committee of an annual internal audit plan, which focuses on risks to internal controls, including workforce safegaurds.

In 2020/21 the Audit Committee received an Internal Audit review regarding the use of E-Roster to obtain assurance regarding the effectiveness and sustainability of processes. The review was rated *partial assurance with improvement required*; the Committee was satisfied with the management response to the recommendations and the plans to improve and will review progress in 2021/22.

The Trust has a single digital rostering system in use across all services, which supports short term deployment of staff to ensure safe staffing levels across all clinical roles.

In 2020/21 we invested in a skills for health training programme to increase the capability of workforce planning across the Trust. A regional approach to long-term workforce planning has been developed as part of the Integrated Care System.

Compliance Statements

- The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC).

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

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

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

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

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

The Trust has a range of processes embedded throughout the organisation to monitor the economic, efficient and effective use of resources and these are reported to the Board through regular, detailed reports. These reports cover performance against key indicators relating to operations, finance, workforce and quality, including efficiency and productivity measures. This continued throughout the COVID-19 pandemic.

The Finance and Resources Committee undertakes on behalf of the Board regular in-depth reviews of the Trust's financial position, business cases for significant revenue and capital investments, and the investment of cash balances.

The Audit Committee supports the delivery of effective, efficient and economic services through detailed review of the internal controls in areas such as procurement, reference costs, accounting policies and practices, financial reporting and fraud.

The Audit Committee is supported by the work of Internal Audit, which undertakes reviews of core risk areas such as financial controls, payroll, data quality and risk management.

6. Information Governance

During 2020/21 no Serious Incidents Requiring Investigation related to information governance were reported within the Trust.

7. Data Quality and Governance

The Trust's data quality arrangements have been established to ensure the accuracy of data and to provide assurance to the Board. This includes:

- Data Quality Policy and Strategy.
- A Data Quality Group, which reports to the Information Governance Committee, which in turn reports to the Board Quality Committee.
- A programme of local audit, including audit of elective surgery waiting time data, which is validated each to day to identify any risks to the quality and accuracy of the data.
- Utilisation of national data quality indicators including Data Quality Maturity Index (DQMI) to identify key areas of improvement focus in the Trust.
- Workstreams through the Data Quality Group to complete initiatives in areas needed for improvement.
- Internal Audit reviews; in 2020/21 this included a review of Data Quality Governance (reported in May 2021).

8. Review of Effectiveness

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

Role of the Board

The Board maintains oversight of the system of internal control through a framework of governance and assurance. The Board delegates assurance functions in relation to governance, quality, workforce, finance and operational performance to its Committees, enabling the Board to focus on the most significant risks and issues and to set a strategic direction based on clarity around the quality of the Trust's services and the strength of its internal controls.

Governance and Assurance Framework Key Elements

Finance and Resources Committee
Provides assurance to the Board as to the effective management and utilisation of the Trust's resources and maintains oversight of financial control and management arrangements. This includes:

- Approving strategies and monitoring their implementation.
- Receiving regular reports from the sub-committees and groups responsible for managing workforce matters, operational performance, financial sustainability and capital project implementation.
- Approval of business cases for investment and review of the achievement of business case benefits post-investment.

Quality Committee
Provides assurance to the Board as to the adequacy of controls to ensure the provision of high quality and safe care. This includes:

- Receiving regular reports from sub-committees and groups focused on the core elements of quality – safety, effectiveness and patient experience, plus key areas of regulatory control, such as information governance and the Mental Health Act.
- Monitoring compliance in areas such as safeguarding, infection control and safe working.
- Reviewing independent assurance on quality from the internal auditor and regulatory and other review bodies.
- Monitoring key quality metrics through regular reports on quality, workforce and non-clinical safety.
- Reviewing the effectiveness of governance and assurance processes such as mortality review.
- Overseeing the implementation of significant quality improvement schemes.

Audit Committee
Responsible for providing assurance to the Board on the Trust's financial and internal controls and risk management systems, the integrity of the financial statements and the effectiveness of the internal audit function.

This includes:

- Agreeing an annual Internal Audit Plan, that includes both core internal control matters and areas identified by the Board as high risk or requiring improvement.
- Agreeing an annual counter fraud plan which is both proactive in reviewing and establishing fraud controls and reactive in responding to possible incidences of fraud.
- Reviewing the Trust's governance framework and processes, including the Board Assurance Framework.
- Reviews the operation of the Trust's Raising Concerns policy.

Research and Service Innovation Committee
Supports and oversees the development and implementation of the Research and Development Strategy and associated strategies and improvement programmes.

Appointments and Remuneration Committee
Oversees the performance of the executive members of the Board and assesses the mix of skills required on the Board.

Inclusion and Diversity Committee
Established in 2020/21; oversees the implementation of the Inclusion and Diversity Strategy. Chaired by the Chief Executive, the committee includes advisory members and receives regular reports from the Inclusion, Diversity and Equality Action Group.

Board Assurance Framework
Monitored by the Board Committees and regularly refreshed to ensure it reflects the changing internal and external environment and the Trust's shifting priorities and objectives.

Key Issues and Assurance Reports
Reported from each meeting of each Board Committee to draw the Board's attention to areas where the Committees have rated assurance as low or required actions to improve the level of assurance. Links to the Board Assurance Framework.

Integrated Performance Report
Provides the Board with an integrated summary of key metrics within four quadrants of performance: quality, workforce, operations and finance.

Council of Governors
Obtains assurance regarding the performance of the Board from the Non-Executive Directors.

Finance and Resources Committee

In addition to standing reports relating to operational activity and performance, finance and workforce, key areas of focus for the Committee during the year included:

- Approving investments, including the demolition of buildings at both the Women's and Children's hospital sites.
- COVID incident management and recovery.
- The Trust's plans to respond to the changing financial regime.
- IT and digital work programmes.

For the first four months of the year the Finance and Resources Committee merged its meetings with those of the Audit Committee (see below).

Quality Committee

In addition to standing reports covering the quality domains, key areas of focus for the Quality Committee in 2020/21 were:

- COVID-19 incident management and recovery.
- Maternity quality improvement and regulatory compliance.
- Safeguarding activity, which increased significantly during the pandemic.
- Delivery of plans to resume the Primary Malignant Bone Tumour Service.
- Forward Thinking Birmingham quality assurance.

Audit Committee

Between April and July 2020 meetings of the Audit Committee were merged temporarily with meetings of the Finance and Resources Committee in accordance with NHS England/Improvement's guidance to reduce burden and alleviate capacity to manage the COVID-19 pandemic. The meeting agendas clearly distinguished between the responsibilities of each Committee and the Audit Committee confined its focus during this period to core governance responsibilities, including audit, risk and fraud.

During the year the following were key areas of focus for the Audit Committee in providing assurance to the Board as to the effectiveness of internal controls:

- Single supplier procurement decisions.
- Accounting policies
- Scheme of Delegation from the Board to the Trust's wholly owned subsidiary, BWC Management Services Ltd.
- Raising Concerns at Work policy
- Annual Accounts and external audit
- The work of the Internal Auditor (below)

Role of Internal Audit

The Trust uses a comprehensive Internal Audit service as part of its assurance process around internal controls. An annual risk-based internal audit work programme is approved by the Audit Committee and progress is reported at each meeting. The work programme may be amended during the year to respond to the Trust's changing needs or any emerging risks.

Reports of each review within the work programme include an assurance rating; either:

- Significant Assurance
- Significant Assurance with minor improvement opportunities
- Partial Assurance with improvements required
- No assurance

Each review also includes a management response which describes the actions the Trust will take to address any recommendations for improvement. The Audit Committee receives regular reports on progress to implement these actions.

The following areas were reviewed by the Internal Auditor in 2020/21 with a rating of *Significant Assurance with minor improvement opportunities*. This included all the 'core reviews' which are central to the Trust's overall internal controls.

- Key financial controls
- Payroll controls
- Risk management and Board Assurance Framework
- Capital Plannning
- Major Incidents and Emergency Planning in light of COVID 19
- Financial Governance and Control during COVID19
- Implementation of Managed Equipment Service
- Maternity Bookings

The Internal Auditor gave a rating of Partial Assurance with improvement required to the following reviews. The Audit Committee was assured by the plans to address the issues identified by the issues identified.

- Data Security and Protection Toolkit
- IT General Controls (two clinical systems
- Human Tissue Act
- E Rostering

The Head of Internal Audit and the Audit Committee have advised me that 'significant with minor improvements assurance can be given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control'.

COVID-19

In March 2020 it became clear that COVID-19 would have an impact on all the Trust's activities. Anticipated challenges included social distancing and self-isolation requirements, government advice regarding essential travel, increased staff and leadership absences, and reduced staff and leadership capacity.

The Board governance arrangements and processes were promptly reviewed to enable the Board to respond to these challenges while maintaining internal and financial control, complying with core legal and governance responsibilities and meeting the requirements of regulators.

Video conferencing facilities were established for all meetings to ensure the Board and its committees could continue to function in accordance with their standing orders and terms of reference.

Reporting schedules for the Board and committees were revised to ensure that Standing Orders and terms of reference were met and compliance with national reporting and oversight requirements was achieved, while non-urgent matters were deferred or resolved via other means where appropriate.

In order to alleviate capacity for staff and leaders, the Audit Committee and Finance and Resources Committee were combined between April and July 2020, with a single agenda for each meeting that clearly defined the business of each committee.

These changes were reviewed and supported by the Audit Committee; national guidance subsequently described an approach that closely aligned with the Trust's actions, which further assured the Board that the steps taken were appropriate.

In addition to the formal governance arrangements, informal means of communication between the executive and non-executive directors of the Board were established to maintain a regular flow of information appropriate to the rapid pace of events. This enhancement continued throughout 2020/21 and continues in 2021/22.

These arrangements became established through 2020/21, with the scope of the Committees broadening again in September 2020 to pre-pandemic levels, and the Audit and Finance and Resources Committee meeting separately again.

In parallel with the Board governance arrangements, a process was swiftly put in place for the management of Trust operations by adopting the well-established major incident command and control structure and adapting it as appropriate to the challenges of COVID-19.

Learning from the response to the first wave of COVID-19 was incorporated into the Trust's response to the second and third waves.

During the pandemic the Trust benefitted from support for COVID related needs from Birmingham Women's and Children's Hospital Charity via donations from the public and organisations such as NHS Charities Together. Support included funding for additional parent accomodation, and wellbeing and resilience initatives for our staff.

9. Conclusion

There are no significant internal control issues that I wish to report. I am satisfied that all internal control issues raised have been, or are being, addressed by the Trust through appropriate action plans and that the implementation of these action plans is monitored.

Sarah-Jane Marsh
Chief Executive
22 June 2021

Birmingham Women's and Children's NHS Foundation Trust

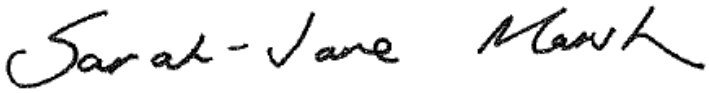
Statutory Accounts

Year ended 31 March 2021

Foreword to the Accounts

Birmingham Women's and Children's NHS Foundation Trust

These accounts for the year ended 31 March 2021 have been prepared by Birmingham Women's and Children's NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.



…… Date 22 June 2021

Sarah-Jane Marsh
Chief Executive Officer

Statement of Comprehensive Income (Group)

	NOTE	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Operating income from patient care activities		456,530	414,909
Provider Sustainability Fund income		-	5,981
Reimbursement and top-up funding		13,188	-
Other operating income		39,448	41,138
Operating income from continuing operations	2	**509,166**	**462,028**
Operating expenses of continuing operations	3	(501,001)	(448,849)
Impairments recognised in operating expenses	3,10	(41,044)	(1,685)
Total operating expenses of continuing operations	3	**(542,045)**	**(450,534)**
OPERATING (DEFICIT)/SURPLUS		**(32,879)**	**11,494**
FINANCE COSTS			
Finance income	6.1	43	546
Finance expense	6.2	(835)	(822)
PDC dividends payable		(1,970)	(4,167)
NET FINANCE COSTS		**(2,762)**	**(4,443)**
Corporation tax expense	34	(30)	(130)
(DEFICIT)/SURPLUS FOR THE YEAR	2.8	**(35,671)**	**6,921**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	10	(9,302)	(458)
Revaluations	26	2,799	337
Other reserve movements		155	88
Total other comprehensive expense		**(6,348)**	**(33)**
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(42,019)**	**6,888**

There are no Minority Interests in the Group, therefore the deficit for the year and the Total Comprehensive Expense are wholly attributable to the Group.

As permitted by the Department of Health and Social Care Group Accounting Manual, the Trust has taken the exemption afforded by Section 408 of the Companies Act 2006 not to present its own income statement and statement of comprehensive income. Further information is available in note 8.

All income is derived from continuing operations.

Statement of Financial Position

		Group		Trust	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	NOTE	£000	£000	£000	£000
Non-current assets					
Intangible assets	11	338	597	338	597
Property, plant and equipment	12	145,029	180,368	134,013	171,428
Investments in subsidiaries	15	-	-	8,000	8,000
Receivables	18	3,551	3,369	3,551	3,369
Loans to subsidiaries	16	-	-	39,926	32,136
Total non-current assets		**148,918**	**184,334**	**185,828**	**215,530**
Current assets					
Inventories	17	6,805	7,066	6,228	6,656
Receivables	18	18,195	28,395	13,697	28,853
Loans to subsidiaries	16	-	-	3,069	776
Cash and cash equivalents	20	109,343	94,171	109,111	89,978
Total current assets		**134,343**	**129,632**	**132,105**	**126,263**
Current liabilities					
Trade and other payables	21	(72,780)	(61,641)	(67,951)	(53,506)
Borrowings	22	(1,611)	(1,585)	(12,008)	(3,982)
Provisions	24	(1,227)	(457)	(1,227)	(457)
Other liabilities	23	(14,225)	(18,352)	(14,225)	(18,352)
Total current liabilities		**(89,843)**	**(82,035)**	**(95,411)**	**(76,297)**
Total assets less current liabilities		**193,418**	**231,931**	**222,522**	**265,496**
Non-current liabilities					
Borrowings	22	(13,901)	(15,474)	(43,434)	(49,392)
Provisions	29	(2,943)	(1,679)	(2,943)	(1,679)
Total non-current liabilities		**(16,844)**	**(17,153)**	**(46,377)**	**(51,071)**
Total assets employed		**176,574**	**214,778**	**176,145**	**214,425**
Financed by					
Taxpayers' equity					
Public dividend capital	33	139,437	135,622	139,437	135,622
Revaluation reserve	26	16,194	22,697	16,194	22,697
Income and expenditure reserve		20,943	56,459	20,514	56,106
Total taxpayers' and others' equity		**176,574**	**214,778**	**176,145**	**214,425**

The notes on pages 6 to 62 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on their behalf by:

Sarah-Jane Marsh ..... Date 22 June 2021

Sarah-Jane Marsh
Chief Executive Officer

Statement of Changes in Equity

Group	NOTE	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000
Taxpayers' Equity at 1 April 2019 - brought forward		**205,818**	**133,550**	**22,830**	**49,438**
Surplus for the year		**6,921**	**-**	**-**	**6,921**
Impairments		**(458)**	**-**	**(458)**	**-**
Revaluations - property, plant and equipment		**337**	**-**	**337**	**-**
Transfer to I&E reserve on disposal of assets		**-**	**-**	**(12)**	**12**
Other reserve movements		88	**-**	**-**	**88**
Total comprehensive income for the year		**6,888**	**-**	**(133)**	**7,021**
Public Dividend Capital received	33	**2,072**	2,072	-	-
Taxpayers' Equity at 31 March 2020		**214,778**	**135,622**	**22,697**	**56,459**
Taxpayers' Equity at 1 April 2020 - brought forward		**214,778**	**135,622**	**22,697**	**56,459**
Surplus for the year		**(35,671)**	-	-	(35,671)
Impairments	26	**(9,302)**	-	**(9,302)**	**-**
Revaluations - property, plant and equipment	26	**2,799**	-	**2,799**	**-**
Other reserve movements		**155**	-	-	155
Total comprehensive income for the year		**(42,019)**	**-**	**(6,503)**	**(35,516)**
Public Dividend Capital received	33	**3,815**	3,815	**-**	**-**
Taxpayers' Equity at 31 March 2021		**176,574**	**139,437**	**16,194**	**20,943**

Statement of Changes in Equity

Trust	NOTE	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000
Taxpayers' Equity at 1 April 2019 - brought forward		**206,078**	**133,550**	**22,830**	**49,698**
Surplus for the year		**6,365**	-	-	6,365
Impairments		**(458)**	-	(458)	-
Revaluations - property, plant and equipment		**337**	-	337	-
Transfer to I&E reserve on disposal of assets		**-**	-	(12)	12
Other reserve movements		31	-	-	31
Total comprehensive income for the year		**6,275**	**-**	**(133)**	**6,408**
Public Dividend Capital received	33	**2,072**	2,072	-	-
Taxpayers' Equity at 31 March 2020		**214,425**	**135,622**	**22,697**	**56,106**
Taxpayers' Equity at 1 April 2020 - brought forward		**214,425**	**135,622**	**22,697**	**56,106**
Surplus for the year		**(35,797)**	-	-	(35,797)
Impairments	26	**(9,302)**	-	**(9,302)**	**-**
Revaluations - property, plant and equipment	26	**2,799**	-	**2,799**	**-**
Other reserve movements		**205**	-	-	205
Total comprehensive income for the year		**(42,095)**	**-**	**(6,503)**	**(35,592)**
Public Dividend Capital received	33	**3,815**	3,815	**-**	**-**
Taxpayers' Equity at 31 March 2021		**176,145**	**139,437**	**16,194**	**20,514**

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 and Social Care 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, in which case they are charged to operating expenditure.

Income and expenditure reserve

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

Statement of Cash Flows

		Group		Trust	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	NOTE	£000	£000	£000	£000
Cash flows from operating activities					
Operating (deficit)/surplus		**(32,879)**	**11,494**	**(33,243)**	**10,807**
Non-cash income and expense					
Depreciation and amortisation		10,308	8,533	8,988	8,188
Net impairments	3,10	41,044	1,685	41,044	1,685
Income recognised in respect of capital donations		(1,243)	(1,051)	(1,243)	(1,051)
Decrease in receivables		11,654	21,101	16,610	18,280
(Increase)/decrease in other assets		-	-	(10,083)	(4,825)
Decrease in inventories		261	334	428	244
Increase in trade and other payables		12,267	3,897	11,663	5,360
(Decrease)/increase in other liabilities		(4,127)	6,707	(4,127)	6,707
Increase in provisions		2,024	1,221	2,024	1,221
Corporation tax paid		(50)	(28)	-	-
Other movements in operating cash flows		7	(14)	37	146
Net cash generated from operating activities		**39,266**	**53,879**	**32,098**	**46,762**
Cash flows from investing activities					
Interest received		43	546	1,041	1,347
Purchase of intangible assets		(133)	(57)	(133)	(57)
Purchase of Property, Plant and Equipment		(22,485)	(19,347)	(15,179)	(17,325)
Receipt of donations to purchase capital assets		642	462	642	462
Net cash used in investing activities		(21,933)	(18,396)	(13,629)	(15,573)
Cash flows from financing activities					
Public dividend capital received	33	3,815	2,072	3,815	2,072
Movement on loans from DHSC	22	(1,288)	12,800	(1,288)	12,800
Movement on service concession obligations		-	-	3,615	3,734
Capital element of PFI		(252)	(219)	(252)	(219)
Interest on DHSC loans		(210)	(101)	(210)	(101)
Interest element of PFI		(620)	(654)	(620)	(654)
PDC Dividend paid		(3,606)	(4,186)	(3,606)	(4,186)
Net cash generated from/(used in) financing activities		**(2,161)**	**9,712**	**664**	**12,646**
Increase in cash and cash equivalents		15,172	45,195	19,133	43,835
Cash and Cash equivalents at 1 April		**94,171**	**48,976**	**89,978**	**46,143**
Cash and Cash equivalents at 31 March	20.1	**109,343**	**94,171**	**109,111**	**89,978**

Notes to the Financial Statements

1. Accounting policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DHSC GAM), which shall be agreed with HM Treasury. Consequently, the above financial statements have been prepared in accordance with the DHSC GAM 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the DHSC GAM follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Going concern

After making enquiries, the Directors have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. In previous years NHSI's Single Oversight Framework was used to oversee and support Trusts in improving financial sustainability, efficiency and compliance with controls within the financial sector. Within the current financial regime these measures are not being reported externally. However, all five of the measures supporting the Use of Resource rating within the Single Oversight Framework are at either the lowest or second lowest level of risk.

With financial planning now at a system level the overall dynamic has shifted from organisational plans being submitted and reviewed by NHSE/I to a system level one now requiring sign-off. The framework to support this shift has been developed and will be further strengthened as part of the overall ICS development during 2021/22. Organisational sovereignty remains crucial within this framework development and discussions that have taken place have ensured that the financial plan for the Trust in 2021/22 is a break-even one.

We continue to operate in a series of short-term planning periods. At every juncture the strength of the planning undertaken at the Trust ensures that the financial plan for the Trust will support the on-going delivery of services.

The Trust's balance sheet and cash reserves remain strong with the on-going financial plan seeing these remain strong despite continued investment throughout the estate.

NHSE/I isn't yet able to announce the financial and contracting arrangements for the full 2021/22 financial year and beyond. It remains the case that the Government has issued a mandate to NHS England for the continued provision of services in England in 2021/22. 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. While mechanisms for contracting and payment are not definitively in place, it is clear that NHS services will continue to be funded, and government funding is in place for this.

For the reasons stated, the Directors continue to adopt the going concern basis in preparing the accounts.

1.3 Consolidation

NHS Charitable Funds

The DHSC GAM requires NHS foundation trusts to consolidate the accounts of NHS charitable funds to which they are corporate trustees. The Trust is not the corporate trustee to Birmingham Women's and Children's Hospital Charity (BWCH Charity). The Trust has further assessed its relationship to the charitable fund, with specific reference to the definitions of control contained within IFRS 10, and determined it not to be a subsidiary because the Trust has no power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff.

Other 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 Group financial statements consolidate the financial statements of the Trust and all three of its subsidiary undertakings made up to 31 March 2021. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's financial statements and Group financial statements have been prepared. Where figures for the Trust differ from those for the Group, separate tables have been included.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Information on the subsidiary undertakings is available in note 15 to these accounts.

1.4.1 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration

for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. The difference in application is explained below.

2020/21
The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year, block contracts were agreed at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during this period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)
In the comparative period (2019/20), the Trust's contracts with NHS commissioners included those where the Trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of healthcare was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent of the passage of time.

Revenue was recognised to the extent that collection of considerations was probable. Where contract challenges from commissioners were expected to be upheld, the Trust reflected this in the transaction price and derecognised the relevant portion of income.

In 2019/20, the Provider Sustainability Fund enabled providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the fund was accounted for as a variable consideration.

Revenue from research contracts

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

NHS Injury Cost Recovery Scheme

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

1.4.2 Revenue grants and other contributions to expenditure

Grants and donations

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

Apprenticeship service income

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

1.4.3 Other income

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

1.5 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme
Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities 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 operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

Alternative Pension Scheme
Where employees are ineligible for membership of the NHS Pension Scheme, alternative pension arrangements are made available through the National Employment Savings Trust (NEST). The NEST pension scheme is a defined contribution scheme, and is accounted for as such.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

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.

Valuation

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

Buildings and land are measured subsequently at valuation. As a minimum, a full revaluation is conducted every five years with an interim valuation after three years, undertaken by a professional valuer holding appropriate Royal Institute of Chartered Surveyors qualifications. The valuation is based on depreciated replacement value, using modern equivalent asset and alternative site methodology.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets in the course of construction are valued at cost and are valued by a professional valuer as part of the three or five-yearly valuation or when they are brought into use.

Equipment and fixtures classified as Plant and Machinery, Information Technology or Furniture and Fittings, are carried at cost less accumulated depreciation and any accumulated impairment losses, adjusted annually for changes in the Consumer Price Index, as this is not considered to be materially different from the fair value of assets which have low values or short useful economic lives.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits, using the straight line method. Minimum and maximum remaining useful economic lives are disclosed in note 14 to the financial statements. Freehold land is considered to have an infinite life and is not depreciated.

Assets in the course of construction are not depreciated until the asset is brought into use.

Revaluation gains and losses

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

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

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

Impairments

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

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

revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

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

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

In 2020/21 this includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the DHSC GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Internally generated intangible assets

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

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

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

Software

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

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

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits, using the straight line method. Minimum and maximum remaining useful economic lives are disclosed in note 13 to the financial statements.

1.9 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

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

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

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

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease. 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.

The Trust as lessor

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

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

1.10 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- Payment for the fair value of services received;
- Payment for the PFI asset, including finance costs; and
- Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI asset

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

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services and lifecycle replacement of components of the asset. An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

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

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with HM Treasury's FReM, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. Pharmacy stocks are valued using a weighted average cost method. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.12 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 three 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.

Cash and bank balances are shown at current value.

1.13 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described above in note 1.9.

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

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

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

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

Credit losses in relation to receivables are split between:

(i) NHS Injury Cost Recovery Scheme, where a rate equal to the probability on non-recovery calculated by the Cost Recovery Unit is used, currently 22.43%;
(ii) Private patient debtors, which are analysed individually and included within the allowance for credit losses where it is deemed more likely than not that the debt will not be recovered; and
(iii) Other debtors, where historical recovery rates are applied to existing debtor balances at the period end, adjusting for current economic circumstances where it is deemed that this may have a material impact on the future recovery of debt.

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

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

De-recognition

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

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

1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a

reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021.

	Nominal rate
Short-term (up to 5 years)	-0.02%
Medium term (over 5 and up to 10 years)	0.18%
Long-term (over 10 years)	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2021.

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

The exception to this is for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 24.3 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

1.15 Contingencies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is not recognised as an asset, but is disclosed where an inflow of economic benefits is probable.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation arising from past events that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

Where the time value of money is material, contingencies are disclosed at their present value.

1.16 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at: https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts

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.

1.17 Research and Development

Expenditure on research is not capitalised, it is treated as an operating cost in the year in which it is incurred.

Research and development income and expenditure have been separately disclosed in notes 2.3 and 3.1 to these financial statements, respectively.

1.18 Value Added Tax (VAT)

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

Most of the activities of the Trust's subsidiary companies are within the scope of VAT and, for those companies, output tax applies and input tax is recoverable. Supplies made by the companies are predominantly to the Trust. Within both Group and Trust figures, VAT is included or excluded according to the extent to which the Trust VAT is recoverable by the Trust.

Where VAT has been recovered on the purchase of non-current assets, or where it is expected that VAT will be recoverable on the replacement of existing non-current assets, those assets are valued excluding VAT.

1.19 Corporation tax

The Trust is a Health Service Body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to dis-apply the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the future scope of income tax in respect of activities where income is received from a non-public sector source.

The tax expense on the surplus or deficit for the year comprises current and deferred tax due to the Trust's trading commercial subsidiaries, see note 34 to the financial statements. Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on taxable temporary differences arising on the initial recognition of goodwill or for temporary differences arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred taxation is calculated using rates that are expected to apply when the related deferred asset is realised or the deferred taxation liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

1.20 Foreign exchange

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Trust's surplus/deficit in the period in which they arise.

1.21 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are disclosed in note 20.2 to the accounts in accordance with the requirements of HM Treasury's FReM.

1.22 Losses and special payments

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

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

1.23 Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical, material accounting judgements that have the most significant effect on the amounts recognised in the financial statements:

Exclusion of VAT from building valuations

The Trust has contracted responsibility for site and building developments to its subsidiary company, BWC Management Services Limited, under a contract for the provision of managed healthcare facilities. Management has assessed this arrangement and judges that it will allow the Trust to recover all VAT incurred on building development costs. Consequently, buildings have been valued excluding VAT.

The impact of this accounting judgement is that the carrying values of buildings are reduced by 16.7%. Depreciation charges on buildings are similarly reduced because they are calculated on the carrying value of the buildings, and Public Dividend Capital dividends are also reduced because they are calculated on a lower value of relevant net assets.

1.24 Sources of estimation uncertainty

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

Allowances for credit losses

As detailed in policy note 1.13 'Financial assets and financial liabilities', the Trust adopts an approach to the calculation of a credit loss allowance based on historical recovery rates, adjusting for current economic circumstances where it is deemed that this may have a material impact on the future recovery of debt. Estimates based on past performance and the prevailing economic climate may not provide an accurate indication of future performance and, as such, future debt recovery rate may differ significantly from the estimates included.

The allowance for credit losses is not itself material. However, the allowance is applied to the balance of revenue and receivables of the organisation, which are both material.

Modern equivalent asset valuation

As detailed in policy note 1.7 'Property, plant and equipment', a professional valuer provided the Trust with a valuation of the land and building assets (estimated fair value and remaining useful life), based on depreciated replacement value, using modern equivalent asset and alternative site methodology. This valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, led to various significant increases and, predominantly, reductions in the reported fair value for a number of the Trust's land and building assets.

In line with guidance issued by the Royal Institute of Chartered Surveyors (RICS), the professional valuer made deductions from building values for the estimated cost of fire compliance works. The estimated costs were supplied by a separate independent quantity surveyor holding relevant RICS qualifications. These deductions resulted in a larger impairment than would otherwise have occurred.

The full valuation was effective 31 March 2021. Information on the impairment is available in note 10 to these accounts.

The valuation of land and buildings relies on detailed surveys and the professional judgement of qualified professionals, which is subject to a degree of uncertainty. In particular:

- Modern equivalent asset (MEA) methodology relies on an assessment of the services for which a building is utilised, and the equivalent cost of constructing a modern building that would deliver the same service potential. Although the methodology follows strict guidance, the actual cost of constructing a modern equivalent asset could differ significantly from that assessment; and
- Estimated costs of fire compliance works rely on an accurate assessment of deficiencies at the time the survey was undertaken. Some elements of existing buildings may be hidden from access

until works commence, meaning that the actual cost of compliance works could be higher or lower than those estimates.

These uncertainties, which are inherent in the nature of valuation methodology, mean there is a reasonable possibility that future revaluations of the Trust's property will result in further material changes to the carrying values of non-current assets.

1.25 Accounting standards, interpretations and amendments adopted in the year

All new, revised and amended standards and interpretations which are mandatory as at the reporting date have been adopted within the year.

No new accounting standards or revisions have been early adopted in 2020/21.

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

The DHSC GAM does not require the following Standards and Interpretations to be applied in 2020/21. These standards are still subject to HM Treasury Financial Reporting Manual (FReM) adoption, with IFRS 16 being for implementation in 2022/23.

- IFRS 14 Regulatory Deferral Accounts – Not yet EU endorsed – Applies to first time adopters of IFRS after 1 January 2016; therefore not applicable to DH group bodies;
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but adopted by the FReM from 1 April 2022: early adoption is not therefore permitted; and
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

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 2022. 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 re-measurement 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 with 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 2022, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an

underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, 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.
The implementation date for IFRS 16 in the NHS was changed to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

IFRS 17 Insurance Contracts

Although detailed work on the impact of IFRS 17 has not yet been undertaken, the nature of the Trust means no significant impact is expected from the adoption of this standard.

2 Operating segments

The Board as 'Chief Operating Decision Maker' has given due consideration to the issue of Segmental Reporting and, after analysing the financial, reporting and performance decision making activities of the Trust, has concluded that only one Operating Segment, "Healthcare", is to be reported. This meets the requirements and aggregation criteria laid out in IFRS 8. The provision of healthcare (including medical treatment, research and education) is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England. Revenue from activities (medical treatment of patients) is analysed by customer type in note 2.3 to the financial statements. Other operating income is also analysed in note 2.3 to the financial statements and materially consists of revenues from healthcare research and development, medical education and the provision of services to other NHS bodies.

2.1 Operating income – by nature (Group)

	Note	31 March 2021 £000	31 March 2020 £000
Income from Activities			
Acute Services			
Block contract / system envelope income	(a)	323,945	296,596
High cost drugs income		52,210	46,030
Other NHS clinical income	(b)	11,429	11,365
Mental Health services			
Block contract / system envelope income	(a)	50,354	45,154
Community services			
Block contract / system envelope income	(a)	2,315	2,208
Other			
Private patient income		149	1,654
Pension contribution funding	(c)	11,863	11,099
Other clinical income	(d)	4,265	803
Total income from activities		**456,530**	**414,909**
PSF income	(e)	-	5,981
Reimbursement and top-up funding	(f)	13,188	-
Other operating income		39,448	41,138
TOTAL OPERATING INCOME		**509,166**	**462,028**

(a) As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

(b) Other NHS clinical income represents income outside the scope of the block contract / system envelope arrangements. In the comparative period, this income comprised funding from NHS England and Clinical Commissioning Groups (CCGs) for National Tariff Payment System (NTPS exclusions). The specialist nature of the Trust means this comprised a significant proportion of clinical income.

(c) The Trust has been paying an employer contribution of 14.38% to the NHS pension scheme. However, from 1 April 2019 the employers' pension contribution is actually 20.68%. The difference of 6.3% has been funded and paid to the NHS Business Services Authority centrally by NHS England. The full contribution is recognised in the expenditure of the Trust. Pension contribution funding reflects the nominal income associated with this arrangement.

(d) Other clinical income relates to income from the NHS Injury Cost Recovery Scheme and, for 2020/21, specific funding from NHS England for increases in accrued annual leave and settlement of claims relating to holiday pay and overtime payments.

(e) PSF income in the prior year was funding allocated to the Trust by DHSC as part of the national Provider Sustainability Fund.

(f) Reimbursement and top-up funding is income received from NHS England to fund costs incurred specifically in relation to the coronavirus pandemic response, where these were not included in block contracts or system envelope income, and to compensate for income and expenditure deficits resulting from the change in contracting payment mechanisms.

2.2 Operating lease income

There has been no operating lease income in either the current or previous accounting periods.

2.3 Operating income – by source (Group)

	Note	31 March 2021 £000	31 March 2020 £000
Income from activities			
NHS England	(a),(b)	288,668	255,251
Clinical commissioning groups	(a)	159,389	148,426
NHS Foundation Trusts	(a)	2,015	2,436
NHS Trusts	(a)	2,260	1,878
NHS Other	(c)	3,524	4,461
Non-NHS: Private patients	(d)	118	1,654
Non-NHS: Overseas patients	(d)	31	294
NHS injury cost recovery scheme	(e)	525	509
Total income from activities	(f)	**456,530**	**414,909**
Other operating income			
Research and development		6,923	4,932
Education and training		12,849	13,007
Capital grants and donations	(g)	1,243	1,051
Charitable/other contributions	(h)	4,160	3,429
Non-patient care services		11,037	15,528
PSF income		-	5,981
Reimbursement and top up funding		13,188	-
Other *		3,236	3,191
Total other operating income		**52,636**	**47,119**
TOTAL OPERATING INCOME		**509,166**	**462,028**

(a) The Department of Health and Social Care (DHSC) is regarded as the parent Department of NHS England, Clinical Commissioning Groups (CCGs), NHS Trusts and NHS Foundation Trusts. When combined these four areas are regarded as a related party as outlined in note 27.

(b) Increase in income from NHS England includes nominal income in relation to increases in employer pension contributions that were paid direct to the NHS Business Services Authority by NHS England on behalf of the Trust.

(c) NHS Other includes the income from activities by Non-English Health bodies: Wales, Scotland and Northern Ireland, as well as income from Public Health England.

(d) Income from overseas patients relates entirely to direct charges to overseas visitors. Income from private patients relates to UK patients charged directly by the Trust.

(e) NHS Injury Cost Recovery Scheme income is subject to an allowance for credit losses of 22.53% (2019/20: 21.79%) of the original debtor notified to the Trust, to reflect expected rates of collection and the probability of not receiving income due to withdrawn cases or exemptions. Cases withdrawn or exempt are written against this provision.

(f) All activity income other than overseas visitor and private patient income is associated with Commissioner Requested Services, as detailed in note 2.5.

(g) The income from BWCH Charity is specific funding for the purchase of medical and other equipment, and for other capital developments.

(h) This sum relates primarily to personal protective equipment supplied by the DHSC to the Trust at no charge. Figures for the prior year relate to grant funding to cover the cost of services supported by BWC Charity.

***Analysis of Other Operating Income: Other**

	31 March 2021 £000	31 March 2020 £000
PFI support income	19	19
Car Parking income	355	400
Catering	161	280
Pharmacy sales	3	10
Staff accommodation rental	134	123
Clinical tests	1,107	1,150
Clinical excellence awards	1,119	888
Other	338	321
Total	**3,236**	**3,191**

2.4 Overseas visitors (relating to patients charged directly by the Trust)

	31 March 2021 £000	31 March 2020 £000
Income recognised this year	31	294
Cash payments received in-year	6	517
Amounts added to provision for impairment of receivables	631	139
Amounts written off in-year	-	-

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

Revenue recognised in the reporting period under IFRS 15 that was previously included in the contract liability – deferred income balance is £8,681k (2019/20: £8,164k).

There has been no revenue recognised in the reporting period from performance obligations satisfied in the previous period (2019/20: £nil).

2.6 Transaction price allocated to remaining performance obligations

At the reporting date, there is a contract liability – deferred income of £14,335k that is expected to be recognised as revenue in the subsequent financial year (31 March 2020: £18,352K)

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.

2.7 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:

	31 March 2021 £000	**31 March 2020 £000**
Income from commissioner requested services	456,381	412,961
Income from services not commissioner requested	149	1,948
Total	**456,530**	**414,909**

2.8 Reconciliation to System Performance Total

The surplus for the Trust includes a number of items, mainly deemed non-recurrent, that are excluded from the calculation of financial performance undertaken by the Trust's regulators and on which the organisation is monitored. In the prior year, this was a 'control total', which the Trust was required to meet in order to access additional cash funding. The following table shows the financial position relative to the organisation's system performance total.

		31 March 2021 £000	31 March 2020 £000
Surplus for the year		**(35,671)**	**6,921**
Add: one-off technical adjustments			
Impairments taken to expenditure	(a)	41,044	1,685
Less: items included within surplus but not counted towards the system performance total			
Impairments within DEL	(b)	(849)	-
Provider Sustainability Fund income	(c)	-	(5,981)
I&E impact of donated assets	(d)	(716)	(455)
System performance total		**3,808**	**2,170**

(a) Impairments taken to expenditure in the current year are predominantly the result of a revaluation of buildings. More information is given in note 10. Impairments taken to expenditure in the prior period are the result of adjustments to the carrying values of items of medical equipment.

(b) Impairments within the Departmental Expenditure Limit (DEL) are those impairments that count towards the system performance total. The figure included here is an asset abandoned in the course of construction. Further information is given in note 10.

(c) Provider Sustainability Fund (PSF) income allocated by the Department of Health and Social Care in the prior year was non-recurrent cash funding that was contingent on the Trust achieving an agreed surplus for the year, and was not available to fund expenditure.

(d) I&E impact of donated assets comprises the recognition of medical equipment donated to the Trust and funding from BWCH Charity towards the Trust purchasing medical equipment or other capital developments, less the depreciation on donated assets.

3.1 Operating expenses (Group)

	31 March 2021	31 March 2020
	£000	£000
Purchase of healthcare from DHSC bodies	10,558	6,722
Purchase of healthcare from non-DHSC bodies	50	29
Staff and executive directors costs	294,457	271,074
Remuneration of non-executive directors	203	209
Supplies and services - clinical (excluding drugs costs)	66,148	56,474
Supplies and services - general	6,189	7,869
Drug costs	54,002	47,097
Consultancy costs	-	76
Establishment	4,695	4,438
Premises	18,222	17,784
Transport (including patient travel)	2,882	2,828
Depreciation on property, plant and equipment	9,903	7,967
Amortisation on intangible assets	405	566
Impairments	41,044	1,685
Movement in credit loss allowance	1,119	1,432
Provisions arising in period	2,087	214
Change in provisions discount rate(s)	(17)	-
Audit fees payable to the external auditor		
audit services- statutory audit	127	85
other auditor remuneration	-	4
Internal audit costs	226	212
Clinical negligence	15,767	12,181
Legal fees	226	151
Insurance	143	136
Research and development	6,484	4,139
Education and training	4,066	4,585
Rentals under operating leases	1,504	1,020
Operating expenditure on PFI scheme	106	104
Car parking & security	409	441
Losses, ex gratia & special payments	17	10
Other services (including external payroll)	1,010	974
Other	13	28
TOTAL	**542,045**	**450,534**

Impairments are the result of non-current asset valuations, as detailed in notes 1.7 and 10.

3.2 Other audit remuneration

Other auditor remuneration paid to the external auditor is analysed as follows:	31 March 2021 £000	31 March 2020 £000
Audit-related assurance services	-	4
TOTAL	-	4

3.3 Limitation on Auditor's liability

	31 March 2021 £000	31 March 2020 £000
Limitation on Auditor's liability as per agreement dated 30 March 2019	1,000	1,000

4.1 Employee benefits (Group)

	31 March 2021 £000	31 March 2020 £000
Salaries and wages	232,659	213,363
Social security costs	23,167	21,669
Apprenticeship levy	1,085	1,033
Employer's contributions to NHS pensions	27,190	25,420
Pension cost - employer contributions paid by NHSE	11,863	11,099
Temporary staff - agency/contract	6,463	6,205
Total staff costs	**302,427**	**278,789**
Included within:		
Costs capitalised as part of assets	1,337	909
Operating expenditure analysed as:		
Employee expenses - staff & executive directors	294,457	271,074
Research & development	4,036	4,048
Education and training	2,597	2,758
Total employee benefits excl. capitalised staff costs	**301,090**	**277,880**

4.2 Early retirements due to ill health

	31 March 2021	31 March 2020
No. of early retirements on the grounds of ill-health	1	3
Estimated pension liabilities of these ill-health retirements (£000)	52	145

The cost of ill health retirements will be borne by the NHS Business Services Authority (Pensions Division).

4.3 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

(a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021 is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

(b) Full actuarial (funding) valuation

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

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

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

5 Operating Leases (Group)

There are no operating lease agreements where the Trust is the lessor. This note discloses costs and commitments incurred in operating lease arrangements where the Trust is the lessee.

5.1 Operating lease expense

	31 March 2021 £000	31 March 2020 £000
Lease payments recognised as an expense in year:		
Minimum lease payments	1,504	1,020
TOTAL	**1,504**	**1,020**

5.2 Future minimum operating lease payments

	Total £000	Land £000	Buildings £000	Other £000
Future minimum lease payments due at 31 March 2021:				
- not later than one year;	1,340	32	1,103	205
- later than one year and not later than five years;	2,663	49	2,210	404
- later than five years.	2,147	-	2,106	41
TOTAL	**6,150**	**81**	**5,419**	**650**

	Total £000	Land £000	Buildings £000	Other £000
Future minimum lease payments due at 31 March 2020:				
- not later than one year;	971	32	704	235
- later than one year and not later than five years;	1,777	81	1,226	470
- later than five years.	1,966	-	1,870	96
TOTAL	**4,714**	**113**	**3,800**	**801**

Increases in future minimum operating lease payments relate to leases for community healthcare facilities.

There are no future sublease payments receivables by the Trust or the Group in either the current or previous accounting periods.

6.1 Finance Income (Group)

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

	Group	
	31 March 2021	31 March 2020
	£000	£000
Interest on bank accounts	43	546
TOTAL	**43**	**546**

Interest on bank accounts has been earned from surplus funds held within the Government Banking Services (GBS) and, in the prior period, National Loans Fund (NLF).

There is no interest on impaired financial assets included in finance income in either the current or previous accounting periods.

6.2 Finance Expenditure (Group)

Finance expenditure represents interest and other charges involved in the borrowing of money.

	31 March 2021	31 March 2020
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	204	168
Main finance costs on PFI obligations	139	172
Contingent finance costs on PFI obligations	482	482
Total interest expense	**825**	**822**
Total finance costs	**835**	**822**

6.3 The Late Payment of Commercial Debts (Interest) Act 1998

There are no amounts included within 'other interest payable' arising from claims made under this legislation in either the current or previous accounting periods.

Negligible compensation (less than £1k) has been paid to cover debt recovery costs under this legislation in the current accounting period (2019/20: less than £1k).

7 Other gains and losses (Group)

The Trust has not experienced any other gains or losses not reported elsewhere in the accounts in either the current or the prior period.

8 Trust income statement and statement of comprehensive income

As permitted by the DHSC GAM, the Trust has taken the exemption afforded by Section 408 of the Companies Act 2006 not to present its own income statement and statement of comprehensive income. The Trust's deficit for the period was £35,797k (2019/20: £6,365k surplus). The Trust's total comprehensive expense for the period was £42,095k (2019/20: £6,275k total comprehensive income).

9 Discontinued Operations

There have been no discontinued operations in either the current or previous accounting periods.

10 Impairment of assets (PPE)

	31 March 2021 £000	31 March 2020 £000
Impairments charged to operating surplus		
Abandonment of assets in course of construction	849	-
Changes in market price	40,195	1,685
Total Impairments charged to operating surplus	**41,044**	**1,685**
Impairments charged to the revaluation reserve	9,302	458
Total Impairments	**50,346**	**2,143**

Impairments in the period relate to:

(a) The abandonment of a project to develop electronic patient records, that has since been superseded by the development of a preferred alternative system; and
(b) The full valuation of Land and Buildings as at 31 March 2021, undertaken by professional valuers Cushman & Wakefield, holding appropriate Royal Institute of Chartered Surveyors qualifications.

Of the impairments, £17,246k relates to deductions for fire compliance works, resulting from estimated costs to ensure all buildings comply with current fire regulations. The remaining impairments result from a combination of reductions in market values, increases in functional obsolescence, and capital developments that enable the continuing running of buildings but that do not intrinsically add value to those buildings or extend their service potential when accounted for on a Modern Equivalent Asset basis. Of the impaired capital developments, £1,323k relates to works that have been undertaken but not yet adopted for use and so are recorded as Assets under Construction.

Impairments in the prior period relate to an expansion of the service supplied to the Trust by its wholly-owned subsidiary BWC Management Services Ltd (BWCMS). Medical equipment previously owned by the Trust was sold, or scheduled for sale, to BWCMS, at its carrying value and subsequently measured exclusive of VAT.

11.1 Intangible assets 2020/21 (Group and Trust)

	Software licences (purchased)
	£000
Gross Cost at 1 April 2020	**3,511**
Additions	133
Reclassifications	13
Gross cost at 31 March 2021	**3,657**
Amortisation at 1 April 2020	**2,914**
Provided during the year	405
Amortisation at 31 March 2021	**3,319**
Net book value at 31 March 2021	**338**
Net book value at 1 April 2020	**597**

11.2 Intangible assets 2019/20 (Group and Trust)

	Software licences (purchased)
	£000
Gross cost at 1 April 2019	**3,445**
Additions	66
Gross cost at 31 March 2020	**3,511**
Amortisation at 1 April 2019	**2,348**
Provided during the year	566
Amortisation at 31 March 2020	**2,914**
Net book value at 31 March 2020	**597**
Net book value at 1 April 2019	**1,097**

12.1 Property, plant and equipment 2020/21 (Group)

	Total	Land	Buildings excluding dwellings	Assets under Construction & POA	Plant & Machinery	Information Technology	Furniture & Fittings
	£000	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April 2020	**239,170**	**14,189**	**129,854**	**18,389**	**51,846**	**21,975**	**2,917**
Additions	22,124	-	6,247	10,029	3,584	2,213	51
Impairments	(50,346)	-	(48,174)	(2,172)	-	-	-
Revaluations	(6,009)	2,036	(7,295)	-	(521)	(267)	38
Reclassifications	(13)	-	4,576	(8,495)	3,601	304	1
Valuation/Gross cost at 31 March 2021	**204,926**	**16,225**	**85,208**	**17,751**	**58,510**	**24,225**	**3,007**
Accumulated depreciation at 1 April 2020	**58,802**	**-**	**4,326**	**-**	**37,442**	**14,907**	**2,127**
Provided during the year	**9,903**	-	4,033	-	3,229	2,488	153
Revaluations	(8,808)	-	(8,359)	-	(322)	(156)	29
Accumulated depreciation at 31 March 2021	**59,897**	**-**	**-**	**-**	**40,349**	**17,239**	**2,309**
Net book value at 31 March 2021	**145,029**	**16,225**	**85,208**	**17,751**	**18,161**	**6,986**	**698**
Net book value at 1 April 2020	**180,368**	**14,189**	**125,528**	**18,389**	**14,404**	**7,068**	**790**
Net book value at 31 March 2021							
Owned	129,186	9,575	79,044	17,586	15,419	6,892	670
Finance Leased	8,050	6,650	1,400	-	-	-	-
On-SoFP PFI contracts	2,362	-	2,362	-	-	-	-
Donated	5,431	-	2,402	165	2,742	94	28
NBV total at 31 March 2021	**145,029**	**16,225**	**85,208**	**17,751**	**18,161**	**6,986**	**698**

12.2 Property, plant and equipment 2020/21 (Trust)

	Total	Land	Buildings excluding dwellings	Assets under Construction & POA	Plant & Machinery	Information Technology	Furniture & Fittings
	£000	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April 2020	**229,885**	**14,189**	**129,854**	**15,571**	**45,379**	**21,975**	**2,917**
Additions	18,728	-	6,247	7,797	2,420	2,213	51
Impairments	(50,346)	-	(48,174)	(2,172)	-	-	-
Revaluations	(6,009)	2,036	(7,295)	-	(521)	(267)	38
Reclassifications	(13)	-	4,576	(5,677)	783	304	1
Valuation/Gross cost at 31 March 2021	**192,245**	**16,225**	**85,208**	**15,519**	**48,061**	**24,225**	**3,007**
Accumulated depreciation at 1 April 2020	**58,457**	**-**	**4,326**	**-**	**37,097**	**14,907**	**2,127**
Provided during the year	**8,583**	-	4,033	-	1,909	2,488	153
Revaluations	(8,808)	-	(8,359)	-	(322)	(156)	29
Accumulated depreciation at 31 March 2021	**58,232**	**-**	**-**	**-**	**38,684**	**17,239**	**2,309**
Net book value at 31 March 2021	**134,013**	**16,225**	**85,208**	**15,519**	**9,377**	**6,986**	**698**
Net book value at 1 April 2020	**171,428**	**14,189**	**125,528**	**15,571**	**8,282**	**7,068**	**790**
Net book value at 31 March 2021							
Owned	118,170	9,575	79,044	15,354	6,635	6,892	670
Finance Leased	8,050	6,650	1,400	-	-	-	-
On-SoFP PFI contracts	2,362	-	2,362	-	-	-	-
Donated	5,431	-	2,402	165	2,742	94	28
NBV total at 31 March 2021	**134,013**	**16,225**	**85,208**	**15,519**	**9,377**	**6,986**	**698**

12.3 Property, plant and equipment 2019/20 (Group)

	Total	Land	Buildings excluding dwellings	Assets under Construction & POA	Plant & Machinery	Information Technology	Furniture & Fittings
	£000	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April 2019	**223,063**	**14,189**	**120,801**	**15,143**	**50,591**	**19,445**	**2,894**
Additions	18,112	-	1,606	11,376	3,243	1,861	26
Impairments	(2,143)	-	-	-	(2,143)	-	-
Revaluations	866	-	-	-	656	213	(3)
Reclassifications	-	-	7,447	(8,130)	227	456	-
Disposals / de-recognition	(728)	-	-	-	(728)	-	-
Valuation/Gross cost at 31 March 2020	**239,170**	**14,189**	**129,854**	**18,389**	**51,846**	**21,975**	**2,917**
Accumulated depreciation at 1 April 2019	**51,034**	**-**	**2,008**	**-**	**34,408**	**12,657**	**1,961**
Provided during the year	7,967	-	2,318	-	3,348	2,132	169
Revaluations	529	-	-	-	414	118	(3)
Disposals / de-recognition	(728)	-	-	-	(728)	-	-
Accumulated depreciation at 31 March 2020	**58,802**	**-**	**4,326**	**-**	**37,442**	**14,907**	**2,127**
Net book value at 31 March 2020	**180,368**	**14,189**	**125,528**	**18,389**	**14,404**	**7,068**	**790**
Net book value at 1 April 2019	**172,029**	**14,189**	**118,793**	**15,143**	**16,183**	**6,788**	**933**
Net book value at 31 March 2020							
Owned	163,686	7,679	117,282	18,238	12,748	6,988	751
Finance Leased	6,911	6,510	401	-	-	-	-
On-SoFP PFI contracts	3,926	-	3,926	-	-	-	-
Donated	5,845	-	3,919	151	1,656	80	39
NBV total at 31 March 2020	**180,368**	**14,189**	**125,528**	**18,389**	**14,404**	**7,068**	**790**

12.4 Property, plant and equipment 2019/20 (Trust)

	Total	Land	Buildings excluding dwellings	Assets under Construction & POA	Plant & Machinery	Information Technology	Furniture & Fittings
	£000	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April 2019	**223,063**	**14,189**	**120,801**	**15,143**	**50,591**	**19,445**	**2,894**
Additions	13,865	-	1,606	8,558	1,814	1,861	26
Impairments	(2,143)	-	-	-	(2,143)	-	-
Revaluations	866	-	-	-	656	213	(3)
Reclassifications	-	-	7,447	(8,130)	227	456	-
Disposals / de-recognition	(5,766)	-	-	-	(5,766)	-	-
Valuation/Gross cost at 31 March 2020	**229,885**	**14,189**	**129,854**	**15,571**	**45,379**	**21,975**	**2,917**
Accumulated depreciation at 1 April 2019	**51,034**	**-**	**2,008**	**-**	**34,408**	**12,657**	**1,961**
Provided during the year	7,622	-	2,318	-	3,003	2,132	169
Revaluations	529	-	-	-	414	118	(3)
Disposals / de-recognition	(728)	-	-	-	(728)	-	-
Accumulated depreciation at 31 March 2020	**58,457**	**-**	**4,326**	**-**	**37,097**	**14,907**	**2,127**
Net book value at 31 March 2020	**171,428**	**14,189**	**125,528**	**15,571**	**8,282**	**7,068**	**790**
Net book value at 1 April 2019	**172,029**	**14,189**	**118,793**	**15,143**	**16,183**	**6,788**	**933**
Net book value at 31 March 2020							
Owned	154,746	7,679	117,282	15,420	6,626	6,988	751
Finance Leased	6,911	6,510	401	-	-	-	-
On-SoFP PFI contracts	3,926	-	3,926	-	-	-	-
Donated	5,845	-	3,919	151	1,656	80	39
NBV total at 31 March 2020	**171,428**	**14,189**	**125,528**	**15,571**	**8,282**	**7,068**	**790**

13 Economic life of intangible assets

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

	Min Life Years	Max Life Years
Intangible assets - purchased		
Software	3	10

14 Economic life of property, plant and equipment

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

	Min Life Years	Max Life Years
Land	Infinite	Infinite
Buildings excluding dwellings	8	60
Plant & machinery	5	25
Information technology	2	15
Furniture & fittings	5	16

15 Investments

The Trust holds 100% of the share capital of BWC Management Services Limited, with share value of £8,000k. This company is incorporated in the UK under company number 10841099. This initial investment of £5,000k was acquired during 2017/18 and this was increased to £8,000k during 2019/20. The principle activity of BWC Management Services Limited is to provide fully managed healthcare facilities.

The Trust holds 100% of the share capital of Birmingham Children's Hospital Health Services Ltd, a holding company for further trading subsidiaries, with share value of £1. This investment was also held during 2019/20. This company is incorporated in the UK under company number 08103783.

Birmingham Children's Hospital Health Services Ltd holds 100% of the share capital of Birmingham Children's Hospital Pharmacy Ltd, also with share value of £1. This company is incorporated in the UK under company number 08104635. The principal activity of Birmingham Children's Hospital Pharmacy Ltd is to provide an outpatient pharmacy service.

The balances of the wholly-owned subsidiaries are consolidated into the accounts of the Trust and presented under the 'Group' heading.

16 Other Financial Assets

The working capital for BWC Management Services Limited (BWCMS) has been provided by way of share capital as disclosed in note 15 and a cash loan from the Trust which is subject to interest at a commercial rate.

The new cash loan had a phased drawdown period until November 2020 during which interest was payable on the outstanding balance, with a principal repayment schedule from the final drawdown date. Interest is fixed at 2.77%. At 31 March 2021 the value of this loan was £42,995k (31 March 2020: £32,877k). The final payment is due in March 2033. This loan is a financial asset to the Trust that is eliminated on consolidation.

The working capital for Birmingham Children's Hospital Pharmacy Ltd has been provided by way of a cash loan from the Trust which was subject to interest at a commercial rate (7%) plus a principal repayment schedule. The final payment of this loan was made in April 2020 (balance at 31 March 2020: £25k).

	31 March 2021 £000	31 March 2020 £000
Current loans to subsidiaries		
Birmingham Children's Hospital Pharmacy Ltd	-	25
BWC Management Services Limited	3,069	751
Total current loans to subsidiaries	**3,069**	**776**
Non-current loans to subsidiaries		
Birmingham Children's Hospital Pharmacy Ltd	-	-
BWC Management Services Limited	39,926	32,136
Total non-current loans to subsidiaries	**39,926**	**32,136**
Total loans to subsidiaries		
Birmingham Children's Hospital Pharmacy Ltd	-	25
BWC Management Services Limited	42,995	32,887
Total loans to subsidiaries	**42,995**	**32,912**

17 Inventories

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Drugs	1,066	981	671	586
Consumables	5,739	6,085	5,557	6,070
Total inventories	**6,805**	**7,066**	**6,228**	**6,656**

Inventories recognised in expenses for the Group for the year were £4,670k (2019/20: £334k). There was no write-down of inventories recognised as expenses for the year (2019/20: £nil).

In response to the COVID-19 pandemic, the Department of Health and Social Care (DHSC) centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £4,158k of items from the DHSC. The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

18 Trade and other receivables

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Contract receivables	14,271	27,132	12,518	27,590
Allowance for impaired contract receivables	(4,598)	(3,563)	(4,598)	(3,563)
Prepayments (non-PFI)	3,643	2,735	2,927	2,735
PDC dividend receivable	1,870	234	1,870	234
VAT receivable	2,864	1,636	836	1,636
Other receivables	145	221	144	221
Total current trade and other receivables	**18,195**	**28,395**	**13,697**	**28,853**
Non-Current				
Clinician pension tax provision funding	1,040	1,047	1,040	1,047
Other receivables	2,511	2,322	2,511	2,322
Total non-current trade and other receivables	**3,551**	**3,369**	**3,551**	**3,369**
Total receivables	**21,746**	**31,764**	**17,248**	**32,222**
Of which receivables from DHSC group bodies:				
Current	8,503	19,650	8,364	19,650
Non-current	1,040	1,047	1,040	1,047

The Trust has considered the NHS Improvement requirements under IFRS 7 relating to credit risk. The majority of the Trust's financial assets relate to money due from other NHS organisations. Other NHS organisations are extremely unlikely to default on payments, and the Trust would only invest its cash deposits within a strict investment policy. There are no transactions involving hedging, foreign currency or other investments prone to market fluctuations. There is therefore no material exposure to credit, market or liquidity risks.

19.1 Allowances for credit losses – 2020/21 (Group and Trust)

	Total	Contract receivables	All other receivables
	£000	£000	£000
Allowance for credit losses at 1 April 2020	**3,563**	**3,563**	**-**
New allowances arising	**1,119**	1,119	-
Utilisation of allowances	**(84)**	(84)	-
Allowance for credit losses at 31 March 2021	**4,598**	**4,598**	**-**
Loss recognised in expenditure	**1,119**	**1,119**	**-**

19.2 Allowances for credit losses – 2019/20 (Group and Trust)

	Total	Contract receivables	All other receivables
	£000	£000	£000
Allowance for credit losses at 1 April 2019	**2,252**	**2,252**	**-**
New allowances arising	**1,432**	1,432	-
Utilisation of allowances	**(121)**	(121)	-
Allowance for credit losses at 31 March 2020	**3,563**	**3,563**	**-**
Loss recognised in expenditure	**1,432**	**1,432**	**-**

20.1 Cash and cash equivalents

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
At 1 April	**94,171**	**48,976**	**89,978**	**48,976**
Net change in year	15,172	45,195	19,133	41,002
At 31 March	**109,343**	**94,171**	**109,111**	**89,978**
Broken down into:				
Cash at commercial banks and in hand	1,037	4,708	806	515
Cash with the Government Banking Service	108,306	49,463	108,305	49,463
Deposits with the National Loan Fund	-	40,000	-	40,000
Cash and cash equivalents as in SoFP	**109,343**	**94,171**	**109,111**	**89,978**
Cash and cash equivalents as in SoCF	**109,343**	**94,171**	**109,111**	**89,978**

As detailed in the PDC dividend policy issued by the Department of Health and Social Care (note 1.16), cash balances held within GBS and NLF are excluded from the total assets used to calculate the Trust's PDC dividend.

20.2 Third Party Assets

Neither the Trust nor the Group held any third party assets at either the current or previous year-end.

21.1 Trade and other payables

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Trade payables	19,135	24,705	12,462	18,795
Capital payables	1,585	2,713	3,270	488
Accruals	40,741	24,396	41,551	24,396
Social Security costs	3,621	3,253	3,621	3,253
Other taxes payable	7,000	5,845	6,652	5,845
Other payables	698	729	395	729
Total current trade and other payables	**72,780**	**61,641**	**67,951**	**53,506**
Of which payables to DHSC group bodies:				
Current	1,935	15,700	2,408	15,700

Neither the Trust nor the Group had any non-current liabilities in respect of trade and other payables in either the current or previous accounting period.

21.2 Early retirements included in NHS payables above

Neither the Trust nor the Group incurred any expenditure in respect of early retirement in either the current or previous accounting period.

22 Borrowings

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Loans from DHSC	1,360	1,366	1,360	1,366
Obligations under service concessions	-	-	10,397	2,397
Obligations under PFI	251	219	251	219
Total current borrowings	**1,611**	**1,585**	**12,008**	**3,982**
Non-current				
Loans from DHSC	13,524	14,812	13,524	14,812
Obligations under service concessions	-	-	29,533	33,918
Obligations under PFI	377	662	377	662
Total non-current borrowings	**13,901**	**15,474**	**43,434**	**49,392**

The loan from the Department of Health and Social Care is a £16,100k loan for integration support following the acquisition of Birmingham Women's NHS Foundation Trust on 1 February 2017. The loan attracts simple interest at a rate of 1.33% per annum. Repayments began in May 2020 and the final instalment is due in May 2032.

The obligation under service concessions in the Trust arises from the arrangements between the Trust and its subsidiary undertaking BWC Management Services Limited for the supply of operated healthcare facilities. This liability has been recognised on the SoFP of the Trust following a detailed consideration of the contract between the two entities and the risks and rewards of the arrangement.

The Trust's PFI borrowings relate to a PFI scheme for the refurbishment and management of previously dilapidated buildings at sites on Whittall Street and Steelhouse Lane, entered into during 1998.

23.1 Other liabilities

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Deferred income: contract liability	14,225	18,352	14,225	18,352
Total other current liabilities	**14,225**	**18,352**	**14,225**	**18,352**

Revenue recognised in the reporting period that was previously included in the contract liability balance was £8,681k (2019/20: £8,164k).

23.2 Reconciliation of liabilities arising from financing activities – Group

2020/21

	Total	DHSC Loans	PFI
	£000	£000	£000
Value at 1 April 2020 - brought forward	**17,059**	**16,178**	**881**
Cash movements:			
Financing cash flows - principal	**(1,540)**	(1,288)	(252)
Financing cash flows - interest	**(350)**	(210)	(140)
Non-cash movements:			
Interest charge arising in year	**343**	204	139
Value at 31 March 2021	**15,512**	**14,884**	**628**

2019/20

	Total	DHSC Loans	PFI
	£000	£000	£000
Value at 1 April 2019 - brought forward	**4,411**	**3,311**	**1,100**
Cash movements:			
Financing cash flows - principal	**12,581**	12,800	(219)
Financing cash flows - interest	**(273)**	(101)	(172)
Non-cash movements:			
Interest charge arising in year	**340**	168	172
Value at 31 March 2020	**17,059**	**16,178**	**881**

23.3 Reconciliation of liabilities arising from financing activities – Trust

2020/21

	Total	DHSC Loans	Service Concessions	PFI
	£000	£000	£000	£000
Value at 1 April 2020 - brought forward	**53,374**	**16,178**	**36,315**	**881**
Cash movements:				
Financing cash flows - principal	**2,075**	(1,288)	3,615	(252)
Financing cash flows - interest	**(350)**	(210)	-	(140)
Non-cash movements:				
Interest charge arising in year	**343**	204	-	139
Value at 31 March 2021	**55,442**	**14,884**	**39,930**	**628**

2019/20

	Total	DHSC Loans	Service Concessions	PFI
	£000	£000	£000	£000
Value at 1 April 2019 - brought forward	**38,915**	**3,311**	**34,504**	**1,100**
Cash movements:				
Financing cash flows - principal	**16,315**	12,800	3,734	(219)
Financing cash flows - interest	**(273)**	(101)	-	(172)
Non-cash movements:				
Interest charge arising in year	**340**	168	-	172
Other changes	**(1,923)**	-	(1,923)	-
Value at 31 March 2020	**53,374**	**16,178**	**36,315**	**881**

24.1 Provisions for liabilities and charges (Group and Trust)

	Current		Non-current	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Legal claims	175	167	-	-
Redundancy	761	-	-	-
Clinician pension tax reimbursement	-	-	1,040	1,047
Other	291	290	1,903	632
Total	**1,227**	**457**	**2,943**	**1,679**

Legal claims provisions relate to on-going litigation cases. These cases are expected to be resolved in 2021/22, although there is uncertainty as to the timing. There is uncertainty over the amount and likelihood of any award. However, based on legal advice, there are a number of cases where it is considered probable that the Trust will be required to make payments, and these are estimated in line with the legal advice received.

Redundancy provisions relate to restructuring and outsourcing of a non-clinical service. These redundancies are expected to take place during 2021/22 although there is uncertainty as to the precise timing. There is uncertainty over the amount. However, based on current plans there are a number of instances where redundancy is considered probable and the cost of these is estimated in line with contracts of employment.

Clinician pension tax provision relates to agreements to reimburse clinicians who are members of the NHS Pension Scheme and who, as a result of work undertaken in the prior financial year, face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance, with such charges being payable upon retirement. There is uncertainty over the amount of individual tax charges and these have been estimated based on an average cost. There is uncertainty over the timing of the charges and this has been estimated based on the normal retirement age of the clinicians included within this provision.

Other provisions relate to:

- Costs and settlements under patent disputes;
- Settlements related to the supply cost of pharmaceutical supplies;
- Claims in relation to backdated payment of pay awards;
- Pension scheme charges for retiring employees; and
- Costs for reinstating leased buildings to their original condition.

Provision values are made according to the most up-to-date information available at the reporting date, although these figures are subject to estimation uncertainty.

24.2 Provisions for liabilities and charges analysis (Group and Trust)

	Total	Legal claims	Redundancy	Clinician pension tax	Other
	£000	£000	£000	£000	£000
At 1 April 2020	**2,136**	**167**	**-**	**1,047**	922
Change in the discount rate	(17)	-	-	(17)	-
Arising during the year	2,720	54	761	-	1,905
Utilised during the year	(46)	(46)	-	-	-
Reversed unused	(633)	-	-	-	(633)
Unwinding of discount	10	-	-	10	-
At 31 March 2021	**4,170**	**175**	**761**	**1,040**	**2,194**
Expected timing of cash flows:					
not later than one year	1,227	175	761	-	291
later than one year and not later than five	537	-	-	32	505
later than five years	2,406	-	-	1,008	1,398
Total	**4,170**	**175**	**761**	**1,040**	**2,194**

The reversal of unused provisions relates to a provision included in the previous financial year that has been reassessed on current information and is no longer required. This release relates to claims in relation to holiday pay and overtime where the situation has developed during the financial year and a settlement agreement has been reached, backed by income from commissioners.

24.3 Clinical Negligence liabilities

	31 March 2021	31 March 2020
	£000	£000
Amount included in provisions of NHS Resolution in respect of clinical negligence liabilities	474,938	340,655

The Trust is a member of the NHS Resolution Clinical Negligence Scheme, therefore all clinical negligence claims are recognised in the accounts of NHS Resolution. Consequently, the Trust has no provision for clinical negligence claims. NHS Resolution will provide a schedule showing the claims recognised in the books of NHS Resolution on behalf of the Trust.

25 Contingent (Liabilities) / Assets – Group and Trust

Contingent liabilities are recognised by the Trust in relation to on-going legal cases where there remains uncertainty that a loss of economic benefit will arise. Cases where a loss of economic benefit is probable have been provided for within the Statement of Financial Position.

The net value of contingent liabilities is £nil (2020: £nil).

The net value of contingent assets is £nil (2020: £nil).

26 Revaluation Reserve Movements – Group and Trust

	2020/21	2019/20
	£000	£000
Revaluation reserve at 1 April	22,697	22,830
Impairments	(9,302)	(458)
Revaluations	2,799	337
Transfer to I&E reserve upon asset disposal	-	(12)
Revaluation reserve at 31 March	**16,194**	**22,697**

Impairments in the current year are the result of a valuation of Land and Buildings. Further information is available in note 10. Revaluations in the current year result from a combination of the Land and Buildings valuation and the indexation of Trust equipment.

Impairments in the prior year relate to amendments to the contract between the Trust and its wholly-owned subsidiary company BWC Management Services Ltd. Revaluations in the prior year are the result of indexation of Trust equipment.

27 Related Party Transactions

Birmingham Women's and Children's NHS Foundation Trust is a corporate body authorised by the Independent Regulator of NHS Foundation Trusts in exercise of the powers conferred by Schedule 7 of the National Health Service Act 2006.

The Department of Health and Social Care (DHSC) is the Trust's parent Department and ultimate controlling party, and is regarded as a related party. During the period the Trust has had a significant number of material transactions with other entities for which the DHSC is regarded as the parent Department. These entities are listed below:

NHS England
NHS Birmingham and Solihull CCG
NHS Sandwell and West Birmingham CCG
NHS Coventry and Rugby CCG
NHS Dudley CCG
NHS Redditch and Bromsgrove CCG
NHS Walsall CCG
Health Education England
NHS Resolution
Birmingham and Solihull Mental Health NHS Foundation Trust
University Hospitals Birmingham NHS Foundation Trust
Sandwell and West Birmingham Hospitals NHS Trust
The Royal Wolverhampton NHS Trust

The Trust also had material dealing with other public bodies, as follows:

HM Revenue and Customs
NHS Business Services Authority (in relation to the NHS Pension Scheme)
National Loans Fund

The Trust had non-material dealings with Birmingham Women's and Children's Hospital Charity (BWCH Charity). As described in note 1.3, the Trust has determined that BWCH Charity is not a subsidiary. However, it is considered a related party because a number of key management personnel of the Trust are also key management personnel of BWCH Charity.

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with Birmingham Women's and Children's NHS Foundation Trust, other than remuneration.

During the year, transactions took place between the Trust and its trading subsidiaries BWC Management Services Limited and Birmingham Children's Hospital Pharmacy Ltd. These transactions have been eliminated on consolidation.

In relation to BWC Management Services Limited, the Trust purchased services for the running of a managed healthcare facility from the subsidiary to a value of £30,402k during the financial year (2019/20: £24,834k), and the subsidiary purchased management and other services from the Trust to a value of £1,250k during the same period (2019/20: £1,280k).

In relation to Birmingham Children's Hospital Pharmacy Ltd, the Trust purchased outpatient drugs from the subsidiary to a value of £4,770k during the financial year (2019/20: £4,360k), and the subsidiary purchased management and other services from the Trust to a value of £643k during the same period (2019/20: £647k).

28 Contractual Capital Commitments (Group)

Commitments under contract at the date of the Statement of Financial Position are:

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	17,277	5,158
Total	**17,277**	**5,158**

Contractual commitments at 31 March 2021 comprise schemes for the demolition of buildings to enable site redevelopment (£5,093k), development schemes for clinical buildings (£4,314k), critical infrastructure works (3,942k), schemes for the renewal of the Trust's electrical infrastructure (2,676k) and medical equipment purchases (£1,252k).

All contractual capital commitments at 31 March 2021 relate to BWC Management Services Limited.

29 Finance lease obligations

Neither the Trust nor the Group has any finance lease obligations arising in either the current or previous accounting period other than those relating to an on-SoFP PFI scheme.

The on-SoFP PFI scheme is for the refurbishment and management of previously dilapidated buildings at sites on Whittall Street and Steelhouse Lane, Birmingham, to bring them into use as offices, on-call accommodation and general staff accommodation. The Scheme is with Riverside Housing Group (previously with English Churches Housing Group (ECHG) who, in October 2006, merged with Riverside Housing Group).

The main agreements made between the Trust and ECHG (dated 22 August 1997 and 11 May 1998) outline the arrangements for land and premises on 3 related sites of the former Birmingham General Hospital to be transferred to ECHG under 3 separate Headleases for a term of 99 years at a peppercorn rent.

ECHG were to undertake development / refurbishment works in respect of the premises under a separate Development Agreement. On practical completion of those works ECHG granted secondary Underleases of the

newly refurbished premises to the Trust. These three Underleases are for a period of 25 years. The Trust has an option to extend the Underleases in 5 yearly increments up to a maximum of 50 years.

30.1 Imputed finance lease obligations

The following are obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Gross PFI liabilities	**782**	**1,173**	**782**	**1,173**
of which liabilities are due				
not later than one year	391	391	391	391
later than one and not later than five years	391	782	391	782
Finance charges allocated to future periods	(154)	(292)	(154)	(292)
Net PFI obligation	**628**	**881**	**628**	**881**
of which liabilities are due				
not later than one year	251	219	251	219
later than one and not later than five years	377	662	377	662

30.2 Total On-SoFP PFI commitments

Total future obligations under on-SoFP schemes are as follows:

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Total future payments committed	**1,764**	**2,646**	**1,764**	**2,646**
of which due				
not later than one year	882	882	882	882
later than one and not later than five years	882	1,764	882	1,764

The current on-SoFP PFI obligations are due to expire on 31 March 2023.

30.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Unitary payment payable to service concession operator	**979**	**976**	**979**	**976**
Consisting of:				
Interest charge	139	172	139	172
Repayment of finance lease liability	252	218	252	218
Service element	106	104	106	104
Contingent rent	482	482	482	482
Total amount paid to service concession operator	**979**	**976**	**979**	**976**

31.1 Carrying values of financial assets

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Receivables	13,369	27,159	11,615	27,617
Loans to subsidiaries	-	-	42,995	32,912
Cash and cash equivalents	109,343	94,171	109,111	89,978
Total	**122,712**	**121,330**	**163,721**	**150,507**

The financial assets as recorded above are denominated entirely in £ Sterling.

Cash and cash equivalents held within the Government Banking Service, and loans to subsidiaries, are considered to be lower risk financial assets because the likelihood of default is considered to be minimal. Credit risks associated with receivables are described in note 35.

31.2 Carrying values of financial liabilities

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Loans from DHSC	14,884	16,178	14,884	16,178
Obligations under PFI	628	881	628	881
Borrowings from subsidiaries	-	-	39,930	36,315
Trade and other payables	62,159	52,543	57,678	44,408
Total	**77,671**	**69,602**	**113,120**	**97,782**

The financial liabilities as recorded above are denominated entirely in £ Sterling.

31.3 Fair values of current and non-current financial assets and financial liabilities at 31 March 2021

The Trust has considered the values of current and non-current financial assets and current and non-current financial liabilities and has concluded that there is no significant difference between book values and fair values that requires further disclosure in either the current or previous accounting period.

31.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs from the amounts recognised in the Statement of Financial Position which are discounted to present value.

	Group		Trust	
	31 March 2021 £000	31 March 2020 restated* £000	31 March 2021 £000	31 March 2020 restated* £000
In one year or less	64,024	54,425	69,940	48,765
In more than one year but not more than five	6,118	6,577	15,707	16,166
In more than five years	8,721	10,127	28,665	34,456
Total	**78,863**	**71,129**	**114,312**	**99,387**

*This disclosure has previously been prepared using discounted cash flows. The comparatives have therefore been restated on an undiscounted basis.

32 Losses and Special Payments

The Trust incurred losses or made special payments as follows:

	31 March 2021		31 March 2020	
	Number of cases	Total value of cases £000	Number of cases	Total value of cases £000
Losses				
Cash losses	5	17	6	2
Total losses	**5**	**17**	**6**	**2**
Special payments				
Ex-gratia payments	-	-	2	8
Total special payments	**-**	**-**	**2**	**8**
Total losses and special payments	**5**	**17**	**8**	**10**
Compensation payments received		-		-

The Trust did not incur any clinical negligence, fraud, personal injury, compensation under legal obligation of fruitless payment cases where the net payment for the individual case exceeds £300k in either the current or previous accounting period.

33 Public Dividend Capital

	2020/21 £000	2019/20 £000
Public Dividend Capital at 1 April	**135,622**	**133,550**
Public Dividend Capital received	3,815	2,072
Public Dividend Capital at 31 March	**139,437**	**135,622**

The Trust received funding from the Department of Health and Social Care during the year in the form of Public Dividend Capital (PDC). This receipt was specifically related to: *Critical Infrastructure Risks* (£2,621k), *ED works to support social distancing* (£500k), *IT infrastructure to support the COVID-19 response* (£267k), *mental health dormitory eradication works* (£252k) and *COVID-19 clinical equipment and building infrastructure* (£175k).

Receipts of PDC in the previous year were specifically related to three NHS projects: *Additional mental health capacity for winter pressures* (£1,390k), *Genomics Laboratory Hubs* (£660k) and *Pharmacy Systems* (£22k).

34 Corporation Tax

Corporation tax expense recorded in the Group Statement of Comprehensive Income is in respect of the taxable profit of the Trust's subsidiary companies Birmingham Children's Hospital Pharmacy Ltd and BWC Management Services Ltd.

35 Risk Management Policies

The Trust's activities expose it to a variety of financial risks, though due to their nature the degree of the exposure to financial risk is substantially reduced in comparison with that faced by business entities. The financial risks are mainly credit risk and inflation risk, with limited exposure to market risks (currency and interest rates) and to liquidity risk.

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 may apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

Credit risk

As a consequence of the continuing service provider relationship that the Trust has with NHS commissioning organisations and the way those organisations are financed, the Trust is exposed to a degree of customer credit risk, but substantially less than faced by business entities.

Payment regimes implemented by HM Treasury and DHSC during the pandemic have been designed to minimise credit risk for NHS organisations. Payments from NHS commissioning organisations are now made in advance and are aligned to the on-going running costs of NHS provider organisations.

As the majority of the Trust's income comes from contracts with other public bodies, there is limited exposure to credit risk from individuals and commercial entities. The Trust mitigates its exposure to credit risk through regular review of receivables due and by calculating allowances for credit losses. An analysis of the allowances for credit losses can be found in notes 19.1 and 19.2.

The Trust's cash is held in current accounts at UK banks only, the majority within the Government Banking Service, the result being to minimise the counter party credit risk associated with holding cash at financial institutions.

Inflation risk

The Trust has exposure to annual price increases of medical supplies and services (pharmaceuticals, medical equipment and agency staff) arising from its core healthcare activities. The Trust mitigates this risk through, for example, transferring the risk to suppliers by contract tendering and negotiating fixed purchase costs (including prices set by nationally agreed frameworks across the NHS) or reducing external agency costs via operation of the Trust's own employee 'staff bank'.

Market risk

The Trust has limited exposure to market risk for both interest rate and currency risk.

Currency risk - the Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations nor investments and all Trust cash is held in Sterling at UK banks: Royal Bank of Scotland and the Government Banking Service (GBS). The Trust therefore has minimal exposure to currency rate fluctuations.

Interest rate risk - other than cash balances, the Trust's financial assets and all of its financial liabilities carry nil or fixed rates of interest. Cash balances at UK banks earn interest linked to the Bank of England base rate. The Trust therefore has minimal exposure to interest rate fluctuations.

Liquidity risk

The Trust's net operating costs are incurred under annual service level agreements with NHS commissioning organisations, which are financed from resources voted annually by Parliament. The Trust ensures that it has sufficient cash to meet all its commitments when they fall due and retains sufficient cash balances to facilitate this. The Trust is not, therefore, exposed to significant liquidity risks.

Further mitigations to liquidity risks have resulted from the interim payment regimes implemented by HM Treasury and DHSC. These have been designed to ensure cash receipts from NHS commissioning organisations are sufficient to meet the needs of NHS provider organisations.

36 Events After the Reporting Date

There are no subsequent events to report.

Independent auditor's report to the Council of Governors and Board of Directors of Birmingham Women's and Children's NHS Foundation Trust

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Birmingham Women's and Children's NHS Foundation Trust (the 'Foundation Trust'):

- give a true and fair view of the state of the Foundation Trust's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 36.

We have also audited the information in the Remuneration Report and Staff Report that is subject to audit, being:

- the analysis of staff numbers and costs;
- the table of exit packages;
- the table of salaries and allowances of senior managers and narrative notes;
- the table of pension benefits of senior managers and related narrative notes; and
- the pay multiples and related narrative notes.

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

Basis for opinion

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

We are independent of the Foundation Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Foundation Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Foundation Trust is adopted in consideration of the requirements set out in the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the accounting officer

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

In preparing the financial statements, the accounting officer is responsible for assessing the Foundation Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Foundation Trust without the transfer of the Foundation Trust's services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud, is detailed below.

We considered the nature of the Foundation Trust and its control environment, and reviewed the Foundation Trust's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the Foundation Trust operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service Act 2006.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Foundation Trust's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018, relevant employment legislation, and clinical standards.

We discussed among the audit engagement team, including relevant internal specialists such as IT and industry specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the area of NHS clinical revenue. In response to this we:

- tested the design and implementation of controls around NHS clinical revenue recognition;
- tested the recognition of clinical income through the period, including year-end cut-off and income accruals, as well as evaluating the results of the agreement of balances exercise. We have reconciled income recorded to signed contracts and confirmations for material counterparties and reviewed material variations;
- assessed the appropriateness of the judgements made in recognising revenue and providing for disputes on the basis of discussion with staff involved, and reviewing correspondence with commissioners and other relevant documentation;
- reviewed with management the key changes and any open areas in setting 2021/22 contracts, as may relate to the second half of the financial year, and considered whether, taken together with the settlement of current period disputes, there are any indicators of inappropriate adjustments in revenue recognised between periods; and

- reviewed the correspondence from NHSE/I regarding the allocation of additional funding.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- enquiring of the local counter fraud specialist and review of local counter fraud reports produced; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice, we are required to report to you if we have not been able to satisfy ourselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our work in respect of the Foundation Trust's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the Foundation Trust's arrangements and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

Respective responsibilities of the accounting officer and auditor relating to the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

The accounting officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Foundation Trust's resources.

We are required under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006 to satisfy ourselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in April 2021, as to whether the Foundation Trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Foundation Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Foundation Trust's arrangements, will be reported in our separate Auditor's Annual Report.

Annual Governance Statement and compilation of financial statements

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

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

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

We have nothing to report in respect of these matters.

Reports in the public interest or to the regulator

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

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

We have nothing to report in respect of these matters.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report). We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements.

Use of our report

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

Ian Howse, CA, CPFA (Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom
23 June 2021

Audit certificate issued subsequent to opinion on financial statements

Independent auditor's certificate of completion of the audit

Issue of opinion on the audit of the financial statements

In our audit report for the year ended 31 March 2021 issued on 23 June 2021, we reported that, in our opinion, the financial statements:

- gave a true and fair view of the state of the foundation trust's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- had been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and
- had been prepared in accordance with the requirements of the National Health Service Act 2006.

Foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

As part of our audit, we are required to report to you if we are not able to satisfy ourselves that the foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As at the date of issue of our audit report for the year ended 31 March 2021 on 23 June 2021, we had not completed our work on the foundation trust's arrangements, and had nothing to report in respect of this matter as at that date.

Certificate of completion of the audit

In our audit report for the year ended 31 March 2021 issued on 23 June 2021, we explained that we could not formally conclude the audit on that date until we had completed our work in respect of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed our work in this area.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave our opinion.

We have nothing to report in respect of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We certify that we have completed the audit of Birmingham Women's and Children's NHS Foundation Trust in accordance with requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Ian Howse, CA, CPFA (Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, UK
14 September 2021