great people great place

NHS
Isle of Wight
NHS Trust

Annual Report and Accounts

2020/21

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About this report

Our annual report is produced so that we can present information about our services and report on our performance each year against our objectives. We do this in line with our commitment to openness and transparency and good corporate governance.

It is produced in line with the published guidance set out by the Department for Health and Social Care (DHSC) and comprises a performance report, accountability report including our corporate governance and staff and remuneration reports, financial statements and audit report.

For a summary version of this report please contact our communications and engagement team on 01983 822099 ext. 6175 or email iownt.comms@nhs.net

You can also call this number to talk to the team if you need this report in large print, in braille or in an audio tape format. You can also contact us if English is not your first language, and you would like help in understanding this report in your own language.

Glossary of Terms

This glossary is intended to clarify NHS-specific terms used in this document. If you cannot find the definition you are looking for, try here: https://www.england.nhs.uk/participation/resources/involvejargon/

CCG – Clinical Commissioning Group

A clinically led group that includes all the GP groups in the geographical area. An NHS organisation set up by the Health and Social Care Act 2012 to organise the delivery of NHS services in England.

CIP – Cost Improvement Programme

Schemes within the Trust to reduce costs whilst improving patient care, patient satisfaction and safety.

COVID-19

COVID-19 is a disease caused by a new strain of coronavirus. 'CO' stands for corona, 'VI' for virus, and 'D' for disease. Formerly, this disease was referred to as '2019 novel coronavirus' or '2019-nCoV'.

CQC – Care Quality Commission

The independent regulator of all health and social care services in England.

DHSC – Department of Health and Social Care

Department of Health and Social Care (DHSC) is a department of the UK government responsible for health and adult social care policy matters in England, along with a few elements of the same matters which are not otherwise devolved to the Scottish Government, Welsh Government or Northern Ireland Executive. It oversees the NHS.

HEE – Health Education England

An organisation supporting the delivery of excellent healthcare and health improvement to the patients and public of England by ensuring that the workforce of today and tomorrow has the right numbers, skills, values and behaviours, at the right time and in the right place.

IM&T – Information Management and Technology

An umbrella term for the processes, systems, hardware, and software a company uses to conduct its day-to-day operations.

ICS – Integrated Care System

A close collaboration with NHS organisations, in partnership with local councils and others, taking collective responsibility for managing resources, delivering NHS standards, and improving the health of the population they serve.

Isle of Wight Local Care Board

A collaboration between the Isle of Wight NHS Trust, Isle of Wight Council, and Isle of Wight Clinical Commissioning Group.

Isle of Wight Health and Care Sustainability Plan

Produced by the Isle of Wight Local Care Board, the Isle of Wight Health and Care Sustainability Plan outlines the anticipated challenges and plans for delivering services to our population over the next 3 years.

KPIs – Key Performance Indicators

A way of monitoring and managing performance against a pre-determined target.

NHS Long Term Plan

Published in January 2019, this plan sets out how the NHS will spend its funding over the next 10 years to improve health and care services across the country.

NHS England and Improvement

From 1st April 2019, NHS England and NHS Improvement came together to act as a single organisation to better support the NHS and help improve care for patients.

NICE – National Institute for Health and Care Excellence

Provides national guidance and advice to improve health and social care.

RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

A statutory obligation to report deaths, injuries, diseases and 'dangerous occurrences' including near misses, that take place at work in connection to work.

RTT – Referral To Treatment

The time it takes between a GP referral and a definitive secondary care treatment being provided.

SIREN Sarscov2 Immunity & REinfection EvaluatioN

A research project with the primary objective to determine if prior SARS-CoV-2 infection in health care workers gives future immunity to re-infection.

Special measures

Special measures apply when NHS Trusts and Foundation Trusts have serious problems and there are concerns that the existing leadership cannot make the necessary improvements without support.

STP – Sustainability and Transformation Partnerships

These are areas covering all of England, where local NHS organisations and councils drew up shared proposals to improve health and care in the areas they serve.

Strategic partner

The Trust has formed strategic partnerships with mainland trusts to work together to improve services on the Island at scale. This can involve joint appointments and some shared services.

Chair and Chief Executive message

First and foremost, we would like to place on record our sincere thanks to every member of staff and volunteer for their dedicated service in what has been the most difficult year for the NHS.

Our thanks also go out to colleagues in our partner organisations, including the local authority and voluntary sector, and to the wider Isle of Wight community for their unwavering support during our response to the coronavirus (COVID-19) pandemic.

The last year has been full of challenges for the people that make up Isle of Wight NHS Trust, but it has also been a year of achievement and improvement on behalf of the people who use our services and the wider Island community.

COVID-19 has had such a significant impact on the NHS across the country and we have seen how it has stretched services and people to near breaking point. But colleagues on the Isle of Wight can be proud of how they responded and continue to keep themselves, our patients, and the community safe.

It is a remarkable achievement for this organisation that in a year of so much change and difficulty, our people have continued to improve the services that we provide and have taken great strides forward in delivering our Great people, great place strategy.

Our improvement journey, which began nearly four years ago, continues at pace and we end this year very much looking forward to a potential visit from the Care Quality Commission (CQC) and the opportunity to demonstrate how far we have come.

The quality of our services go hand in hand with how well we manage the resources available to us. We know that it costs more to run health care services on an island and that some of our smaller services need extra investment to keep them going. But even with those challenges, and a pandemic to deal with, our teams have worked incredibly hard to deliver our financial plan.

Improving our financial position for the second consecutive year and ending up in a small surplus, is the result of hard work from people right across the Trust and they have our thanks for all their efforts.

We know, however, that reaching clinical and financial sustainability will take a lot more hard work and is not a goal we can achieve on our own. Our strategy and the Government's recent White Paper on NHS innovation and integration are in strong alignment and our experiences over the past 12 months show just how important working closely with our partners is and will continue to be.

The Trust is now working alongside strategic partners in all four of our key service areas. Our teams are working side-by-side with colleagues from Portsmouth Hospitals University NHS Trust in our Acute Services, South Central Ambulance Service NHS Foundation Trust for our Ambulance Service, and Solent NHS Trust for our Community and Mental Health and Learning Disabilities Services.

The progress we are making in our partnerships is good news for our staff and the people who use our services, especially as it builds on the strong foundations that have been laid by our Getting to Good programme.

Results from the latest NHS Staff Survey, undertaken in the autumn, show just how far we have come as an organisation. Not only did more people than ever before take part, with a 60% response rate, but the feedback we received placed our Trust among the most improved organisations in the country.

Central to this improvement is the work that has been done to foster a positive, compassionate culture and to embed our shared values across the Trust. Strong progress in staff engagement and in how we celebrate success have also contributed to the feeling among staff that their contribution is recognised.

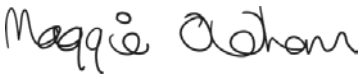
Our response to COVID-19 too has helped to drive an even greater focus on supporting staff health and wellbeing, with a much more visible offer to our people that is reflecting in their response to the NHS Staff Survey.

As the NHS emerges from its response to COVID-19 and begins the hard work of recovering from the impact it has had, we are in a strong position to build on the progress we have made.

Our challenge in the year ahead is to continue our improvement journey, explore what more we can achieve in partnership with colleagues on the Island and across the Solent, and to ensure that we support our staff to carry on their important work on behalf of our community.

We are pleased to present our Annual Report and Accounts for 2020/21 and hope that it brings to life the challenges and achievements of what has been an extraordinary 12 months.

Melloney Poole
Chair



Maggie Oldham
Chief Executive

Performance report

Overview of the Trust and its services

The purpose of this section of the annual report is to provide background information about the Isle of Wight NHS Trust. It provides information on our purpose, values and objectives, the key risks related to the achievement of those objectives and an understanding of how we have performed over the year 2020/21.

About the Trust

Established in April 2012, the Isle of Wight NHS Trust is the only integrated acute, community, mental health, and ambulance healthcare provider in England.

We employ around 3,000 staff and provide a full range of healthcare services to a relatively isolated offshore population of just over 140,000 people on the Isle of Wight.

Following a Care Quality Commission Inspection in May 2019, the Quality of Care we provide was rated 'Requires Improvement' overall and 'Good' in some areas. This marked an improvement on our journey to 'Getting to Good' compared to the previous year. Due to the COVID-19 pandemic no inspection has been undertaken in 2020/21 and therefore there has been no change to this rating.

What we do

We provide acute services at the Trust from St Mary's Hospital in Newport. We have 245 general and acute beds (including ITU and Children's Ward) and around 23,000 admissions each year (excluding Endoscopy and Chemotherapy) although due to the pandemic this reduced to around 19,000 in 2020/21. Our services include A&E, the Urgent Care Service (referral only), emergency medicine and surgery, planned surgery, and intensive care, chemotherapy and orthopaedics. We also offer comprehensive maternity, NICU and paediatric services. During 2020/21 we recorded 956 births.

We deliver community care services in patients' homes, in primary and other community settings in each of the Island's three locality areas: West and Central, North East and South. This includes district nursing, health visiting and community nursing. From the St Mary's site, we also deliver podiatry, physiotherapy, and orthotics as well as inpatient rehabilitation and community post-acute stroke wards.

Our mental health services provide inpatient and community-based mental healthcare. The Trust's mental health service has 42 beds alongside a community mental health team supporting (as at end March 2021) a caseload of 922 patients. Our portfolio also includes specialist child and adolescent mental health services (CAMHS), rehabilitation and reablement services, an early intervention in psychosis team, single point of access, home treatment team, primary care psychological therapies team, memory service and the dementia outreach service. We also provide community learning disability services.

We operate an ambulance service that delivers all emergency and non-emergency ambulance transport with 21,588 emergency calls (all public 999, GP urgent, police, fire, and coastguard calls) and 26,475 ambulance responses during 2020/21. The service operates from standby points across the Island, with a main central base at St Mary's Hospital in Newport. The service is also responsible for transporting patients to mainland hospitals when required.

We work in partnership with colleagues across the NHS, social care, local government and the voluntary sector both on the Island and across Hampshire making sure people have the right care, at

the right time and in the right place, so that our residents can lead as full and independent lives as possible.

Our operating context and challenges

National developments

Brexit remained an issue for the NHS throughout 2020 as the transition arrangements were worked through. The Trade and Cooperation Agreement agreed in December 2020 provided some certainty although how these impact future policies and EU staff arrangements have yet to be worked through.

The COVID-19 pandemic saw significant resources being invested in the NHS through the COVID-19 response fund and in addition to the cash increase of £34 billion for the NHS by 2024 promised in the 2020 Budget. How patients accessed our services across the NHS were reviewed and some services moved to a virtual setting to reduce the footfall into NHS premises and plans were put in place to enable social distancing for our patients who needed to be seen face to face. Further actions were introduced to ensure that pensions tax rules did not deter doctors and other staff from taking on additional shifts or returning to the workplace to support the response to the pandemic.

Some familiar national challenges such as the need to improve the integration between health and social care against the backdrop of an aging population have been addressed through the response to the pandemic; however, there is a challenge to maintain these improvements as organisations emerge from the pandemic.

2020 was named International Year of the Nurse and Midwife in recognition of the 200th anniversary of Florence Nightingale's birth. This and the pandemic have encouraged people of all ages to consider embarking on a career in the health service. This was supported by the Government announcing that from September 2020 all students commencing a nursing course would receive a payment of at least £5,000 a year which they will not need to pay back.

Socio-economic challenges

Over a quarter of our resident population (26.8 percent) is aged over 65 years, the eleventh highest level of any local authority in England and Wales. In the coming years, the number of 65 to 84-year-olds will increase by around 20 percent while the over-85s group will increase by 24 percent. While lengthening life expectancy is, of course, something to be celebrated, it is also true that with increasing age comes increasingly complex health needs.

A number of socio-economic factors give a risk to health inequalities and the health of people in Isle of Wight is varied compared with the England average:

- About 18.8% (3,985) children live in low income families.
- Life expectancy is 6.1 years lower for men and 4.3 years lower for women in the most deprived areas of Isle of Wight than in the least deprived areas.
- The rate for alcohol-specific hospital admissions among those under 18 is 80 per 100,000, worse than the average for England. This represents 20 admissions per year.
- The rate for alcohol-related harm hospital admissions is 716 per 100,000, worse than the average for England. This represents 1,086 admissions per year.
- The rate for self-harm hospital admissions is 227 per 100,000, worse than the average for England. This represents 285 admissions per year.
- The rate of statutory homelessness is worse than the England average.

In addition, the Island is a much-loved holiday destination, and the Island's population swells significantly in the summer months due to an influx of visitors. During the holiday period, we can typically see 20% more attendances at our emergency department. With the impacts of seasonal winter illnesses these factors combine to give year-round pressures on the service.

The realities above are compounded by the Island's geographical separation from the mainland by sea. This year, the pandemic impacted on our ability to deliver healthcare services and our costs to deliver socially distanced services were disproportionately higher than for some of our mainland partners.

The geography of the Island also presents significant workforce challenges in addition to those already experienced nationally throughout the NHS. This includes shortages in many professions, and like the wider NHS, we have seen many trained staff leaving the NHS prematurely. We continue to be ambitious in our drive to encourage the very best people with the right skills and values to join the Trust and continue to focus on the health and wellbeing of our staff supporting them to stay in our employment. In 2020/21 we have noticed a trend of people wishing to relocate from city areas to the Island which, together with our successful international recruitment campaigns, has had a positive impact.

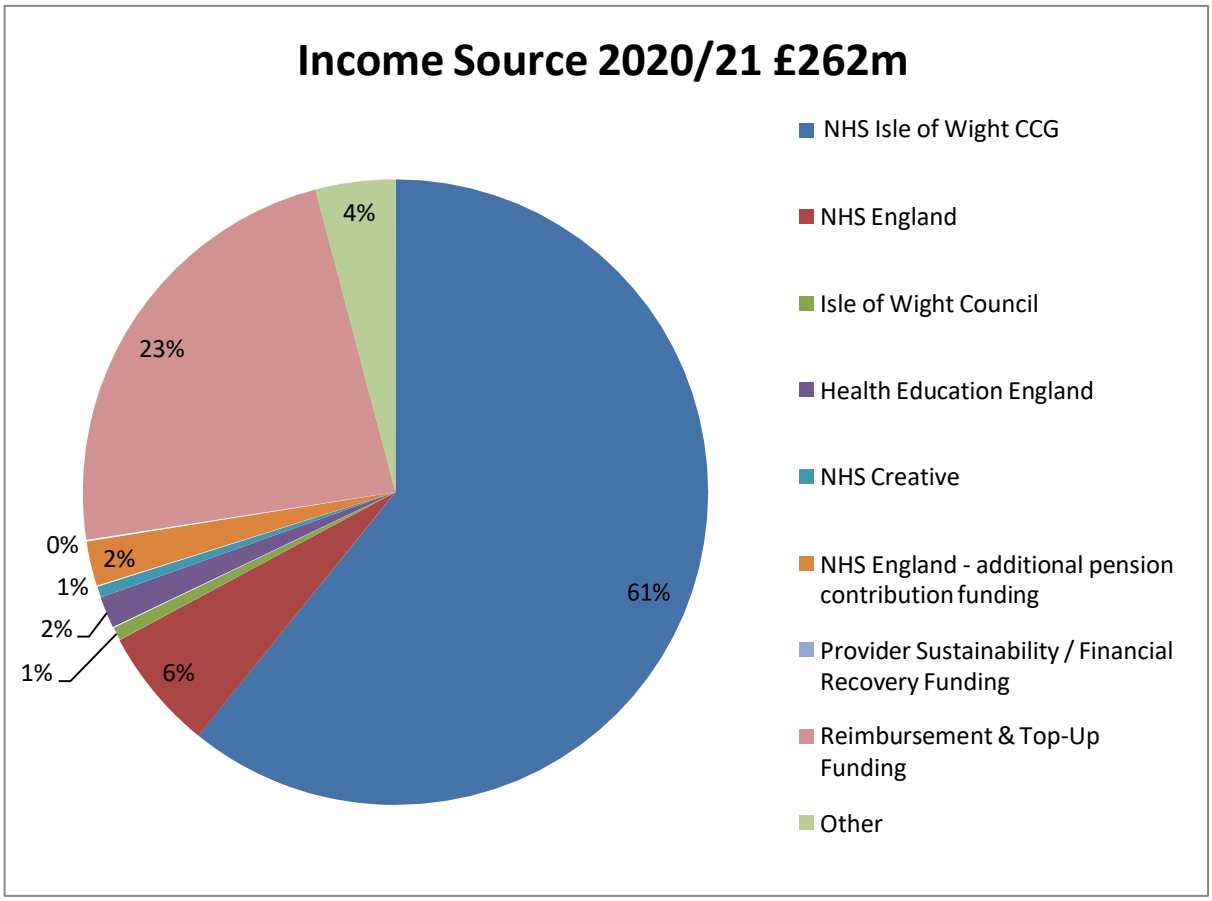
Private healthcare

The Isle of Wight NHS Trust's Mottistone Suite offers the only private healthcare on the Island to patients who have insurance or who choose to self-fund. Outpatient appointments, endoscopies, diagnostics, and elective procedures are all available privately.

In 2020/21 no private healthcare was available as services were concentrated on responding to the pandemic.

Financial challenges

The Trust had an income of £262m during 2020/21 (£199.9m in 2019/20) of which 63% was derived from the NHS Isle of Wight Clinical Commissioning Group (CCG). The Trust received £16.4m for costs relating to COVID-19.



Income Source	2018/19 £m	2019/20 £m	2020/21 £m
NHS Isle of Wight CCG	140.0	149.7	159.4
NHS England	11.3	12.2	16.6
Isle of Wight Council	5.7	3.8	1.8
Health Education England	4.7	5.0	4.4
NHS Creative	1.8	1.8	1.5
NHS England – additional pension contribution funding	0	5.7	6.2
Provider Sustainability/Financial Recovery funding	0	11.4	0
Reimbursement and Top-Up funding	0	0	61.3
Other	12.2	10.3	10.8
Total	**175.7**	**199.9**	**262.0**

As reported in the Annual Accounts the Trust returned a slight surplus of £14k against a planned deficit in 2020/21 of £3.7m (£17.7m in 2019/20).

Our annual costs gap amounts to around £11m a year. While there has been an increase in NHS funding announced nationally and some welcome grant funding issued locally to us for building and IT improvements, budgetary issues remain a challenge and the Trust remains in financial special measures, which we were placed into in 2019.

The business as a going concern

This year the Trust more than achieved its financial targets and returned a small surplus against a planned deficit of £3.7m. The Trust continued in Financial Special Measures throughout 2020/21.

The Trust has been working to revised arrangements for NHS contracting and payment for some of the 2020/21 year due to the COVID-19 pandemic. The arrangements in place for the last 2 quarters of 2020/21 will continue into 2021/22 and has effectively paused planning against a longer term trajectory and targets.

The contracting arrangements for the rest of 2021/22 and beyond have not yet been definitively announced but 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 and CCG allocations have been set for the remainder of 2021/22. The Trust can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.

The Trust has prepared a cash forecast to 30 June 2022, modelled on the above expectations for funding. The cash forecast shows sufficient liquidity for the Trust to continue to operate during that period.

Interim support can be accessed if it were required, but there is currently no such identified requirement.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the Trust's adoption of the going concern basis for the preparation of the accounts.

Quality care challenges

We also continue to face challenges around the need to drive up the standard of care within our services.

The General Medical Council placed the Trust in enhanced monitoring status following visits to the Trust in autumn 2018 and spring 2019. This additional monitoring has continued through 2020/21 and the Trust has made progress and was able to satisfy the requirements of the General Medical Council by the end of the year.

As a Trust, we were also placed in quality special measures by NHS Improvement in 2017 against our Quality of Care and rated as 'Inadequate' however, following planned inspections during May 2019, the CQC in September 2019 revised its rating to 'Requiring Improvement' with several of our individual services; Community, End of Life Care, Frontline Ambulance Services, NHS 111 and Urgent Care rated as 'Good'. As well as managing the pandemic the Trust has continued its improvement journey and is awaiting a further inspection which will support the removal of quality special measures as indicated by NHS England and Improvement in December 2020.

Although community based mental health services remain formally rated as inadequate the Care Quality Commission (CQC) recognises that improvements have been made during 2020/21.

COVID-19 challenges

Our response to the coronavirus (COVID-19) pandemic has continued to have a significant effect on our staff, our operational performance, finances and working practices in 2020/21.

All our staff (clinical and non-clinical) have risen to the challenge and demonstrated exceptional commitment. In many instances staff redeployed from their usual work area to support areas that are experiencing greater pressure in responding to the pandemic. Our staff, that have been working from home to reduce footfall on clinical sites, have continued to support the Trust's response to the pandemic and have made a major contribution to our successful management of the pandemic.

We have completely reconfigured the hospital site to ensure that our inpatient healthcare services have isolation beds for people with COVID-19 requiring admission. Our enhanced infection control measures and reduced visiting policy has helped keep outbreaks to a minimum. Our communication with patients and the information we have provided meant that they attend appointments in covid secure ways with the use of face coverings, social distance and virtual appointments.

During the multiple waves of COVID-19 infection, staffing our services has been challenging as staff became ill or had to self-isolate. This was particularly challenging for frontline clinical staff that often had to support patients with reduced numbers. We are grateful for the external support that we have received from members of the Fire Service, St John's Ambulance Service, and from our private provider colleagues in Medi4 and Festimed for supporting our front-line emergency response. We are also grateful to mental health partners, including Two Saints, Issoropia Foundation, Barnados and Youth Trust who have supported us to ensure access to mental health crisis services throughout the pandemic, including the establishment of an Integrated Mental Health Hub. There are so many other external colleagues and healthcare partners to thank that the list is extensive. However, we would like to particularly thank the Isle of Wight Rifles and Scots Guards for providing support, initially in creating our field hospitals and later with providing a massive boost to staff and patients through their on-site presence.

We have now established a highly successful Vaccination Centre and COVID-19 Testing Centre, supported by volunteers as well as staff redeployed from their usual roles, and have vaccinated over 86% of Trust staff as well as the Police, Fire and Lifeboat Service.

We have continued with our daily COVID-19 bulletin for staff containing the latest information, guidance, and support. This has been an important avenue for sharing details of psychological support we have made available to staff, both via online apps and telephone support. We have never underestimated the impact on our staff, and we are actively ensuring that measures are in place to support their health and wellbeing.

Sadly, the number of people waiting to be treated has grown significantly during the lockdowns. We are working really hard to bring services back online and to address the backlog by working extra hours and weekends. Unfortunately, the backlogs are so long that we regret that patients will experience delay for some time to come.

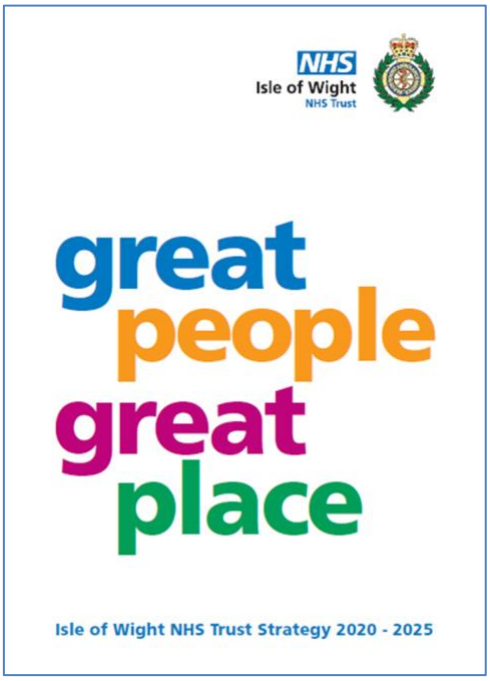
We are also aware that the demand on some services, such as mental health, have yet to see the peak impacts of the pandemic, we will continue to support these services through robust demand and capacity analysis and where possible increase service provision.

We will continue to assess our recovery programme and drive our journey of improvement. We will assess the measures we have in place, continuously review our performance and keep a tight rein on risk and finances as we go forward. We are very proud of our achievements to date and will maintain our drive to increase quality of care standards.

Our strategy

Our vision and strategic objectives set our direction of travel. They enable us to continue to improve our services, to meet the needs of our community and to use our resources in the most effective way possible.

In recent years the Trust's direction of travel has been focused on making the required improvements in our services. This involved the development of a 3 year sustainability plan, the Island Health and Care Plan, with partners across the Island's health and care system, which we started to deliver in 2019/20. Following on from this in 2020/21 we developed a strategy for the Trust covering the periods to 2025.



Our vision is for high quality, compassionate care that makes a positive difference to our Island community.

Our mission is to make sure that our community is at the heart of everything we do. We will work together and with our partners to improve and join-up services for its benefit. We will improve the health and wellbeing of people who use our services, our staff, and our Island community.

Our strategy sets out how we will work together, with our partners and with our community, to improve and integrate health and care services.

Our strategy will guide how we set our priorities each year and it will help our teams to plan and take decisions. It responds to the changing needs of local people and national priorities, including the NHS Long Term Plan. For us to succeed we need to do things differently.

To deliver our strategy and the improvement in services that we all want to see it is important that we set clear objectives.

The 4Ps, People, Performance, Partnerships and Place describe what our organisation wants to achieve (its strategic objectives) and what success will look like for our community, staff, and the people who use our services.

People – our people make a positive difference every day

We will:

- Make our Trust a great place to work and to be cared for
- Work with our partners and our community to improve services

Looking after the health and wellbeing of our staff and volunteers is part of our wider ambition to deliver high quality, compassionate care and to make a positive difference to our Island community.

Performance – we share a total commitment to improving what we do

We will:

- Deliver high quality, compassionate care
- Make sure our services are clinically and financially sustainable

The quality of the services we provide, and well-managed finances go hand in hand.

Partnerships – our partnerships make us stronger

We will:

- Join up health and care services by working more closely with our partners

We cannot face our challenges alone. Working in partnership has helped us to improve many of our services. It will help us continue to improve and make a difference to our local community.

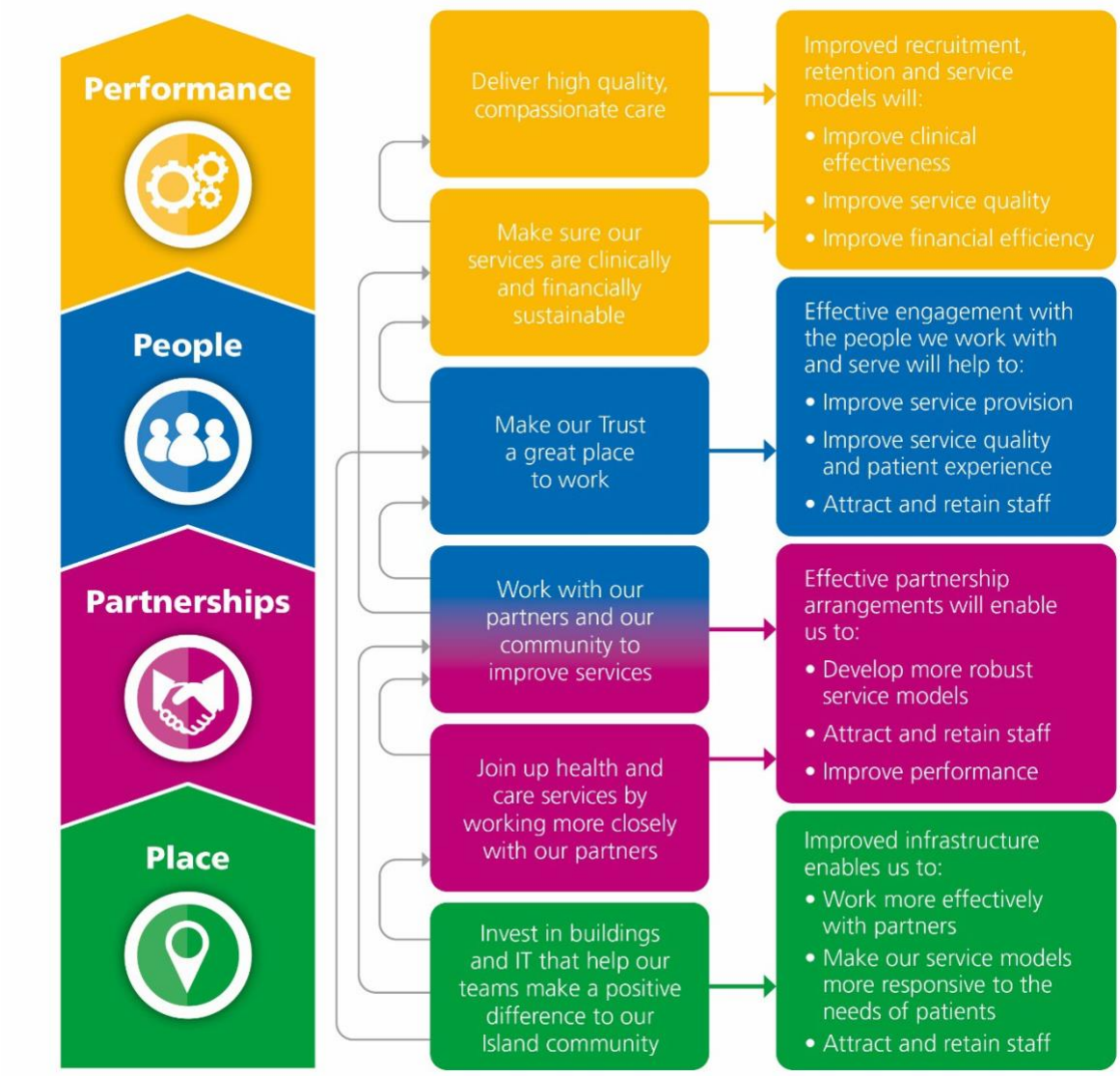
Place – investing to improve how people experience health and care

We will:

- Invest in buildings and information technology that help our teams make a positive difference to our Island community

Our services must respond to the needs of our Island community. Investing in better buildings and information technology will improve services and reduce the amount that people need to travel for their care.

The strategy map below illustrates the alignment of the 6 strategic objectives.



We are working to operationalise the strategy through the implementation of key programmes of work with our partners.

Our values and behaviours

Our values and behaviours guide how we approach our work to meet our vision and objectives.

Our values are described as our CARE values:

We have continued to embed these values throughout our organisation, and they form a key part of our communications and performance appraisals with staff.

Partnership and sustainability

A key part of our strategy is to work with our partners and our community to improve and sustain services.

As the country's only fully integrated NHS Trust, we are also an active partner in various regional organisations.

Hampshire and Isle of Wight Integrated Care System (ICS)

In 2020/21 NHS Improvement approved the transition of Hampshire and Isle of Wight Sustainability and Transformation Partnership (STP) into the Hampshire and Isle of Wight Integrated Care System (ICS). This will enable partners across Hampshire and the Isle of Wight to continue the structural changes required to transform services to provide better care.

The partner organisations will continue to work together to deliver the 'Strategic Delivery Plan', a document describing how we intend to deliver the aims of the NHS Long Term Plan while addressing our local priorities.

Our plan includes commitments to changing how our health and care organisations work together, transforming patient pathways, addressing our financial deficit and workforce gap, and delivering the significant number of initiatives included within the Long Term Plan.

The regional plan comprises 5 key goals against which we will monitor progress. These are to:

- empower people to lead healthy lives.
- deliver the future in our plans by implementing a 21st century approach to care.
- use our resource for the benefit of local people.
- deliver a quality of care for local people of which we can be proud.
- create a health and care system for Hampshire and the Isle of Wight within which people want to work.

Hampshire and Isle of Wight Partnership of CCGs

Since April 2018, the Isle of Wight Clinical Commissioning Group has been a member of the Hampshire and Isle of Wight Partnership of CCGs. This is a partnership of regional CCGs (Fareham and Gosport and South Eastern Hampshire, North East Hampshire and Farnham, North Hampshire, Southampton City, West Hampshire and the Isle of Wight) which serves a population of almost 2 million.

Ensuring patients receive the care they need, in the right place and at the right time remains the top priority for the Partnership.

In line with this, the aim of the Partnership is to help accelerate improvements in patient care, be more effective and to reduce duplication. By working together, the Partnership shares capacity and skills and operates with greater consistency with our partners for the benefit of patients.

The Partnership will:

- Ensure local people have access to timely and high-quality care.
- Work with patients and our health and care partners to integrate and improve services.
- Support and develop our clinicians and staff so they can deliver the best services and support for our communities.

Where it makes sense to do so, the Partnership will work at scale to fast-track health improvements across a large area and implement these improvements locally. Working at scale ensures that we use our limited resources wisely, as well as learn from others who have already implemented an improved service/system.

Strategic partnerships

One of the Island's Health and Care Plan key areas of focus is delivering clinically and financially sustainable health services through new models of care, improved productivity and partnerships. To that end, the Trust has formed strategic partnerships with mainland NHS providers and supported the development of the Integrated Care Partnership (ICP) on the Island. The ongoing support of our partners means that we continue to make a positive difference to our local community by helping people to live healthy, independent lives, sharing expertise, ways of working and resources to improve and transform. These partnerships are:

- a partnership with Portsmouth Hospitals University NHS Trust working together to deliver one acute service across 2 hospital sites for a population of 800,000.
- a partnership with Solent NHS Trust to support the development of an integrated place-based strategy for community health and care services on the Island.
- a partnership with Solent NHS Trust to develop and implement the 'No Wrong Door' strategy for mental health and learning disability services.
- a partnership with South Central Ambulance NHS Foundation Trust with a strategy and vision that anyone contacting the NHS via 999, 111 or online is offered the 'right care, first time' in response to their individual enquiry, needs and circumstances.

Integrated Care Partnership

The Integrated Care Partnership (ICP) is made up of the Hampshire and Isle of Wight CCG Partnership, Isle of Wight NHS Trust, Isle of Wight Council, local GPs and many others working together to improve health and care on the Isle of Wight. With much work to deliver the Isle of Wight Health and Care Plan already underway, all organisations share a vision for health and care on the Isle of Wight that will see people living healthy, independent lives.

Hampshire and Isle of Wight Local Resilience Forum

Our strong relationship with agencies across the region has come to the fore during the response to the COVID-19 pandemic, which was declared a major incident by the Hampshire and Isle of Wight Local Resilience Forum (HIOW LRF). The forum comprises all public sector partners in Hampshire, Portsmouth, Southampton, and the Isle of Wight.

Working collaboratively has helped all partners, including all the emergency services, who were able to use joint working arrangements to manage, and where possible minimise, the impact of the virus on our population.

Our patients and population

The Trust is a key part of the Island community and we have continued to run programmes of engagement where possible during the pandemic and have sought to strengthen our relationships with local groups, stakeholders, and people who use our services.

Members of the public who have an interest in, or want to make a difference to healthcare on the Island, can subscribe to receive information and invitations to meetings about the services that are of greatest interest to them.

It is usual for the Trust to hold 5 ‘Medicine for Members’ meetings but this year, due to the pandemic, these meetings were paused, and information was shared in other formats. We look forward to welcoming back our members later this year.

The Mental Health and Learning Disabilities division is committed to coproduction and involves people who use services in all aspects of the division’s work. We have a Lived Experience Team to support this work, and a well-attended Service User and Carer Forum.

Our organisation is proactive, open, and honest when it comes to communicating and engaging with the public. Throughout the pandemic, the Trust has communicated with the public directly and through local media to give them a clear understanding of the challenges faced.

The Trust has worked closely with Isle of Wight Council and Isle of Wight NHS Clinical Commissioning Group to ensure that members of the public continue to be well informed about local health and care services.

Our Patient Council

Our Patient Council meet on a regular basis to discuss developments and plans that could impact on patients and the wider public. This year the Patient Council provided valuable insight into patients’ perspectives and helped address matters identified as important by patients. Members of the Patient Council are involved in shaping strategies and new initiatives within the Trust, and they also provide regular representation to various Trust committees and the Trust Board meeting.

Elected officials and oversight bodies

We keep regular contact with our local MP on the Island, and we communicate and engage with our MP with regards to service changes and improvements.

We have built strong relationships with both the Isle of Wight Council Corporate Scrutiny Committee and its Policy and Scrutiny Committee for Health and Social Care and we participate in their public meetings to update on service changes and improvements and answer questions about our organisation and its performance.

These bodies consist of elected local councillors and hold NHS organisations to account for the quality of their services on behalf of their local public.

Healthwatch

Healthwatch England is the independent consumer champion for health and social care in England. They work to ensure the voice of the consumer is heard by the people that commission, deliver and regulate health and care services.

Healthwatch England supports the range of local Healthwatch bodies across the country. We work closely with our local body; Healthwatch Isle of Wight, welcoming their input as ‘critical friends’. As part of our ongoing relationship:

- Local liaison representatives from Healthwatch attend our regular meetings with patient representatives.
- We welcome Healthwatch to our events, such as our Annual General Meeting and meetings of the Trust Board which are held in public.
- We send regular news items about the Trust for inclusion in their communications.
- We engage with Healthwatch about service changes and seek their comments and respond to their reports.

Corporate social responsibility

Positive engagement with our local community continues to provide us with a bank of volunteers who can assist us with tasks such as fundraising, greeting patients and visitors or being a friendly face on the wards.

We have continued to engage with the public through interactive events to help people learn about the various professions in the NHS and to enable people to sign up to the Trust temporary staffing bank, as well as to get further information on substantive positions within the organisation.

Our engagement with the public has been through social media tools that are dedicated to careers and recruitment within the Isle of Wight NHS Trust. These pages are regularly updated with details on vacancies, apprenticeships, open days, success stories and work experience opportunities.

Facebook: www.facebook.com/IOWNHS

Instagram: @IOWNHS_Trust_Careers

LinkedIn: https://www.linkedin.com/company/iownhs

Twitter: @IOWNHS

Volunteering

The Isle of Wight NHS Trust is grateful to have the support of approximately 300 volunteers who generously offer their time to the Trust to assist our patients, visitors, and staff. Volunteers offer a wide variety of support across all divisions (acute, mental health, community, and ambulance) and do incredible things every day to help our services.

Some of our volunteers have had to step back from volunteering during the COVID-19 pandemic and we have kept in touch with regular communication, including a monthly newsletter with details on Trust-wide news, volunteer vacancies and good news stories. We are now looking forward to gradually welcoming our volunteers back into the Trust as the restrictions start to ease. We have also recruited new volunteers during the year and are grateful for the support that they have and continue to provide. We have maintained links with our volunteers so that they can share their volunteering experiences and offer suggestions.

We will continue to develop roles for volunteers by working with divisions and services to ensure that the time volunteers dedicate to the Trust is effective, efficient, and meaningful.

To ensure that we are leading volunteers alongside national guidelines, we are members of the National Association of Voluntary Service Managers (NAVSM) and regularly attend quarterly meetings and an annual training seminar.

We have also continued to enhance our strong links and partnerships with Age UK Isle of Wight, Mountbatten, Isle of Wight College, Helpforce and Community Action IW.

Supporting and developing our people

The Isle of Wight NHS Trust employed an average of 3,299 staff (3,202 in 2019/20) and at 31st March 2021, the equivalent of 3,117 full-time staff were employed (2,809 in 2019/20), with 400 bank workers and additional support from around 300 volunteers.

Employees by staff group (Average staff numbers)	Permanent Staff	Other	Total
Medical and dental	245	38	**283**
Ambulance staff	114	3	**117**
Administration and estates	843	32	**875**
Healthcare assistants and other support staff	638	132	**770**
Nursing, midwifery, and health visiting staff	791	96	**887**
Scientific, therapeutic, and technical staff	295	15	**310**
Other	55	2	**57**
Total average numbers	2,981	318	**3,299**
Number of employees (WTE) engaged on capital projects	4	0	**4**

Recruitment issues have remained a challenge with 218.57 FTE (6.55%) vacancies as of 31st March 2021. The majority in Medical, Registered Nurses (RN) and Allied Health Professionals (AHPs) where the reliance on temporary staff is higher.

We have seen successes with overseas registered nurse recruitment, appointing 125 FTE to March 2021.

We continue to operate an active apprenticeship programme and provide access to quality learning and to grow and develop our workforce.

Staff turnover increased to 11.11% but remains lower than regional average of 14%.

We continue to undertake staff inductions to connect staff with the Trust vision and values and employ a full programme of training and education, including mandatory training requirements which has a achieved a compliance rate of 82%. We have moved much of our training online as a response to the pandemic to ensure that our people can remain trained to provide safe and effective care.

We have significantly developed the wellbeing opportunities that we provide to staff include a regular newsletter of offers, yoga and mindfulness sessions, and areas to relax in during breaks. We have given every member of staff a Wellbeing Day to enable them to have some dedicated time to relax and recover from the hard work that has occurred during the pandemic.

We have a comprehensive range of policies and procedures in place to support our staff wellbeing and to promote equality and diversity in the workplace. We have built staff engagement with the launch of staff networks for specific groups of staff including Race Equality, Disability Equality, LGBT+ Equality, Working from Home Support and Menopause Matters. We aim to build trust and insight, and resilience across all staff groups. We have also created opportunities for people with a disability to gain paid work experience within our organisation.

Developing and participation in clinical research

Clinical research is a branch of medical science that determines the safety and effectiveness of medication, diagnostic products, devices and treatment regimes. These may be used for prevention, treatment, diagnosis or relieving symptoms of disease.

The commitment to research as a driver for improving the quality of care and patient experience remains paramount. During 2020/2021 the focus for research activity shifted significantly in respect of the COVID-19 pandemic with priorities for research being changed at a national level. Alongside 30 other studies that were already underway (some of which were paused for new recruitment due to the pandemic) resources were deployed to urgent Public Health England SARS-CoV-2, COVID-19 related studies and the Trust was able to participate in a number of studies including 5 key studies in respect of the COVID-19.

Research activity is supported by an annual allocation of £333,934.75 from the Regional Clinical Research Network which supports a core team of 8.75 WTE and covers some of the clinician sessions; research nurses and associated staff; NHS service support (pathology, radiology, and pharmacy) and research management staff. Additionally, the Trust receives some funds through research grants.

The urgent Public Health England COVID-19 studies that the Trust has taken part in over the last year include:

- Genetics Of susceptibility and Mortality In Critical Care (**GenOMICC**) aims to identify genetic variants within patients which are associated with susceptibility to and mortality from life-threatening infection.
- ISARIC the Clinical Characterisation Protocol (**CCP**) aims to identify genetic variants within patients which are associated with susceptibility to and mortality from life-threatening infection.
- Pregnancy and Neonatal Outcomes in COVID-19 (**PANCOVID**) Study aims to collect information about COVID-19 and SARS-CoV-2 in pregnancy and babies worldwide.
- Randomised Evaluation of COVid-19 thERapY (**RECOVERY**) trial is the world's largest clinical trial of treatments for patients hospitalised with COVID-19.
- Sarscov2 Immunity & REinfection EvaluatioN (**SIREN**) primary objective is determining if prior SARS-CoV-2 infection in health care workers confers future immunity to re-infection.
- UK Obstetric Surveillance System (**UKOSS**) study the aim of which is to determine the incidence of hospitalisation with pandemic COVID-19 infection in pregnancy.

During 2020/2021, the Trust recruited 1,372 patients and staff to participate in research studies. Participation in clinical research is not only important for our patients, but also for our staff. Through active participation in research, our clinical teams stay up to date with the latest possible treatments and network with other research active centres across the world. They also develop skills like data management and disease assessment which have wider benefits for our patients and service users. All of this improves patient care, provides development for our staff, and makes our Trust a more desirable place to work when it comes to recruitment and retention of staff.

The Trust works with, as well as sponsoring research undertaken by, the David Hide Asthma and Allergy Research Centre (DHAARC) who work in collaboration with the University of Southampton. It hosts several birth cohorts and undertakes studies in the field of paediatric and adult asthma and allergy research. DHAARC studies are carried out with other universities in the UK and around the world including: The Jolla, California; Michigan State University; University of Memphis; The University of Manchester; University of Bristol; Imperial College London; University of Oslo; University of Portsmouth; University of Colorado (Denver) School of Medicine; and the Children's Hospital Colorado. For further information visit www.davidhideallergyresearch.co.uk

Our engagement with clinical research demonstrates our commitment to testing and offering the latest medical treatments and techniques for our patients and service users. In 2021/22 we intend to increase patient participation by opening new trials in new areas, for example in podiatry, as well as growing the volume of work in those areas where we have historically undertaken studies. In 2020/21 we enhanced our workforce by developing clinical trials assistants and research nurses, which

enables us to support and assist the clinical areas in their research performance. A change in management structure was also implemented.

Managing our estate

The Trust's directly employed Estate Management Team provide expertise and support across a broad range of areas including estate strategy, capital planning and development, property management, operational and statutory maintenance, energy and sustainability, waste management and commercial contract management. Key points are:

Estate strategy

We are in the process of developing an estate strategy and masterplan that will provide strategic direction for future estate development and the associated capital planning. Our forward strategy will underpin and enable the delivery of the Trust's strategies. Specifically, the estate masterplan will:

- align the estate to the clinical services strategies.
- enable estate rationalisation and consolidation through improved use of estate.
- utilise the estate in the best condition and dispose of estate in the worst condition, reducing the critical infrastructure risk and backlog maintenance.
- identify surplus or potentially surplus land for redevelopment/development and unlock associated opportunities:
  - 1) financial: capital and or revenue income streams
  - 2) non-financial: future uses that support the forward strategy, for example, key worker housing, extra care, community living etc.

Capital planning and development

Our capital development team lead on the delivery of the estate related projects that are funded via the Trust's annual capital budget. In 2020/21 key projects were:

- Investment to reduce critical infrastructure risk and backlog maintenance, including improvements to Maternity, fire door and compartment replacement programme, public toilets refurbishment, former boiler house demolition.
- Additional MRI Scanner.
- Replacement CT Scanner and new Modular CT Scanner.
- Improvements to Emergency Department for paediatrics.
- Various estate related changes linked to the Trust's response to the COVID-19 pandemic; including relocation of medical records, setting up of field hospitals and various ventilation works.
- Purchase of a property in Newport for use as an Integrated Mental Health Hub (forward improvements included in investment plans for 2021/22).
- Purchase of a property in Sandown for use as a South Locality Integrated Health Hub (forward improvements included in investment plans for 2021/22).
- Development of outline business cases for Investing in our Future Programme which will see investment in the Emergency Floor, High Care Unit and the development of a Community Hub.

Energy and sustainability

The Trust considers energy usage, the environmental impact, and our carbon footprint as part of our day-to-day estate management as well as in strategic planning and new developments. All replacement and new installations include energy efficient systems and fittings, and we seek to reduce our energy usage through both estate related improvements, consolidation of the estate and

through energy awareness campaigns. In addition, we utilise an external contractor to validate and monitor our energy usage.

Our vision is to provide high quality healthcare services in an environmentally sustainable manner. We are taking active steps to improve our energy efficiency, lower our water consumption, and reduce the impact of the waste we generate. We have plans for reducing our environmental impact and embedding sustainability principles within our estate.

Waste and recycling

The Trust has an agreement in place with the Isle of Wight Council where we share waste management resources and work together to ensure we utilise resources efficiently and provide a sustainable waste management process. We continue to separate our recyclable waste and ensure we maximise the efficient management of our waste. In addition, the Trust has implemented a system that reuses surplus equipment and supplies to avoid waste and help drive efficiency.

Key strategic risks and uncertainties

Risks to the achievement of the Trust's strategic objectives are identified by the Executive Team and entered on the Trust's Board Assurance Framework (BAF). The corporate level risks are recorded in the Board Risk Register which identifies risks that could impact on operational delivery across the Trust.

The governance structure within the Trust ensures risk management is embedded across all corporate and operational services. The Director of Governance and Risk reviews all risks across the operational and corporate areas of the Trust. Director of Governance and Risk reports all corporate risks to the Executive Management Team Plus for review. The Trust Board and its committees review the Board Assurance Framework and receive regular reports on the corporate risks facing the organisation. In addition, an annual audit of risk management including escalation/de-escalation of risk to and from the Board Risk Register and the impact on the Board Assurance Framework is undertaken by the internal auditors.

Our risks include areas relating to compliance, delivery of quality outcomes and safe care, recruitment, and retention of staff, achieving the necessary cultural change and implementing necessary plans at pace.

Performance summary

During 2020/21, against a backdrop of responding to the pandemic, our key focus remained on improving our quality of care. As set out in the 2019/20 Annual Report, the Care Quality Commission gave us an overall rating of 'Requires Improvement' in September 2019. The Care Quality Commission has recognised the hard work of staff and the improvements to our services during 2020/21.

Although the Trust remains in Quality Special Measures, we are expecting a CQC inspection during 2021/22, the outcomes of which could enable us to formally exit this designation.

Performance in respect of 999 calls and the Ambulance Service was supported by the investment in additional ambulances and crews in order to meet the national ambulance response standards consistently and enable our patients to be treated quickly. We are seeking to continue this extra investment in 2021/22. The performance of NHS 111 continues to be excellent, despite the significant increase in calls received during the pandemic.

In our Emergency Department/Urgent Treatment Centre/Medical Assessment Unit services we have made significant improvements and have frequently been able to meet the 4-hour Emergency Care access standard on a day-by-day assessment. The pandemic caused us additional challenges in having to test patients prior to admission and to keep all patients with confirmed or suspected COVID-19 in COVID-19 secure areas. We have been able to improve the flow of patients through our hospital and reduce the number of patients whose discharge is delayed when they are considered medically fit to leave our acute care facilities.

Our performance against the Referral To Treatment (RTT) access standards has also significantly deteriorated this year due to the impact of COVID-19 and the need to suspend some non-urgent care. We have been committed to maintaining our cancer referral pathways and our diagnostic imaging pathways and had almost recovered from the backlog developed during wave 1 of the pandemic when the second wave affected our capacity. We are now developing plans to address all care that has been delayed due to the pandemic.

We continued to develop our partnership working during the year. We have close arrangements with partners across the NHS and Local Government through our Integrated Care Partnership to deliver the Isle of Wight Health and Care Plan to help people live independent, healthy lives. We also launched our Trust Strategy which details our contribution to delivery of the Isle of Wight Health and Care Plan.

We have also forged a new partnership for our community services with Solent NHS Trust. Our partnerships for our Acute, Ambulance, and Mental Health and Learning Disability services have developed further during the year.

Reasons to be proud

Despite all the challenges of COVID-19, individuals and teams across the Trust have had their work recognised in a range of regional and national award programmes.

The Trust's Technology-Enabled Care Team, part of the Community Division, won a national award for digital innovation.

One member of staff and a Trust volunteer won NHS Parliamentary Awards, after being nominated by our local MP.

Wellow Unit and a senior nurse were finalists at the Nursing Times Award and Trust staff were part of a team entry that narrowly missed out on an award for Primary Care Innovation at the HSJ Awards.

The Trust's partnership with a local university to trial drone technology received praised as part of a national transport awards programme.

External awards are important, but they are just one way in which we recognise the contribution of our colleagues. Below is a summary of just some of our reasons to be proud from 2020/21.

April to June

- A new End of Life Care Unit, called Wellow Unit opened
- The Carers Lounge team hit an impressive milestone of 1,200 carers supported
- A new service to help families keep in touch during COVID-19 was launched
- Our Patient Experience team launched a new service to facilitate deliveries of important items to patients
- A new group of physician associates joined the Trust
- In our Community Services, Video consultations successfully used to support heart failure patients at home
- Several new staff networks launched to support wellbeing and inclusion at work
- Hundreds of new laptops given out to support remote and home working, MS Teams and Attend Anywhere rolled out across the Trust
- Launch of the new organisational strategy (Great people, great place: 2020 to 2025)

July to September

- New Mental Health Hub opens to support Island residents
- Innovative drive through service set up for children with diabetes
- More support for children and adults with autism launched
- Mental health support made available 24/7 through NHS 111 service
- Cutting edge technology used to improve diagnosis of eye disease in Ophthalmology
- Emergency Department (ED) beats waiting time target for third month running
- People benefit from blood tests closer to home – service moves to GP surgeries
- Endoscopy Service receives accreditation following improvement
- Wellow Unit shortlisted for Nursing Times Award
- New infusion suite to help people manage long term conditions opened
- NHS and Hovertravel celebrate new partnership to support patient transfers to the mainland
- New service to support people with dementia launched
- Isle of Wight Ambulance Service doubles the number of Community First Responders
- New mental health support teams in schools and colleges ready to launch

October to December

- In our Community Service Technology Enabled Care (TEC) Team wins national award in health technology

- Two colleagues win NHS Parliamentary Awards
- Solent NHS Trust announced as new partners for Community Services
- A project to speed up skin cancer diagnosis shortlisted for HSJ Award
- Trust's new mental health and learning disabilities strategy, No wrong door launched
- Isle of Wight Ambulance Service launches UK-first cleaning project
- Trust's drone project commended at national healthcare awards
- Urgent Treatment Centre (UTC) team star in art exhibition
- New Estates helpdesk launched to support staff through COVID-19 reorganisation and beyond

January to March

- Biggest ever Isle of Wight NHS staff vaccination programme gets underway
- Blue light services working together to combat COVID-19
- New Paediatric Emergency Department opened to improve experiences for children and young people
- Trust research team supports world's largest COVID-19 treatment trial
- NHS staff survey reveals a happier, better supported, patient-focussed workforce

On a financial note, the Trust continued in Financial Special Measures through 2020/21. We returned a small surplus which was an improvement on our planned deficit of £3.7m. We were also able to make additional investments in quality and improvements to RTT times for patients. We continued to feel pressure in the need to use agency staff due to pressures on services and difficulties recruiting permanent staff.

The Trust had a capital investment plan of £5.9m, received DHSC donated equipment of £1.4m and secured a further £12.8m in year, which funded the following:

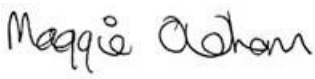
South West and Mental Health Locality Hubs	£3.6m
COVID 19 Response	£2.5m
MRI Scanner	£2.0m
Backlog Maintenance	£1.9m
Development of ASR strategic outline case	£1.8m
HSLI Digitisation Projects	£1.8m
Imaging and Ventilation Donated Assets	£1.4m
Pathology Digitisation (LIMS)	£1.2m
CT Scanner	£1.1m
Equipment RRP	£1.0m
IT Projects	£0.9m

Critical Infrastructure Risk £0.8m

During the year the Trust has reviewed its processes for managing strategic and corporate risks. The Board Assurance Framework and Board Risk Register are reported to the Trust Board once a quarter and considered at every Board and Board Assurance Committee meeting.

All areas of operational performance within the Trust were impacted by COVID-19 and the Trust has responded by maintaining clinical areas which are covid secure, providing additional facilities for staff such as sanitation measures on site, well-being support and staff redeployment. As we enter the recovery phase, we are reviewing what pandemic and related good practice can be embedded into business-as-usual processes.

Performance report signed by the Chief Executive.



Maggie Oldham

Chief Executive

10th June 2021

Accountability report

Corporate Governance Report

This section of the annual report explains the composition and organisation of the Trust's governance structures and how they support the achievement of the Trust's objectives.

Directors' Report

The Trust Board 2020/21

The Trust Board as at 31st March 2021 consists of a Chair (Melloney Poole), appointed through NHS Improvement (NHSI), 5 Non-Executive Directors (also appointed through NHSI), and 5 voting executive directors including the Chief Executive (Maggie Oldham). The Board is also supported by 3 non-voting Associate Non-Executive Directors and 6 non-voting executive directors.

The Trust Board has continued to evolve over the year, with Suzanne Rostron leaving to further her career in another NHS organisation; Lois Howell was appointed as a joint appointment with Portsmouth Hospitals University NHS Trust to replace her, and the post was renamed to Director of Governance and Risk. Due to the increased profile of communications and engagement the Associate Director of Communications and Engagement post was enhanced to a Director of Communications and Engagement and Kirk Millis-Ward was appointed into this role. The role of Digital and Information Technology has become more prominent within the organisation and therefore a role of Chief Digital and Information Officer was created, and the role will be considered a Board-level appointment from 2021/22. Hugo Mathias has been appointed to this role as a joint appointment with Portsmouth Hospitals University NHS Trust.

In addition, Vaughan Thomas stood down as Trust Chair in October 2020. NHSI appointed Melloney Poole as Chair of this Trust in addition to her role as Chair at Portsmouth Hospitals University NHS Trust.

Full details of the composition of our Board and biographies of our Board members are available on our website

The Trust Board is responsible for setting and developing the strategic direction of the Trust, sustaining business viability and holding the executive directors to account for all aspects of the Trust's activities, including quality and safety of patient services, financial management and legal compliance. The role also includes seeking assurances from the executive directors that risks to the Trust are being appropriately assessed and managed.

In 2020/21, the Isle of Wight NHS Trust Board met formally in public on 8 occasions. There were no meetings in public in April and May due to the Trust responding to the pandemic and only holding short Trust Boards in private to consider urgent issues. A summary of issues considered is posted on the Trust's website. No meetings were planned or held in August 2020 and January 2021. The Annual General Meeting to present the 2019/20 Annual Report and Accounts was held on 24th September 2020. All meetings were held via Microsoft Teams, which enabled all members and observers to comply with Government regulations relating to the pandemic.

The Trust Board has a duty to operate in a way that is transparent and to comply with best practice in probity. To this end, members of the Trust Board sign up annually to following the Nolan principles of good governance, the NHS Code of Conduct and Accountability, the NHS Code of Openness, and the NHS Constitution. The Trust Board has also subscribed to principles of board etiquette as set out in the NHS Integrated Governance Handbook.

Throughout 2020/21, the Trust Board has continued to undertake a programme of collective and individual development. The Trust Board regularly hears specific stories from or about individual patients or services at the start of its meetings in public. Briefing and development sessions are also run to provide Trust Board members with dedicated time to increase their strategic understanding and develop specific areas of knowledge related to the Trust's services and the environment in which it operates.

The voting members of the Trust Board also act as the corporate trustees for the Isle of Wight NHS Trust's charitable funds, for which a separate report and accounts are published.

More information about the Trust's governance arrangements can be found in the Annual Governance Statement, see page 41.

Trust Board Committees

The business of the Trust is managed through Board Assurance Committees. The Trust reviewed and set established a new Board Committee framework in September 2020 when committees suspended during the first wave of the pandemic were re-commenced. The Quality and Performance Committee, Finance and Infrastructure Committee and Digital Transformation Committee (established October 2020) meet monthly, and the People and Organisational Development Committee meets bi-monthly. In addition, the Audit Committee and Charitable Funds Committee meet as required which is generally quarterly. A Nominations and Remunerations Committee is held at least twice a year.

Full details of these committees, their membership and terms of reference are available on our website.

Trust Board and committee meeting attendance 2020/21

In 2020/21, the membership and attendance records for meetings was as indicated in the table below (number attended/total meetings held in year eligible to attend as a committee member).

Trust board members: Overall committee attendance register 1st April 2020 to 31st March 2021

Member	Post		Trust Board		Quality & Performance Committee		Finance & Infrastructure Committee		People & Organisational Development Committee		Digital Transformation Committee		Audit Committee		Nomination & Remuneration Committee	
			Poss	No. Att	Poss	No. Att	Poss	No. Att	Poss	No. Att	Poss	No. Att	Poss	No. Att	Poss	No. Att
Non Executives																
Vaughan Thomas	Chair	Up to 4 Oct 2020	3	3											0	0
Melloney Poole	Chair	From 5 Oct 2020	6	6											0	0
Kemi Adenubi	Non-Executive Director		8	7			7	7			7	7	5	5	0	0
Paul Evans	Non-Executive Director		8	8	6	4			4	4			5	2	0	0
Tim Peachey	Non-Executive Director		8	8	6	6					7	7	5	4	0	0
Caroline Spicer	Non-Executive Director		8	8			7	7					5	4	0	0
Anne Stoneham	Non-Executive Director		8	7			7	7	4	3			5	5	0	0
Phil Berrington	Associate Non-Executive Director		8	8			7	7					5	5	0	0
Julia Ross	Associate Non-Executive Director		8	8	6	6			4	4	7	7	5	5	0	0
Sara Weech	Associate Non-Executive Director		8	8	6	6			4	3			5	4	0	0
Executive Team																
Maggie Oldham	Chief Executive		8	7												
Darren Cattell	Director of Finance, Estates and IM&T/Deputy Chief Executive		8	7			7	4			7	5	5	4		
Alistair Flowerdew	Medical Director	Up to 31 Oct 2020	4	4	2	2			3	2						
Steve Parker	Medical Director	From 1 Nov 2020	4	4	4	3			1	1	7	0				
Suzanne Rostron	Director of Quality Governance	Up to 3 July 2020	1	1	0	0										
Lois Howell	Director of Governance & Risk	From 4 July 2020	7	7	6	5							4	4		
Alice Webster	Director of Nursing, Midwifery, AHPs & Community Services		8	8	6	5	7	3	4	3						
Hugo Mathias	Chief Digital & Information Officer	From 1 Dec 2020	2	2			3	3			2	2				
Kirk Millis-Ward	Director of Communications & Engagement	From 1 Aug 2020	6	4							7	6				
Julie Pennycook	Director of People & Organisational Development		8	8			7	3	4	3						
Joe Smyth	Chief Operating Officer - Acute & Ambulance		8	7	6	3	7	6	4	0						
Lesley Stevens	Director of Community, Mental Health & Learning Disabilities		8	5	6	5	7	3	4	3	7	5				
Nikki Turner	Director of Acute Transformation		8	8	6	4	7	5			7	5				

Anti-fraud and corruption including the Bribery Act 2010

Under the Bribery Act 2010 it is a criminal offence for commercial organisations to fail to prevent bribes being paid on their behalf. The Trust therefore has a duty to ensure that all its business is conducted to the highest possible standards of openness, honesty, and probity. To support staff the 'Standards of Business Conduct' policy prescribes what is acceptable ethical and legal business conduct for all employees in respect of business conduct, sponsorship, hospitality and gifts. Provision is also made for the declaration and registration in certain circumstances of interests, hospitality and gifts received. Every year, senior staff and Board members are required to declare any interests, particularly those that could conflict with the business of the Trust. This serves to demonstrate openness and protect employees from allegations of improper or illegal conduct.

Details of these declarations are published on our website.

Being open and the Duty of Candour

The Trust fully supports the need to be open and transparent in line with national guidance and the Duty of Candour placed on organisations and staff.

During the year, the Trust has reviewed its Being Open and Duty of Candour Policy and continues to ensure that staff have the relevant knowledge and are supported to apply the duty.

Modern Slavery and Human Trafficking Act 2015 statement

At the Isle of Wight NHS Trust, we are committed to maintaining and improving systems, processes, and policies to avoid complicity in human rights violation in any part of our business or our supply chain. We realise that slavery and human trafficking can occur in many forms, such as forced labour, domestic servitude, sex trafficking and workplace abuse.

Our policies, governance and legal arrangements are robust, ensuring that proper checks and due diligence take place in our employment procedures to ensure compliance with this legislation. We are guided by a strict set of ethical values in all our business dealings and expect our suppliers (for example, all companies we do business with) to adhere to these same principles.

Personal Data related Incidents

As noted in the Annual Governance Statement, the Trust had 1 incident regarding data security that had to be reported to the Information Commissioner's Office during 2020/21.

Statement of directors' responsibilities in respect of the accounts

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

- Apply on a consistent basis, accounting policies laid down by the Secretary of State with the approval of the Treasury.
- Make judgements and estimates which are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

Annual Governance Statement 2020/21

Statement of Accountable Officer's responsibilities

The scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to achieving the policies, aims and objectives of the Isle of Wight NHS Trust, to evaluate the likelihood of those risks being realised and their potential impact and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Isle of Wight NHS Trust for the year ended 31st March 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Director of Governance and Risk is the executive lead for risk management and is supported by the Associate Director of Corporate Affairs and the Head of Quality Governance.

The governance structure within the Trust enables an embedded risk management approach across all corporate and operational services.

The Board Assurance Framework is a key management tool for the Trust Board and its assurance committees. The Executive Management Team and its members play an important part in ensuring that it is an effective approach to management of the risks to delivery of the Trust's strategic objectives. Each identified risk is allocated to an Executive Lead who takes responsibility for ensuring that actions required to mitigate risks, address gaps in control and/or improve associated assurance are delivered.

The Board Risk Register is similarly the result of collaboration amongst the Executive Directors and the Corporate Governance team. The Board Risk Register is comprised of the most significant divisional level risks and those risks which require management at a corporate/Trust-wide level. As with Board Assurance Framework risks, Board Risk Register risks have an allocated executive level owner, responsible for ensuring that they are effectively described, rated and managed.

The Board Assurance Framework and Board Risk Register are reported to the Board on a quarterly basis and to each of the Board's assurance committees thereafter for reflection in those committees' work-plans and to enable the committees to contribute to their continual review. The Board and its assurance committees are also required to consider whether there is anything else to add to, or amend on, the Board Assurance Framework and Board Risk Register at the end of every meeting, to ensure that both documents remain 'live' and reflect the issues facing the Trust.

Care groups and divisions are required to maintain their own risk registers, using a common risk management tool Datix. Use of this tool enables central oversight of risk management practice and of the risks affecting different parts of Trust. As indicated above, divisional and care group risks feed through into the Board Risk Register and Board Assurance Framework, ensuring that the Board is apprised of the most significant operational and strategic risks affecting parts of the Trust.

Governance principles, as described above, are implemented in each of the divisions, with a Divisional Board having responsibility for the overall management of the division, a Quality and Performance Committee for Divisional oversight of clinical performance (mortality, audit data, benchmarking), service level patient feedback, team or ward audits, service level risk registers, complaints, incidents, key performance targets, financial performance and workforce management. Underpinning these meetings are specialty and service meetings to look at clinical performance (mortality, audit data, benchmarking), service level patient feedback, audits, service level risk register, complaints, incidents, and lessons learned. Additionally, ward and team meetings are held with the expectation that they will share knowledge and experience; in particular, good practice and lessons learned.

The risk management process is supported by clearly defined roles in all levels of the Trust from operational/corporate staff to Board members. Every staff member is responsible for identifying, escalating, and managing risks within their sphere of competency and operation, supported by their managers, as outlined in the Risk Management Policy.

Managers are required to demonstrate that appropriate control measures are in place and actions are being undertaken to mitigate negative risk and enable positive risk achievement, reporting to their respective lead Executive Director responsible for the aligned portfolio of services.

All staff undertake generic risk management awareness training and an introduction to the electronic risk management system as part of their induction. Focused risk management training and support in risk assessment, recording, management and monitoring risk, relevant to their area of responsibility, is provided to all staff. The Trust is developing a comprehensive programme of risk management, incident, and patient experience training, to complement the guidance tools embedded into the electronic risk management system utilised by the Trust.

There are named key specialists within the Trust who offer further specialist risk management training and guidance to all Trust employees, including health and safety, back awareness, patient handling training, infection prevention and control, safeguarding adults, safeguarding children and information governance. The Trust's annual training programme reflects this provision. Key elements are recorded within staff mandatory training records, a summary of which is monitored at Executive Team and through the People and Operational Development Committee to the Board.

The risk and control framework

Risk management

Risk management processes are embedded within the Trust with incident reporting openly and actively encouraged to ensure a culture of continuous improvement and learning. The organisation understands that successful risk management requires participation, commitment, and collaboration from all staff. Working dynamically, the Trust has created training options to support staff with identifying, evaluating, and controlling risks effectively. The Trust has found that this approach to managing risks ensures it remains a high priority and offers colleagues the ability to be engaged and confident in managing risks.

The Trust's approach to risk management is embedded in a variety of ways and covers both clinical

and non-clinical areas and considers aspects including financial and performance risks, counter fraud activity, reputational and project risks and service reviews.

The approach to risk management is achieved through:

- a risk culture which includes an agreed risk appetite.
- the integration of risk management into all strategic and operational activities.
- active management, monitoring and reporting of risk across the Trust.
- an environment of continuous learning from risks, complaints, and incidents, underpinned by open communication and fair scrutiny.
- consistent compliance with relevant standards, targets, and best practice.
- business continuity plans and recovery plans.
- fraud deterrence.

Fraud deterrence is integral to the management of risk across the organisation. Staff are encouraged to report any potential fraud including anonymous reporting if necessary. We are not aware of any specific areas within the organisation that are at risk of material fraud, however we cannot be complacent. Notifications from the Counter Fraud team improve our knowledge and awareness of the risk of fraud and the introduction of a Fraud Champion to the Trust promotes awareness and an understanding of the threat posed by fraud, bribery and corruption and offer best practice to counter fraud.

Equality impact assessments are carried out to ensure that the Trust's decisions meet the Trust's legal duty under the Equality Act 2010. The Trust also uses assessments in the development of policies and in consideration of cost improvement plans, and Quality Impact Assessments form part of all change programmes.

Risk Management Strategy

The Risk Management Strategy set out the strategic direction for risk management for the Trust over the three years 2018 to 2021 has been reviewed annually. It was developed to comply with legal and statutory requirements, assist in compliance with national standards, promote proactive risk management and to improve the safety and quality of patient care.

The Trust's Internal Auditors reviewed risk management arrangements in the Trust, including delivery of the strategy, during 2020/21 and issued a 'reasonable assurance' opinion.

The Strategy states that risks are managed at two levels:

Strategic risks: risks which could affect the delivery and achievement of the Trust's strategic objectives. Strategic risks are detailed in the Trust's Board Assurance Framework (BAF) and mapped against the Trust's strategic aims. The Board Assurance Framework is owned by the Trust Board along with the Board Risk Register, which identifies the corporate risks affecting the operations of the organisation that cannot be managed at divisional level.

Operational risks: risks associated with the key business processes at all levels. The issues arising from these risks will be considered at specialty and clinical business unit level, with the most significant, and those which can only effectively be managed at corporate level being managed by the Executives and Trust Board via the Board Risk Register.

The Board Assurance Framework and Board Risk Register have been reviewed by the Board each quarter in 2020/21 and the risk scores are considered against the Trust's risk appetite. Each Board committee also considers the Board Assurance Framework and Board Risk Register to identify issues that it needs to cover in its business to provide appropriate assurance to the Board.

Risk Management Policy

The Risk Management Policy clearly sets out the expectations, guidance and requirements of individuals and corporate meetings regarding the management of risk through the governance structure at each level within the Trust. The Risk Management Policy has since been designed to replace the Risk Management Strategy.

All staff have a responsibility for risk management, and this is embedded in the activity of the organisation through effective governance structures. As previously mentioned, all staff are routinely trained and supported with risk management to ensure a contribution to learning from best practice.

There is delegated responsibility for risks at every level in the organisation. This is crucial to embedding risk management into the organisation and its culture, with risk management seen as a fundamental part of the way the organisation works.

The key objectives of the Risk Management policy are to:

I. Embed risk management at all levels of the organisation.
II. Create a culture which supports risk management.
III. Provide the tools and training to support risk management.
IV. Embed the Trust's risk appetite in decision making.
V. Measure the impact of implementation.

The Trust is committed to mitigating those risks within its control and preparing contingencies for risks beyond its control. As the Trust seeks to manage risks according to the appetite for those risks, it recognises the need to balance the costs and benefits of measures to reduce risk levels.

Quality Governance Standards and Structures Framework

All Executive Directors are responsible for supporting the Trust Board in maintaining high quality governance standards, and identifying, assessing, and managing risks in their portfolio areas. The Director of Governance and Risk is the executive lead for quality governance and is responsible for Patient Experience. The Director of Nursing has executive responsibility for Patient Safety. The Medical Director has executive responsibility for Clinical Effectiveness.

The Board receives a quality report at each of its meetings, in which good practice, issues of concern and performance against all CQC domains and metrics are reported. At the start of 2020/21 during the pandemic the Board sat as the Quality Committee to ensure that key quality issues were considered and addressed. As part of the recovery from the first wave the Board established a Quality and Performance Committee to scrutinise the detail of quality governance and provide assurance to the Board. Both the Board and Quality and Performance Committee, at their monthly meetings, review specific examples of patient and staff feedback with the view to learning from this and ensuring that appropriate action is taken to safeguard quality and improve the patient and staff experience. The Quality and Performance Committee also undertakes 'deep dive' reviews of particular aspects of quality.

The Finance and Infrastructure Committee would usually have an overview of the Trust's Cost Improvement Programme (CIP); however, in 2020/21 due to the pandemic there has not been a specific programme of schemes. Where CIP schemes are identified, quality components and the quality aspects of each scheme are assessed by the Executive Directors to ensure that service quality and patient safety are not compromised by the actions proposed.

The Board is actively engaged in quality improvement and is assured that quality governance is subject to rigorous challenge through Non-Executive Director engagement and chairing of board-level assurance committees.

The Quality Governance Department is responsible for the systems and processes required to support the delivery of quality governance. The Department evaluates continuously the efficacy of risk management and assurance systems and committee communication to ensure the Trust Board and senior managers receive information and intelligence they require. Liaising with all inspectorates also falls into the remit of this department. The department implements systems and processes to ensure the Trust can demonstrate compliance with the Care Quality Commission Key Lines of Enquiry for Quality and Safety on a continuous basis. Any gaps in assurance are identified and escalated in a timely manner.

Each Divisional Director is the accountable officer within their division. They are accountable to the Chief Executive and Trust Board for the delivery of quality governance within their division and should ensure robust systems and processes are in place to support this.

The Information Department is responsible for supporting quality governance through the provision of timely and accurate performance data.

Risks to data security

As noted elsewhere in this Annual Governance Statement the Trust had one incident regarding data security that had to be reported to the Information Commissioner's Office during 2020/21. The Trust has implemented the NHS Information Risk Management Guidelines and established a register of key information assets, allocating each one to an Information Asset Owner who reports to the Senior Information Risk Owner. Information risk management is reviewed and monitored by the Information Group. The Trust has enforced the Information Security Policy to control where personal information is stored and to protect personal information that is stored on portable storage devices from unauthorised access through the encryption of all portable devices and remote access personal computers.

The well-led framework

The Trust last had a Well-Led inspection in June 2019. This rated the Trust as 'requires improvement'. The Trust developed an action plan to address the specific issues identified to ensure that the Trust could continue to improve. In 2020/21 the Director of Governance and Risk undertook a review of the key lines of enquiry and assessed the Trust's performance against these recognising that, although progress had been made, it was less than planned due to the impact on the organisation of the pandemic.

Board regulatory statements

Whilst NHS Trusts are exempt from the requirement to apply for and hold the NHS Provider Licence, directions from the Secretary of State require NHS Improvement to ensure that NHS Trusts comply with conditions equivalent to the licence as it deems appropriate. This includes compliance with Provider Licence Condition FT4.

The Board is satisfied that the Trust has established and implements:

- Effective board and committee structures.
- Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees.
- Clear reporting lines and accountabilities throughout its organisation.

The Board is satisfied that the systems and processes ensure:

- That there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided.
- That the Board's planning and decision-making processes take timely and appropriate account of quality of care considerations.
- The collection of accurate, comprehensive, timely and up to date information on quality of care.
- That the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care.
- That the Trust actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account views and information from these sources.
- That there is clear accountability for quality of care throughout the Trust including systems and processes for escalating and resolving quality issues.

The Board is satisfied that the Trust has established and effectively implemented systems and/or processes:

- To ensure compliance with the Licensee's duty to operate efficiently, economically, and effectively.
- For timely and effective scrutiny and oversight by the Board of the Licensee's operations.
- To ensure compliance with health care standards binding on the Licensee including, but not restricted to, standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board, and statutory regulators of health care professions.
- For effective financial decision-making, management, and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern).
- To obtain and disseminate accurate, comprehensive, timely and up-to-date information for Board and Committee decision-making.
- To identify and manage (including, but not restricted to, through forward plans) material risks to ensure compliance with the Conditions of its Licence.
- To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and, where appropriate, external assurance on such plans and their delivery.
- To ensure compliance with all applicable legal requirements.

Workforce strategies and staffing

The NHS faces huge workforce challenges with national shortages in most professions, many trained staff leaving the NHS prematurely, and limitations on international recruitment. As a Trust providing services to an island population, we are faced with some unique circumstances which offer both additional challenges and, at the same time, opportunities.

To meet these challenges and seize opportunities the Trust recognises that it must be ambitious in its efforts to create a reputation and an environment that encourages the very best people with the right skills and values to join and remain with the Trust.

The Trust has a Workforce Strategy and Recruitment and Retention Strategy, further strengthened by a Leadership Strategy. These three documents describe how over the short, medium and long term we will confront the workforce challenges, embrace the opportunities and work to create an environment in which our staff can, confidently, realise their potential and give the very best care possible to our patients and clients.

The Trust continues to ensure appropriate assurance is provided to the Trust Board that staffing systems and levels are safe, sustainable, and effective. This is provided through reports to each of the People and Organisational Development Committee, Finance and Infrastructure Committee, and Trust Board.

Safe staffing reviews are undertaken at least twice daily in the acute setting on a dynamic basis, and reports on a monthly basis comply with the requirements of the Developing Workforce Safeguards recommendations. During the pandemic appropriately trained staff were redeployed to support clinical operations. In addition, we introduced more wellbeing arrangements to ensure that our staff felt cared for and supported at this challenging time.

Quality Impact Assessments are carried out for all planned changes, service developments, and introduction of new models of care such as the use of nursing apprentices, and involve executive leadership from the Director of Nursing, Midwifery, Allied Health Professionals and Community Services, Medical Director and Director of Governance and Risk.

Risks in relation to staffing levels are clearly sighted at Board level and the Trust has taken action to adjust service delivery, following discussion with commissioners, to mitigate the impact on patients' safety and experience of staffing level risks. Where appropriate the Trust considers benchmarking data to ensure appropriate and sustainable workforce planning and uses available evidence – particularly the Getting It Right First Time (GIRFT) Programme – to identify what good looks like and to take account of financial restraints, for example, by reducing agency staff.

Care Quality Commission compliance

The Trust was not fully compliant with the registration requirements of the Care Quality Commission (CQC). Consequently, the Trust was placed into Special Measures by NHS Improvement in April 2017.

The Trust remains in Special Measures following a further inspection by CQC during May and June 2019. However, this inspection saw several services achieve a rating of 'Good' and the Trust overall rating improve to 'Requires Improvement'.

NHS Improvement recognises that the Trust has made significant improvements, however, due to the pandemic the Trust could not be inspected in 2020/21, and consequently the CQC was unable to recommend that the Special Measures status be lifted.

At the end of 2020/21, the Trust had no restrictions in place or outstanding warning notices.

Conflicts of interest

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.

NHS Pension Scheme

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.

Equality, diversity and human rights

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

Carbon reduction delivery plans

The Trust is undertaking a comprehensive assessment of the Trust's policies, systems and practices to support the NHS transition to net zero by 2040, with an ambition to reach an 80% reduction by 2028 to 2032, as set out in 'Delivering a net zero National Health Service' (https://www.england.nhs.uk/greenernhs/wp-content/uploads/sites/51/2020/10/delivering-a-net-zero-national-health-service.pdf). The Trust will develop its Green Plan following this assessment, which replaces the existing Sustainable Development Management Plan 2015 to 2020 which was developed in conjunction with the Isle of Wight CCG.

The plan includes details of the Trust's carbon emissions arising from energy, water, waste, business travel and anaesthetic gases, being those which the Trust has direct control over. It also seeks to influence carbon emissions from the procurement of goods and services in conjunction with our suppliers and those emissions arising from patient and visitor travel. As well as reducing carbon emissions this contributes to essential local objectives to improve air quality and the health and wellbeing of our community.

The Trust's carbon emissions will be impacted by changes in the UK's energy supply mix and the ban on new diesel and petrol cars from 2030. However, this will not be sufficient to achieve net zero targets so the Trust will use the NHS target as the basis for relevant actions. These 'SMART' actions reflect measures the Trust has undertaken and will undertake to support this target and those set out in NHS Standard Contract Service Conditions. Progress against the target and specific actions will be reported annually. Collaboration on net zero ambitions with key partners is an essential part of this, including Isle of Wight Council, the Hampshire and Isle of Wight Integrated Care System and the Hampshire and Isle of Wight Energy and Sustainability Group.

The Plan includes consideration of the impact of climate change on the resilience of our estate and services as well as essential supplies, so that we are able to mitigate where possible and plan for known and anticipated impacts from changes in the climate. These include extreme weather events and include coordination with the H&IOW Local Resilience Forum.

Serious Incidents Relating to Information Governance

The Trust was subject to an assessment by the Information Commissioner's Office and issued with a preliminary enforcement notice in March 2020. The Trust took action to address the issues raised and responded accordingly to the Information Commissioner's Office, which has confirmed that the provisions of the Notice have been met.

During 2020/21 the Trust had one Information Governance related incident which met the threshold for reporting under NHS Digital's Guide to the Notification of Data Security and Protection Incidents. This issue, which was identified in March 2021, is still being investigated and relates to patient data being sent to a closed practice meaning that some patients may not have received timely information about their conditions.

Annual Quality Account

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year.

The Quality Account priorities are selected each year in consultation with the Board, clinicians, and other relevant stakeholders. Priorities that will require implementation over several years are carried forward alongside new priorities selected. All the priorities considered form part of the three-year Quality Strategy and the following priorities were selected for 2020/21:

Patient safety:

- Increasing incident reporting and learning from error; Implementing the NHS England and Improvement Patient Safety Response Framework (PSIRF) which will replace the Serious Incident Framework.
- Reducing hospital acquired pressure ulcers and falls.
- COVID-19 Recovery, waiting list management.

Clinical effectiveness:

- Deliver care in the right place, first time, and every time. Getting it Right First Time (GIRFT).
- Implementation of the multidisciplinary team working in the modern ward round and safe discharge planning.
- Implement the quality assurance and accreditation scheme.

Patient experience:

- Involving patients in their care and embracing the 'no decision about me without me' philosophy.
- Achieve 95% in the acknowledgement of complaints in 3 days and respond in writing at 90% in 30 days.
- Implementation of the Learning disability passport to embed a culture of positive experience.

The Director of Governance and Risk is the executive lead in the Trust for the Quality Account. The Trust's policies, procedures and clinical guidelines provide a robust foundation for and support of delivery of quality care. All policies, procedures and guidelines are stored centrally to ensure that only current versions are available to staff.

Data is collected throughout the year to provide assurance of progress against priorities and comes from a range of sources both internal and external to the Trust. These include clinical audit, falls risk assessments, performance metrics such as elective waiting times, and national patient and staff surveys. The Quality and Performance Committee received regular reports on progress against the selected priorities for 2020/21 to identify trends and issues of concern along with assurance of the accuracy of the data.

The Trust's Quality Account is shared with key stakeholders who are all invited to comment.

Each year, the Trust follows a process to enable completion of the Quality Account. For the 2021/22 year, due to the COVID-19 pandemic a limited consultation took place to agree the priorities for 2021/22.

Priorities for 2021/22

The Trust Board agreed to adopt the following priorities in 2021/22:

- *Patient safety:* Releasing time to care – using information systems appropriately.
- *Clinical effectiveness:* Right Person, Right Place, Right Time.
- *Patient experience:* Dementia care.

Monitoring throughout 2021/22 will continue to be through committee work-plans and alignment to the Quality Strategy at both Divisional and Trust-wide level.

Review of effectiveness

Effectiveness of the system of internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive directors and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control I O W framework.

The following have a role in maintaining and reviewing the effectiveness of the system of internal control:

The **Board** has been actively involved in developing and reviewing the Trust's risk management processes including receiving and reviewing minutes and chair's observations from all committees which report to the Board. The Board also reviews the Board Assurance Framework, Board Risk Register, performance reports and quality reports.

The **Audit Committee** has been a directing force in relation to reviewing the framework of internal control particularly regarding corporate risk, the Board Assurance Framework, the Board Risk Register, and counter fraud.

The **Quality and Performance Committee** is responsible for overseeing all aspects of quality, including patient safety, patient experience, regulatory standards, clinical risk, and clinical outcomes.

The **Digital Transformation Committee** is responsible for overseeing the Trust's digital and IM&T projects and services.

The **Finance and Infrastructure Committee** is responsible for overseeing all aspects of financial performance and use of resources, operational performance, and workforce performance.

The **People and Organisational Development Committee** is responsible for overseeing compliance with all regulatory and statutory requirements relating to workforce.

Executive Directors within the organisation, who have responsibility for the development and maintenance of the system of internal control, provide me with assurance. The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its strategic objectives have been reviewed. My review is also informed by:

- Internal audit reports and the Head of Internal Audit's opinion.
- External audit.
- Minutes and papers to the Trust Board and Committees including monthly activity, quality, finance, and workforce performance reports.
- Corporate and clinical division reports to Executive Team Meeting Plus.

- Reports to the Board from Audit Committee.
- Regular review of the Board Assurance Framework and Board Risk Register, through the Trust Board.
- CQC confirmation of registration of all regulated activities and outcomes.
- CQC inspection reviews.
- Reports from the local counter fraud specialist.
- Submissions to, and feedback from, NHS Improvement.
- Quality and contract review meetings with commissioners.
- Board and Executive Director site visits and 'deep dives' into services.
- Compliance with the NHS Data Security and Protection Toolkit (DSPT).
- Board self-certification of compliance with NHS Provider Licence conditions GC6 and FT4.

However, despite these controls, the Trust remains in Special Measures for quality and finance in 2020/21.

Head of Internal Audit Opinion 2020/21

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work.

The overall Head of Internal Audit Opinion for 2020/21 is:

> "TIAA is satisfied that, for the areas reviewed during the year, the Isle of Wight NHS Trust has reasonable and effective risk management, control and governance processes in place.
>
> This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the NHS Isle of Wight Trust from its various sources of assurance".

Internal Audit was able to complete 9 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the IOW NHS Trust's objectives.

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Where specific actions were identified the Trust is the process of implementing the actions to close the gap on the weaknesses identified.

Summary

As part of its role in ensuring effective direction of the Trust, the Board continuously seeks assurances on the detection and management of significant issues. As Accountable Officer, I ensure that Board members are apprised of real or potential significant issues on a no-surprises basis, both within formal Board meetings and as required between meetings. Electronic briefings or conference call updates are circulated to Non-Executive Directors to inform them of any emerging issues in between Board meetings. The Board Assurance Framework is updated to reflect significant issues and the mitigation thereof.

The general duty of the Trust Board and each director individually, is to act with a view to promoting the success of the Trust so as to maximise the benefits for the members of the corporation as a whole and for the public.

The Trust Board exercises all the powers of the Trust on its behalf, and the Trust Board may delegate powers to an assurance committee of the Board or to one or more executive director(s). This is detailed in the Scheme of Reservation and Delegation.

In accordance with the requirements of NHS Improvement the Trust produces detailed plans reflecting its service and operational requirements and its financial targets in respect of income and expenditure and capital investments. These plans incorporate the Trust's plans for improving productivity and efficiency to minimise the income losses, fund investments and meet the national efficiency targets applied to all NHS providers. In 2020/21, due to the pandemic, these plans have been more short term than usual reflecting a response to the pandemic. The financial and workforce plans are reviewed by the People and Organisational Development Committee and the Finance and Infrastructure Committee prior to Board approval.

The resource utilisation is monitored monthly by the Board and its committees through detailed reports covering finance, activity, capacity, workforce management and risk. In addition, this has been complemented by a series of Integrated Performance Review Meetings with Divisions where their performance is assessed across a full range of financial and quality indicators and identifies any risks and challenges that need to be addressed. These meetings are held monthly.

The CQC has been unable to inspect the Trust in 2020/21 due to the pandemic and Government guidelines. The Trust has continued to meet regularly with the CQC where areas of concern are addressed. The Trust is confident that improvements will be demonstrated at the next inspection.

To ensure that the Trust is able to demonstrate the effectiveness of its services, it participates in local and national benchmarking exercises such as the GIRFT programme for Acute, Mental Health and Community services, and the national reference costs collection process. This enables the Trust to compare itself with peer organisations and allows consideration of best practice and identification of any areas for potential improvement in services.

The Trust remained in financial special measures during 2020/21 and has continued to hold a Financial Recovery Board, which has been led by executive directors and senior managers, to consider opportunities for improving financial processes and routines and to review key business cases.

In addition, the Trust remained in quality special measures in the year and has continued with its quality improvement processes led by executive directors and senior managers to improve the quality of services provided by the Trust.

The combination of the Use of Resources Inspection action plan, quality improvement processes, the Financial Recovery Board, and the Integrated Performance Review meetings have provided governance arrangements for ensuring that resources are used economically, efficiently, and effectively.

The Financial Recovery Board reports through the finance report to the Trust's Finance and Infrastructure Committee where scrutiny and challenge regarding financial performance and the effective use of resources has enabled the Trust Board to receive overall reports from the Director of Finance, triangulated with reports from the Chair of Finance and Infrastructure Committee. Likewise, the Quality and Performance Committee has reviewed quality arrangements and, following scrutiny and challenge, the Director of Governance and Risk has been able to report on quality performance to the Trust Board. Also, these reports are triangulated by reports from the Chair of the Quality and Performance Committee.

The Trust's Audit Committee performs a pivotal role in providing the Trust Board with assurance on the use of resources. Each year the Audit Committee commissions the internal auditors to undertake reviews of key internal risks with a view to gaining assurance that there are sufficient and appropriate processes in place to demonstrate the economic, efficient, and effective use of resources. The external auditors annually review the use of resources as part of the annual audit programme.

In summary, any concerns on the economy, efficiency, and effectiveness of the use of resources are well monitored and addressed.

Conclusion

As Chief Executive and Accountable Officer I have advised the Trust Board, the Audit Committee, and the Trust Leadership on the implications of the result of my review of the effectiveness of the system of internal control. Collectively we have generated quality, workforce, financial and operational plans which will continue to be monitored and delivered during 2021/22 through the assurance committees.

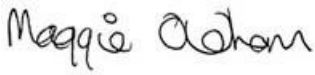
I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their Audit Results Report. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, Quality and Performance Committee, People and Organisational Development Committee, Digital Transformation Committee and Finance and Infrastructure Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust remains in financial special measures and achieved a breakeven year end position.

The Head of Internal Audit's opinion is that the Trust has reasonably effective risk management, control, and governance processes in place in those areas reviewed. Actions plans are in place to address the weaknesses identified.

The Trust's response to the pandemic has impacted upon the Trust's ability to achieve a number of NHS constitutional targets during 2020/21 – this is true for the NHS as a whole. These targets will be factored into plans to recover our services following the pandemic.

It is reassuring to note the improvements in governance, structures, performance management and risk management have continued to be embedded during the year, despite the impact of the pandemic. We are on a journey of continuous improvement which has good foundations to continue during 2021/22. Unfortunately, the recommendation to leave quality special measures is generally only made by the CQC following a comprehensive inspection, which could not occur during 2020/21 due to COVID-19.



Maggie Oldham

Chief Executive

10th June 2021

Remuneration and Staff Report

Section 421 of the Companies Act 2006 requires the preparation of a Remuneration Report containing an annual report on the remuneration in accordance with the requirements of Part 3 of Schedule 8 of Statutory Instrument 2008 No. 410.

Within the NHS this remuneration report looks at the senior managers of the NHS body. Senior managers are defined as those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments. For the purpose of this report this covers the Trust's Non-Executive Directors and Executive Directors.

Employment summary

The Isle of Wight NHS Trust employed an average of 3,299 (3,202 in 2019/20) staff and at 31st March 2021, the equivalent of 3,117 (2,809 in 2019/20) full-time staff were employed.

Employees by staff group (Average staff numbers)	Permanent Staff	Other	Total
Medical and dental	245	38	**283**
Ambulance staff	114	3	**117**
Administration and estates	843	32	**875**
Healthcare assistants and other support staff	638	132	**770**
Nursing, midwifery, and health visiting staff	791	96	**887**
Scientific, therapeutic, and technical staff	295	15	**310**
Other	55	2	**67**
Total average numbers	2,981	318	**3,299**
Number of employees (WTE) engaged on capital projects	4	0	**4**

Composition by gender

Just under three quarters of the workforce (74.1%) are female (figures excluding bank staff).

Gender	Headcount	%	FTE
Female	2,633	74.17	2,260.91
Male	917	25.83	856.52
Grand Total	**3,550**	**100.0**	**3,117.43**

Staff sickness absence

For 2020/21 staff sickness absence data is not required by the DHSC GAM to be disclosed in annual reports. The information is published by NHS Digital and is available on their website.

Remuneration policy – Executive and Non-Executive Directors

NHS Improvement determines the remuneration of the Chairman and Non-Executive Directors nationally and provides guidelines for senior appointments in NHS Trusts, and the Trust has no reason to believe this position will change in the near future.

Exit packages, payment for loss of office or payments or awards to past senior managers.

During 2020/21, the Trust did not pay any exit packages or compensation for loss of office to senior managers.

Exit packages

The remuneration of any senior managers on 'Agenda for Change' terms and conditions of employment should be in line with National Agreements, as negotiated by the Staff Council. Any other Executive Directors contract is in accordance with national guidance on executive pay. Where no guidance is given, a discussion would be held at the local Remuneration and Nominations Committee. The membership of this committee is detailed in the Annual Governance Statement. The Trust has no reason to believe that this position will change in the future.

Salary and pension entitlements of senior managers (audited)

Salary and Pension Entitlements of Senior Managers (Audited)

Remuneration Name and Title	2020-21 (a) Salary (inc Other remuneration) (bands of £5,000) £000	(b) Expense payments (taxable) To nearest £100 £00	(c) Performance Pay & Bonuses (bands of £5,000) £000	(d) Long Term Performance Pay & Bonuses (bands of £5,000) £000	(e) All pension related benefits (bands of £2,500) £000	(f) Total (a to e) (bands of £5,000) £000	2019-20 (a) Salary (inc Other remuneration) (bands of £5,000) £000	(b) Expense payments (taxable) To nearest £100 £00	(c) Performance Pay & Bonuses (bands of £5,000) £000	(d) Long Term Performance Pay & Bonuses (bands of £5,000) £000	(e) All pension related benefits (bands of £2,500) £000	(f) Total (a to e) (bands of £5,000) £000
Mr V Thomas - Chair (note 4)	20-25	-	-	-	-	20-25	35-40	-	-	-	-	35-40
Ms C Spicer - Non-Executive Director (note 3)	10-15	-	-	-	-	10-15	5-10	-	-	-	-	5-10
Ms A Stoneham- Non-Executive Director (note 3)	10-15	-	-	-	-	10-15	5-10	-	-	-	-	5-10
Mr C Godden- Associate Non-Executive Director (note 8)	-	-	-	-	-	-	0-5	-	-	-	-	0-5
Ms S Weech- Associate Non-Executive Director (note 1,3)	10-15	-	-	-	-	10-15	5-10	-	-	-	-	5-10
Ms O Adenubi - Non Executive Director (note 3)	10-15	-	-	-	-	10-15	5-10	-	-	-	-	5-10
Mr P Evans - Non Executive Director (note 3)	10-15	-	-	-	-	10-15	5-10	-	-	-		5-10
Mr P Berrington - Associate Non Executive Director (note 1,3)	10-15	-	-	-	-	10-15	5-10	-	-	-	-	5-10
Mr T Peachey - Non Executive Director (note 3)	10-15	-	-	-	-	10-15	5-10	-	-	-	-	5-10
Mrs J Ross - Associate Non Executive Director (note 1)	10-15	-	-	-	-	10-15	0-5	-	-	-	-	0-5
Mrs M Oldham - Chief Executive (note 3, 6)	205-210	2,100	-	-	0-2.5	210-215	190-195	-	-	-	0-2.5	195-200
Mr D Cattell - Director of Finance, Estates & IM&T (note 3,5,6)	170-175	0	-	-	0-2.5	175-180	175-180	-	-	-	0-2.5	180-185
Mrs J Pennycook - Director of Human Resources and Organisational Development (note 1,3,5)	130-135	10,500	-	-	17.5-20	165-170	125-130	-	-	-	17.5-20	145-150
Mrs S Rostron - Director of Quality Governance (note 4,5)	105-110	2,600	-	-	15-17.5	130-135	110-115	-	-	-	15-17.5	130-135
Ms A Webster - Director of Nursing, Midwifery, AHPs & Community Service (note 3)	140-145	9,800	-	-	20-22.5	175-180	135-140	-	-	-	17.5-20	155-160
Mrs N Turner - Director of Acute Transformation (note 1,3,10)	120-125	0	-	-	15-17.5	140-145	115-120	-	-	-	15-17.5	135-140
Ms L Stevens - Director of Mental Health (note 1,3)	170-175	0	-	-	22.5-25	195-200	165-170	-	-	-	22.5-25	190-195
Mr A Flowerdew - Medical Director (note 4)	110-115	600	-	-	0-2.5	115-120	180-185	-	-	-	0-2.5	185-190
Mr T Lynch - Director of Integrated Urgent Care (note 8)	-	-	-	-	-	-	80-85	-	-	-	0-2.5	85-90
Mr J Smyth - Chief Operating Officer (Acute & Ambulance) (note 1)	155-160	0	-	-	20-22.5	180-185	75-80	-	-	-	0-2.5	80-85
Mr S Parker - Medical Director (note 2)	95-100	0	-	-	10-12.5	110-115	-	-	-	-	-	-
Mrs L Howell - Director of Governance & Risk (note 2,9)	60-65	0	-	-	-	60-65	-	-	-	-	-	-
Mr K Millis-Ward - Director of Communications & Engagement (note 2)	65-70	0	-	-	10-12.5	80-85	-	-	-	-	-	-
Ms Melloney Poole - Chair (note 1,2)	10-15	-	-	-	-	10-15	-	-	-	-	-	-
Band of Highest Paid Director's Total Remuneration (£000)	210-215						195-200					
Median Total Remuneration (£)	24,907						24,214					
Ratio (note 7)	8.4						8.0					

Notes to the Salary and Pension entitlements of Senior Managers

(1) All the above senior managers are/were voting members of the Board of Directors except:

L Stevens (throughout 20/21)
N Turner (throughout 20/21)
J Pennycook (throughout 20/21)
P Berrington (throughout 20/21)
S Weech (throughout 20/21)
J Smyth (throughout 20/21)
J Ross (throughout 20/21)
K Millis-Ward (from 23.07.20)

(2) The following appointments were made in the year:
06.07.20 L Howell as Director of Governance & Risk
23.07.20 K Millis-Ward as Director of Communications & Engagement
05.10.20 M Poole as Chair
01.11.20 S Parker as Medical Director

(3) The remaining Directors not shown in note 2 - continued to serve on the Board throughout the year and remain as Directors as at the date of this Annual Report and Accounts.

(4) The following persons were Directors at 1st April 2020 but ceased to serve on the Board during the year:
31.07.20 S Rostron left her role as Director of Quality Governance and commenced a secondment with Shrewsbury NHS which ended in resignation on 28.02.21
04.10.20 V Thomas resigned as Chair
31.10.20 A Flowerdew resigned as Medical Director

(5) The above named executive directors have service contracts with the Trust.

(6) The Chief Executive Officer and Director of Finance, Estates & IM&T are contractually entitled to performance bonuses as part of their remuneration package but these are not pensionable.

(7) Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of their organisation's workforce. The banded remuneration of the highest paid director in the Isle of Wight NHS Trust in the financial year 2020/21 was £210,000 - £215,000 (2019/20 - £195,000 - £200,000). The highest paid director is unchanged from 2019/20. This was 8.4 times (2019/20 - 8 times) the median remuneration of the workforce, which was £24,907 (2019/20 - £24,214). In 2020/2021, 1 employee received remuneration which was proportionately higher than that received by the highest paid director (2019/20 - 3 employees). Total remuneration includes salary, on-call payments, non-consolidated performance related pay as well as benefits in kind and is calculated on a Full Time Equivalent basis. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Remuneration ranged from £13k to £263k (2019/20 £6k to £301k).

Salary and Pension Entitlements of Senior Managers (Audited) cont.

Pension Benefits

Pension Benefits Name and title	(a) Real increase in pension at age 60 (bands of £2500) £000	(b) Real increase in pension lump sum at age 60 (bands of £2500) £000	(c) Total accrued pension at age 60 at 31 March 2021 (bands of £5000) £000	(d) Lump sum at age 60 related to accrued pension at 31 March 2021 (bands of £5000) £000	(e) Cash Equivalent Transfer Value at 1 April 2021 £000	(f) Real Increase in Cash Equivalent Transfer Value £000	(g) Cash Equivalent Transfer Value at 31 March 2020 £000	(h) Employers Contribution to Stakeholder Pension £000
Mrs N Turner - Director of Acute Transformation	0.0 - 2.5	0	35.0 - 40.0	70.0 - 75.0	631	39	582	0
Mrs J Pennycook - Director of Human Resources and Organisational Development	0.0 - 2.5	0	25.0 - 30.0	70.0 - 75.0	641	46	585	0
Mrs S Rostron - Director of Quality Governance	5.0 - 7.5	2.5 - 5.0	25.0 - 30.0	50.0 - 55.0	437	84	379	0
Ms L Stevens - Director of Mental Health	2.5 - 5.0	0	65.0 - 70.0	170.0 - 175.0	1,462	71	1,367	0
Ms A Webster - Director of Nursing, Midwifery, AHPs & Community Service	0.0 - 2.5	0	55.0 - 60.0	155.0 - 160.0	1,126	53	1,055	0
Mr J Smyth - Chief Operating Officer (Acute & Ambulance)	5.0 - 7.5	10.0 - 12.5	45.0 - 50.0	105.0 - 110.0	990	137	838	0
Mr K Millis-Ward - Director of Communications & Engagement	2.5 - 5.0	0.0 - 2.5	0.0 - 5.0	0.0 - 5.0	39	27	0	0
Mr S Parker - Medical Director	12.5 - 15.0	27.5 - 30.0	30.0 -35.0	65.0 - 70.0	656	271	0	0
OPTED OUT OF PENSION SCHEME								
Mrs M Oldham - Chief Executive	0.0 - 2.5	0.0 - 2.5	0.0 - 5.0	0.0 - 5.0	0	0	0	0
Mr D Cattell - Director of Finance, Estates & IM&T	0.0 - 2.5	0.0 - 2.5	0.0 - 5.0	0.0 - 5.0	0	0	0	0
Mr A Flowerdew - Medical Director	0.0 - 2.5	0.0 - 2.5	0.0 - 5.0	0.0 - 5.0	0	0	0	0

There are no entries for Non-Executive Directors in the table because their remuneration is non-pensionable.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's 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 the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, 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. A CETV is not provided once a scheme member reaches age 60.

Members who opted out of the Pension Scheme - McCloud Judgement

The October 2020 McCloud remedy consultation has confirmed some members will have NHS 2015 benefits replaced with NHS 1995/2008 section benefits by 2023 under forthcoming legislation, this has not yet been implemented. Further there is additional complexity given the associated option for these members to switch back to NHS 2015 for these benefits at future individual retirement date. The benefits and related CETVs do not allow for a potential future adjustment for some eligible employees arising from the McCloud judgment

Employee benefits 2020/21

Employee Benefits	2020/21 Total	2019/20 Total
Employee Benefits - Gross Expenditure	**£000s**	**£000s**
Salaries and wages	127,667	110,077
Social security costs	12,619	11,033
Apprenticeship levy	599	536
Employer's contributions to NHS pensions	20,587	18,574
Pension cost - other	35	32
Other post employment benefits	0	0
Other employment benefits	0	0
Termination benefits	0	71
Temporary staff	14,930	10,658
TotaL Employee Benefits	**176,437**	**150,981**
Employee Costs Capitalised	205	277
Gross Employee Benefits	**176,232**	**150,704**

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a 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 because 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 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.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation; 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. A CETV is not provided once a scheme member reaches the age of 60.

Fair pay disclosure

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires that from 31 March 2017, any public sector organisation that has 250 or more employees must publish and report specific figures about their gender pay gap. The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings. For example, 'women earn 15% less than men per hour'. Employers must both publish their gender pay gap data and a written statement on their website and report their data to government online - using the gender pay gap reporting service. The overall pay difference at the Isle of Wight NHS Trust for 2020/21 will be reported in our Gender Pay Gap Report published on our website.

Appraisal and performance

The review of the performance of any senior manager on agenda for change terms and conditions of employment would be in accordance with the Trust's appraisal policy. The Trust Board are also appraised. The Chair undertakes the appraisal of the Chief Executive and Non-Executive Directors. The Executive Directors are appraised by the Chief Executive. Any pay award to other directors would take account of national guidance and appraisal outcomes.

Duration of contracts, notice periods and termination payments

Substantive appointments are made on a permanent basis, and temporary arrangements would be on the appropriate period of a fixed-term contract. Senior managers on Agenda for Change terms and conditions of employment (Pay Band 8 and above) are on three months' period of notice. Other director contracts (VSM) are required to give six months' period of notice.

Off-payroll engagements

As part of the Review of Tax Arrangements of Public Sector Employees, published by the Chief Secretary to the Treasury on 23rd May 2012, NHS bodies are required to publish information in their Annual Report regarding off-payroll engagements where payment was more than £245 per day and lasted six months or longer. Between 1st April 2020 and 31st March 2021, the Trust had no 'off-payroll' engagements of this nature.

Consultancy services

The financial accounts show that the Trust spent £1.5m on consultancy services during 2020/21 compared to £2.8m in 2019/20 and £2.9m in 2018/19.

Equality, diversity and human rights

Equality, diversity and inclusion is the responsibility of everyone in the Trust. The Equality Act 2010 places a statutory obligation on the Trust to protect the equality, diversity and inclusion of all its staff under 9 protected characteristics, which includes disability. We are committed to actively recognising and promoting Inclusion and Diversity, by being a fair and supportive employer and treating staff with dignity and respect, challenging discrimination in all its forms and ensuring that equality lies at the heart of everything that we do. It is important that our staff feel valued, and benefit from what diversity in the workforce brings.

Equality, Diversity and Human Rights is an important priority for Isle of Wight NHS Trust in its provision of services to the people we serve and as an inclusive employer of choice. Our way of working is articulated best within our People and Organisational Development Strategy, which highlights how we wish staff to experience an inclusive workplace.

The Trust has identified the following equality objectives:

1) to reduce health inequalities for protected groups by improving access to all services;
2) to improve year on year the reported patient / service user experience for protected groups;
3) to improve year on year the reported employee experience for protected groups;
4) to integrate the principles of compassionate and inclusive leadership at all levels of the organisation.

The outcome we aim to achieve is people at all levels conduct and plan their business to demonstrate due regard to eliminate unlawful discrimination; promote equal opportunity; and foster good relations within the organisations and beyond.

Inclusive policy development is fundamental in building a well-led architecture for equality and diversity and this is achieved through the completion of Equality Impact Assessments, engagement with Staff Equality Networks and academic research. More specifically, the aim of inclusive policy development is to integrate inclusive practices across the employee journey in regard to attraction; recruitment and selection; career development and access to CPD; and retention. The Trust has embraced NHS England and Improvement equality frameworks and responds positively to the Workforce Disability Equality Standard (WDES); Workforce Race Equality Standard (WRES); Gender Pay Gap and Equality Delivery System (EDS2).

Equality, Diversity and Inclusion performance is monitored by the Trust Board via the People and Organisational Development Committee. The Trust has launched a Disability; Race and LGBT+ Staff Equality Network and members co-design improvement priorities to improve our response to the legal, regulatory and commissioner requirements for equality and diversity. Monitoring performance is essential if we are to ensure that we are meeting the needs of our staff. Staff Equality Network meetings and monitoring the results of the annual Staff Survey will help us to determine outcomes for staff. We will continue to report annually on national equality frameworks and this information will enable us to assess our performance and develop further plans by understanding the experience of protected groups.

Our diversity engagement events have raised awareness and celebrate diversity. These include Hate Crime Awareness Week, International Women's Day; International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT), Ramadan; and Neurodiversity/Autism Awareness Week.

Workforce Disability Equality Standard

The NHS Workforce Disability Equality Standard (WDES) came into force on 1st April 2019 and is a set of ten specific measures (metrics) that will enable NHS organisations to compare the experiences of disabled and non-disabled staff.

The metrics cover areas such as the Board membership, recruitment, bullying and harassment, staff engagement and the voices of disabled staff. The information is used by organisations to develop a local action plan, enabling them to demonstrate progress against the indicators of disability equality.

The Trust has an Equality, Diversity and Human Rights Policy with a commitment to comply with the Equality Act 2010 and the public sector equality duty. The Trust has a commitment to respond positively to the legal, regulatory and commissioner requirements for equality, diversity and inclusion. For example, the Recruitment Selection Policy states that we will guarantee an interview to those candidates that meet the person specification for a vacancy and offer to make reasonable adjustments required for interview and for successful applicants in the workplace. During 2020/21, 2.3% of candidates that declared a disability were appointed to the Trust.

A Staff Disability Equality Network was set up in April 2020 to co-design improvement priorities in relation to workplace disability equality and raise awareness of disability equality impacts across the Trust. During 2020/21 work continued to develop and introduce a standard procedure for staff with disabilities and how to request reasonable adjustments in the workplace should they become disabled during employment. This will help managers and individuals have a clear objective about what adjustments need to be in place in the work environment.

We use data from the Electronic Staff Record (ESR) system to gather information on all the protected characteristics; however, disability declaration is particularly low, this is across the whole of the NHS, with 2.9% of our staff having disclosed their disability. Of our total staff, 31.7% of staff have chosen not to disclose.

During 2020/21 we addressed the known data quality issues by implementing and encouraging staff to complete the self-declaration on equality information on the Electronic Staff Record (ESR) via employee self-service, so we can better understand the needs of our workforce.

We implemented a multi-methods approach to improving the Workforce Disability Equality Standard (WDES) performance with a strong programme of staff engagement with protected groups to build trust and insight across all protected groups.

Culture and Leadership Development

Professor Michael West, an expert in leadership, team and organisational innovation and effectiveness, highlights that successful groups, teams and organisations have key things in common: (i) they recognise they are a "team"; (ii) they have shared goals/objectives; (iii) they have a mutually agreed shared "way of doing things"; and (iv) they get together regularly to work out how to do things better. The Trust has embraced this ethos and launched a Values Behaviour Framework to inspire our people to demonstrate effective behaviours such as providing compassionate care to encourage active listening; role model behaviours that enable people to be happy, healthy and motivated at work; and integrating a learning culture through quality improvement.

Our values are being integrated across the employee journey; the way we attract people to join the organisation; recruitment and selection; organisational induction; appraisal; and learning and development. Furthermore, our leadership development and human factors programmes were established for managers and leaders from all professional backgrounds to ensure they are equipped with the behaviours, skills and knowledge needed to perform effectively and building confidence to "speak up" and raise concerns. Conversations during the leadership programmes were focussed on how our people can connect with our vision and values; respond positively to our quality, safety, and operational obligations; and recruit, retain and develop skilled and committed people.

In Quarter 4 2019/20; the Trust designed a new Organisational Development Priority Plan and integrated the organisational values into key objectives including: Collective Leadership; Staff Engagement; Health and Wellbeing; and Diversity and Inclusion with the aim of exceeding expectations at all times. Our organisational development journey aims to create an environment where staff are valued and able to take responsibility; where career development and progression is enabled; a learning culture embedded; where we make things simple for staff to have their say and feel engaged; and work in partnership across the health and social care economy as part of a system. Whilst ambitious, this plan will enable us to move forward to continue to ensure that our people are valued and supported to create a culture and environment to thrive.

NHS Staff Survey 2020

The 2020 National Staff Survey was conducted online and was sent to all staff. The National Staff Survey is conducted independently from the Trust so as to assure staff regarding the confidentiality of their responses. We always provide feedback to staff on both the results and how the Trust intends to address any issues raised via divisional actions plans. Isle of Wight NHS Trust response rate for the National Staff Survey for 2020 was 60%. The results are presented in 10 Themes which are scored on a 0 to 10 point scale, where 10 is most positive.

The Trust's Staff Survey results are very encouraging in terms of comparison against 2018 and 2019 results with a number of significant improvements resulting in the Trusts best ever staff survey performance. This includes the Community Division rated number 1 most improved nationally in recommending the organisation as a place to work; and the Acute, Ambulance and Mental Health and Learning Disability Division rated number 2 nationally in recommending the organisation as a place to work.

Staff Engagement Divisional Score (0 to 10)

Acute: 6.9

Ambulance: 6.7 (achieved national benchmark)

Community: 7.2

MHLD: 6.9

I would recommend my organisation as a place to work

Acute: Increased from 46.7% in 2019 to 57.1% in 2020

Ambulance: Increased from 48.6% in 2019 to 59.5% in 2020

Community: Increased from 39% in 2019 to 62.9% in 2020

MHLD: Increased from 43% in 2019 to 55.3% in 2020

If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation

Acute: Increased from 43.2% in 2019 to 54.2% in 2020

Ambulance: Increased from 35.5% in 2019 to 65.8% in 2020

Community: Increased from 35.4% in 2019 to 58.3% in 2020

MHLD: Increased from 37.6% in 2019 to 51.4% in 2020

Informing and Consulting with our Staff

Isle of Wight NHS Trust has a number of formal ways where management and staff side meet to deal with employee relations issues, namely:

a) the Joint Negotiation and Consultative Committee (JNCC);

b) the clinical divisions have meetings to respond to pressing local issues within the divisions that can be resolved with quickly to enable good working relationships;

c) the Local Negotiating Committee (LNC), which meets quarterly with medical representatives to discuss the strategic overview for the medical workforce, policies, workloads, clinical excellence awards, rotas, recruitment and junior doctors.

The Trust also actively engages with staff in local meetings via the 'Your Voice' engagement events and holds additional extra meetings to consult, discuss, debate and inform staff where changes are planned that impact on them directly.

How we communicate and engage with people matters enormously and it sets the tone for our whole organisation, playing a vital role in supporting the services that we provide.
Despite the Covid-19 pandemic presenting a significant communication challenge for the organisation, we have been able to ensure that staff have the information they need in a timely manner. Some highlights include:

- (bullet point) Dedicated bulletins and an Intranet site accessible from home
- (bullet point) A new Staff Facebook Group with more than 2,000 members
- (bullet point) Trust-wide signage and productions of multimedia guidance materials (bullet point) Video updates (daily) and regular All Staff Briefings
- (bullet point) Proactive media relation and stakeholder engagement

Communication with staff is seen as a priority and the Trust has in place a range of communication channels including the Trust All Staff Briefing, Chief Executive's video messages, a weekly email update, divisional engagement and leadership meetings where the Chief Executive updates managers and senior leaders.

Learning, Education and Development

Learning, Education and Development is monitored through the Health Education England (HEE) 'Learning and Development Agreement' (LDA). A quarterly self-assessment is submitted to HEE who visit the Trust for an annual Education Quality Review. Positive feedback was received for all aspects of non-medical education, with the Trust being compliant in all these areas. The Clinical Education Team was commended for their quality assurance processes.

Apprenticeships

As of March 2021, 147 staff are currently on a wide range of clinical and non-clinical apprenticeship qualifications across 26 different courses, at academic Levels 2 to 7, all course fees are fully funded through the Apprenticeship Levy. Since the introduction of the Levy and new Apprenticeship standards (May 2017) 45 staff have successfully completed and achieved their qualification.

We have continued to support our existing staff on apprenticeships (including 7 Senior Leader Master's degree, 1 Risk and Safety Management Degree, and 2 Accounting and Taxation Professional ACCA Level 7), and we have recruited several new staff in to the organisation on apprenticeships (including 2 Occupational Therapy degree, 3 Pharmacy Technician Level 3, and 2 IT Web Software and TelePro Level 2). One of our greatest achievements during the year is the recruitment of 15 Registered Nurse Degree Apprenticeships. This cohort also included for the first time in addition to specialisms in Adult Nursing and Mental Health, 2 Apprentices starting the Children's Nursing specialism and one Apprentice starting the Learning Disabilities specialism.

Medical Education

In 2020/21 we continued with recruitment and appointment to a number of posts including 2 Physicians Associates and 2 fixed term locum Consultants in Emergency Medicine who are being supported through the CESR process with the intention of joining the Substantive Consultant body in Emergency Medicine.

A HEE-GMC visit in October 2020 acknowledged positive progress. We have been successful in a bid to HEE to purchase virtual reality simulation training equipment and have had successful ARCP outcomes for Foundation Trainees.

We have appointed a lead mentor to support our International Medical Graduates, as well as a chief registrar who is taking a lead on quality improvement projects.

We held a successful multi-professional trauma day for ITU, Anaesthetics, ED, Surgery and Trauma and Orthopaedic staff, which received excellent feedback. We have been able to invest via the Fatigue and Facility Charter in improving the Doctors Mess. The work is now complete and there is a new shower room and a kitchen upgrade.

Mandatory training

In April 2020, the Trust's mandatory training compliance percentage reached 88%. Due to COVID-19 compliance had reduced to 79% February 2021; we are now seeing an increase again and ended the year at 82%.

Mandatory training compliance for doctors in training as at March 2021 is at 68%. We also introduced the pass-porting of information between NHS Organisations during 2019.

The introduction of a new clinical induction programme was introduced during the year which has seen staff able to access all their essential training within the first 2 weeks of commencing their role.

We are making improvements to our learning management system and during 2020/21 we will be implementing ESR OLM (Electronic Staff Record Offer Learning Management) so that all training records and bookings are held centrally.

Library and Knowledge Services

The aim of the Library and Knowledge Services is to ensure quality and safety in patient care and service development by providing access to the best-possible evidence at the point of need, and supporting staff and students in education, personal development and wellbeing.

The key Library and Knowledge Services Strategic Objectives in the context of COVID-19 and beyond include:

- Promoting Library and Knowledge Services as a high-quality enabler of clinical and corporate decision making within the organisation.
- Providing proactive, customer-focussed and easily accessible print and electronic knowledge resources, and support to all staff and students for personal development and education, as well as daily work situations.
- Focus on promotion of information and improving health literacy in our obligations as a service provider and employer.
- Assist in the capture and sharing of internal knowledge and information, as well as external sources.
- Improve the Library and Knowledge Services user experience, innovating and improving service provision with highly trained Library and Knowledge Services staff and adoption of new technology.
- To deliver a cost-effective service, deriving maximum benefit from our resources and demonstrating the impact of Library and Knowledge Services on patient care and organisational objectives.

Whilst the provision of Library and Knowledge Services has moved to a virtual space in line with keeping people safe and respecting Government Guidelines, critical support projects supported the health and wellbeing of our people was prioritised through the development of an information hub containing resources and information on promoting positive health and wellbeing. Regular engagement was scheduled to support staff to develop their information technology and computer skills in order to undertake their e-learning, including focussed programmes of support have been put into place for bank workers to complete their mandatory e-learning.

Working through the pandemic the Library and Knowledge Services has adapted to the challenge of providing a virtual service whilst remaining focussed on the needs and experience of all customers. Specific actions have included:

- promoting physical and electronic resources, skills and services through a variety of media and engagement channels to reach all staff and student groups.
- providing timely and responsive support to access research, evidence and information or help with information technology and e-learning at the most appropriate location, including outreach/‘embedded’ librarian arrangements.
- providing an inviting environment and facilities for working and learning.
- creating/providing access to quality standard e-learning modules as required and maintenance of the Learning Management System.
- encouraging a culture of knowledge sharing, knowledge management and lifelong learning, identifying knowledge and evidence needs of all staff and student groups.
- facilitating the dissemination of research, benchmarking, business intelligence and innovation through alerts, bulletins, social media and other organisational and personal communication.
- integrating with the Quality Improvement agenda to focus services on organisational priorities.
- raising awareness and providing training relating to information/health literacy in all contexts, computer skills and appraisal of information sources.
- promoting and participating in the Trust’s staff wellbeing offer.
- investing particularly in technology and digital resources to enhance the delivery of Library and Knowledge Services and learning.

- evaluating services through impact surveys, feedback and activity data, and the HEE annual Quality Assurance Framework for health libraries.
- participating in regional Library and Knowledge Services networks and collaborating with local partners to streamline processes and maximise impact and value, ensuring Library and Knowledge Services developments are based on research and best practice.

Trade Union (Facility Time Publication Requirements) Regulations 2017

Information on the amount and cost of facility time given to Trade Union representatives as specified within the Trade Union (Facility Time Publication Requirements) Regulations 2017 is shown below:

Table 1: Relevant Union Officials

Number of employees who were relevant union officials 2020/21	Full time equivalent employee number
6	5.8

Table 2: Percentage of time spent on facility time

The number of employees who were relevant union officials employed during 2020/21 and who spent a) 0%, b) 1% to 50%, c) 51% to 99%, or d) 100% of their working time on facility time.

Percentage of time during 2020/21	Number of employees
0%	3
1% to 50%	2
51% to 99%	1
100%	0

Table 3: Percentage of pay bill spent on facility time

Pay bill	Value
The total cost of facility time	£28,890
Total pay bill	£176,231,662
The percentage of the total pay bill spent on facility time	0.02%

Table 4: Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time	100%

Health, Safety and Security

The Isle of Wight NHS has an excellent health and safety record and, as a responsible employer, we encourage and support staff to report any incidents as part of a healthy, open, and pro security culture. We have a comprehensive policy covering health, safety, and security, which is available on request.

In 2020/21, 10 reports were submitted to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations. This compares with 13 reports in 2019/20 and 8 reports in 2018/19. There were also a total of 16 Riddor reports within the period 2020/21, under the COVID-19 HSE reporting requirement.

There were 21 manual handling incidents (such as strains and sprains), compared with 23 in 2019/20 and 40 in 2018/19.

We continue to take a zero-tolerance approach towards violence and abuse directed at staff and will take legal action against those who are criminally responsible for their actions. Utilising the joint agreement framework with the Crown Prosecution Service, we ensure a more effective investigation and prosecution of cases where emergency workers are the victim of a crime, particularly in applying the provisions of the Assaults on Emergency Workers (Offences) Act 2018.

During the year:

- There were 161 physical assaults on staff (238 in 2019/20), which included 7 assaults that were criminal acts and dealt with by the police. Clinically challenging behaviours are a major contributor of assaults, for example patients with a diagnosis of dementia.
- There were 295 (203 in 2019/20) reports of verbal abuse. Owing to conflict resolution training and a very visible Health & safety and security team staff are more likely to report these incidents as there are more support mechanisms in place to safely manage these situations.
- Security were called 280 times (302 in 2019/20) to assist the wards with situations such as violence and aggression, verbal altercations causing alarm and distress and missing patients. The security team have received more training and support.

Independent auditor’s report

The Role of the Auditor

External auditors have two broad objectives:

- To review and report on the Trust's annual accounts and statement on governance.
- To review whether the Trust has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

Auditors are required to comply with the Code of Audit Practice (published by the Audit Commission) and International Standards on Auditing (United Kingdom and Ireland) (ISAs (UK&I).

The appointed auditor will audit the Trust's annual accounts and give an opinion stating whether the accounts give a true and fair view of the organisation's affairs at the end of the financial year.

Auditors will also consider the Annual Report and make a statement, in their audit opinion, if its contents are inconsistent with their knowledge of the organisation. In addition to their opinion on the accounts, auditors are also required to issue:

- A report to those charged with governance (in most cases the Audit Committee) incorporating the report required under ISA (UK&I) 260 and setting out the main matters arising from the audit of the annual accounts.
- An audit results report summarising the key issues arising from audit work throughout the year.

Auditors also have special reporting powers and can issue a public interest report or make a referral to the Secretary of State.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ISLE OF WIGHT NHS TRUST

Qualified opinion

We have audited the financial statements of Isle of Wight NHS Trust for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the Trust's Statement of Comprehensive Income, the Trust Statement of Financial Position, the Trust Statement of Changes in Taxpayers' Equity, the Trust Statement of Cash Flows and the related notes 1 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 HM Treasury's Financial Reporting Manual (the 2020/21 FReM) as contained in the Department of Health and Social Care Group Accounting Manual 2020/21 and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of Isle of Wight NHS Trust as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012) and the Accounts Directions issued thereunder.

Basis for Qualified opinion

Due to the restrictions on movement imposed as a result of the Coronavirus pandemic, we were unable to observe the counting of physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 March 2020, which are included in the balance sheet at £2.862 million, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary or whether there was any consequential effect on the Operating Expenses for the year ended 31 March 2021.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors 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 Trust's ability to continue as a going concern for a period of 12 months to 30 June 2022 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. However, because not all future events or conditions

can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report and Accounts 2020/21, other than the financial statements and our auditor's report thereon. The directors are 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 this 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 there is 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 the other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £2.862 million held at 31 March 2020. We have concluded that where the other information refers to the Inventory balances or Operating Expenses, it may be materially misstated for the same reason.

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

In our opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the NHS Improvement's guidance; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014; or
- we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception;

Referral to the Secretary of State

We have a duty under the Local Audit and Accountability Act 2014 to refer the matter to the Secretary of State if we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

For 2020/21 the statutory accounts indicate the Trust has a cumulative deficit at 31 March 2021 of £87.366m over the five-year period to 31 March 2021. On 11 June 2021 we made a referral to the

Secretary of State under Sections 30(1)(b) to confirm that the Trust is in breach of its break-even duty.

Responsibilities of the Directors and Accountable Officer

As explained more fully in the Statement of Directors' Responsibilities in respect of the Accounts, the Directors are 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to cease operations, or has no realistic alternative but to do so.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for ensuring that the financial statements are prepared in a format directed by the Secretary of State and for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibility 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant are the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), as well as relevant employment laws of the United Kingdom. In addition, the Trust has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection and health & safety.

We understood how Isle of Wight NHS Trust is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance, and obtaining and reviewing documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our review of the Trust's board minutes, through enquiry of employees to verify Trust policies, and through the inspection of HR policies and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to

manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition of revenue), and management override of controls to be our fraud risks.

To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we reviewed the Trusts manual year end receivable and payable accruals, challenging assumptions and corroborating the income and expenditure to appropriate evidence. We tested year-end cut-of arrangements by selecting samples of income and expenditure from either side of the 31 March 2021 balance sheet date, and agreeing to supporting evidence to ensure these were recorded in the appropriate financial year. We also undertook cut-off testing of expenditure as at month 6 of the financial year to establish whether the Trust had incorrectly included expenditure relating to later months that would trigger Reimbursement and top-up funding for that period of the financial year that it would otherwise not be entitled to.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the population of manual journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were appropriate. We also evaluated key estimates for any evidence of management bias.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether the Trust had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

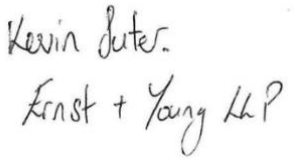
We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Isle of Wight NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Board of Directors of Isle of Wight NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose. Our audit work has been undertaken so that we might state to the Directors of the Trust 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 Directors, for our audit work, for this report, or for the opinions we have formed.



Kevin Suter (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
15 June 2021

Annual accounts

Isle of Wight NHS Trust

Annual accounts for the year ended 31 March 2021

Statement of Comprehensive Income

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	209,517	174,216
Other operating income	4	52,449	25,656
Operating expenses	7, 9	(257,325)	(214,840)
Operating surplus/(deficit) from continuing operations		**4,641**	**(14,968)**
Finance income	12	3	69
Finance expenses	13	(13)	(2,100)
PDC dividends payable		(2,838)	(717)
Net finance costs		**(2,848)**	**(2,748)**
Other gains / (losses)	14	124	(21)
Share of profit / (losses) of associates / joint arrangements		-	-
Gains / (losses) arising from transfers by absorption		-	-
Corporation tax expense		-	-
Surplus / (deficit) for the year from continuing operations		**1,917**	**(17,737)**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		-	-
Surplus / (deficit) for the year		**1,917**	**(17,737)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(4,838)	-
Revaluations	17	3,255	(3,916)
Share of comprehensive income from associates and joint ventures		-	-
Fair value gains / (losses) on equity instruments designated at fair value through OCI		-	-
Other recognised gains and losses		-	-
Remeasurements of the net defined benefit pension scheme liability / asset		-	-
Gain / (loss) arising from on transfers by modified absorption		-	-
Other reserve movements		-	-
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains/(losses) on financial assets mandated at fair value through OCI		-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI		-	-
Foreign exchange gains / (losses) recognised directly in OCI		-	-
Total comprehensive income / (expense) for the period		**334**	**(21,653)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		1,917	(17,737)
Remove net impairments not scoring to the Departmental expenditure limit		1	-
Remove (gains) / losses on transfers by absorption		-	-
Remove I&E impact of capital grants and donations		(1,336)	13
Prior period adjustments		-	-
Remove non-cash element of on-SoFP pension costs		-	-
Remove 2018/19 post audit PSF reallocation (2019/20 only)			-
Remove net impact of inventories received from DHSC group bodies for COVID response		(568)	
Adjusted financial performance surplus / (deficit)		**14**	**(17,724)**

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	16	6,397	4,410
Property, plant and equipment	17	114,965	105,485
Investment property		-	-
Investments in associates and joint ventures		-	-
Other investments / financial assets		-	-
Receivables	21	206	317
Other assets	22	-	-
Total non-current assets		**121,568**	**110,212**
Current assets			
Inventories	20	3,326	2,862
Receivables	21	11,845	7,747
Other investments / financial assets		-	-
Other assets		-	-
Non-current assets for sale and assets in disposal groups	22	-	279
Cash and cash equivalents	23	22,000	12,285
Total current assets		**37,171**	**23,173**
Current liabilities			
Trade and other payables	24	(30,044)	(19,649)
Borrowings	26	(120)	(91,395)
Other financial liabilities	27	-	-
Provisions	29	(251)	(235)
Other liabilities	25	(3,587)	(2,091)
Liabilities in disposal groups		-	-
Total current liabilities		**(34,002)**	**(113,370)**
Total assets less current liabilities		**124,737**	**20,015**
Non-current liabilities			
Trade and other payables	24	-	-
Borrowings	26	(72)	(191)
Other financial liabilities	27	-	-
Provisions	29	(611)	(142)
Other liabilities	25	-	-
Total non-current liabilities		**(683)**	**(333)**
Total assets employed		**124,054**	**19,682**
Financed by			
Public dividend capital		114,214	10,176
Revaluation reserve		27,767	29,668
Financial assets reserve		-	-
Other reserves		-	-
Merger reserve		-	-
Income and expenditure reserve		(17,927)	(20,162)
Total taxpayers' equity		**124,054**	**19,682**

The notes on the following pages form part of these accounts.

Name Maggie Oldham
Position Chief Executive
Date 10th June 2021

Signed 

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital	Revaluation reserve	Financial assets reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**10,176**	**29,668**	**-**	**-**	**-**	**(20,162)**	**19,682**
Surplus/(deficit) for the year	-	-	-	-	-	1,917	**1,917**
Gain/(loss) arising from transfers by modified absorption	-	-	-	-	-	-	**-**
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	**-**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	**-**
Other transfers between reserves	-	-	-	-	-	-	**-**
Impairments	-	(4,838)	-	-	-	-	**(4,838)**
Revaluations	-	3,255	-	-	-	-	**3,255**
Transfer to retained earnings on disposal of assets	-	-	-	-	-	-	**-**
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	**-**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	**-**
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**
Foreign exchange gains/(losses) recognised directly through OCI	-	-	-	-	-	-	**-**
Other recognised gains and losses	-	-	-	-	-	-	**-**
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	**-**
Public dividend capital received	104,038	-	-	-	-	-	**104,038**
Public dividend capital repaid	-	-	-	-	-	-	**-**
Public dividend capital written off	-	-	-	-	-	-	**-**
Other movements in public dividend capital in year	-	-	-	-	-	-	**-**
Other reserve movements	-	(318)	-	-	-	318	**-**
Taxpayers' and others' equity at 31 March 2021	**114,214**	**27,767**	**-**	**-**	**-**	**(17,927)**	**124,054**

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

	Public dividend capital	Revaluation reserve	Financial assets reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**7,861**	**33,592**	**-**	**-**	**-**	**(2,433)**	**39,020**
Prior period adjustment	-	-	-	-	-	-	**-**
Taxpayers' and others' equity at 1 April 2019 - restated	**7,861**	**33,592**	**-**	**-**	**-**	**(2,433)**	**39,020**
Surplus/(deficit) for the year	-	-	-	-	-	(17,737)	**(17,737)**
Gain/(loss) arising from transfers by modified absorption	-	-	-	-	-	-	**-**
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	**-**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	**-**
Other transfers between reserves	-	-	-	-	-	-	**-**
Impairments	-	-	-	-	-	-	**-**
Revaluations	-	(3,916)	-	-	-	-	**(3,916)**
Transfer to retained earnings on disposal of assets	-	(8)	-	-	-	8	**-**
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	**-**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	**-**
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**
Foreign exchange gains/(losses) recognised directly through OCI	-	-	-	-	-	-	**-**
Other recognised gains and losses	-	-	-	-	-	-	**-**
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	**-**
Public dividend capital received	2,315	-	-	-	-	-	**2,315**
Public dividend capital repaid	-	-	-	-	-	-	**-**
Public dividend capital written off	-	-	-	-	-	-	**-**
Other movements in public dividend capital in year	-	-	-	-	-	-	**-**
Other reserve movements	-	-	-	-	-	-	**-**
Taxpayers' and others' equity at 31 March 2020	**10,176**	**29,668**	**-**	**-**	**-**	**(20,162)**	**19,682**

Information on reserves

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

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

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

Merger reserve
This reserve reflects balances formed on merger of NHS bodies.

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

Statement of Cash Flows

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus / (deficit)		4,641	(14,968)
Non-cash income and expense:			
Depreciation and amortisation	7	6,780	6,096
Net impairments	8	258	-
Income recognised in respect of capital donations	4	(1,462)	(62)
Amortisation of PFI deferred credit		-	-
Non-cash movements in on-SoFP pension liability		-	-
(Increase) / decrease in receivables and other assets		(4,170)	2,595
(Increase) / decrease in inventories		(464)	(584)
Increase / (decrease) in payables and other liabilities		7,940	(368)
Increase / (decrease) in provisions		485	20
Tax (paid) / received		-	-
Operating cash flows from discontinued operations		-	-
Other movements in operating cash flows		(2)	-
Net cash flows from / (used in) operating activities		**14,006**	**(7,271)**
Cash flows from investing activities			
Interest received	12	3	69
Purchase and sale of financial assets / investments		-	-
Purchase of intangible assets		(3,483)	(1,398)
Sales of intangible assets		-	-
Purchase of PPE and investment property		(12,270)	(6,301)
Sales of PPE and investment property		403	-
Receipt of cash donations to purchase assets	18	21	62
Prepayment of PFI capital contributions		-	-
Investing cash flows from discontinued operations		-	-
Cash from acquisitions / disposals of subsidiaries		-	-
Net cash flows from / (used in) investing activities		**(15,326)**	**(7,568)**
Cash flows from financing activities			
Public dividend capital received		104,038	2,315
Public dividend capital repaid		-	-
Movement on loans from DHSC		(90,925)	22,993
Movement on other loans		-	-
Other capital receipts		-	-
Capital element of finance lease rental payments		(116)	(113)
Capital element of PFI, LIFT and other service concession payments		-	-
Interest on loans	13.1	(353)	(1,956)
Other interest	13.1	(3)	(18)
Interest paid on finance lease liabilities	13.1	(8)	(11)
Interest paid on PFI, LIFT and other service concession obligations		-	-
PDC dividend (paid) / refunded		(1,598)	(573)
Financing cash flows of discontinued operations		-	-
Cash flows from (used in) other financing activities		-	-
Net cash flows from / (used in) financing activities		**11,035**	**22,637**
Increase / (decrease) in cash and cash equivalents		**9,715**	**7,798**
Cash and cash equivalents at 1 April - brought forward		**12,285**	**4,487**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**12,285**	**4,487**
Cash and cash equivalents transferred under absorption accounting		-	-
Unrealised gains / (losses) on foreign exchange		-	-
Cash and cash equivalents at 31 March	23	**22,000**	**12,285**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis, in accordance with the definition as set out in section 4 of the DHSC Group Accounting Manual (GAM) which outlines the interpretation of IAS1 'Presentation of Financial Statements' as "the anticipated continuation of the provision of a service in the future, as evidenced by the inclusion of financial provision for that service in published documents".

The Directors of the Trust have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Hampshire and Isle of Wight Integrated Care System (ICS), and also has strategic partnerships in place with Portsmouth Hospitals University NHS Trust for Acute services, Solent NHS Trust for Mental Health and Community services, and with South Central Ambulance Service NHS Foundation Trust for Ambulance services. No circumstances were identified causing the Directors to doubt the continued provision of NHS services.

This year the Trust improved against its financial targets in quarters 3 and 4 and achieved a £14k surplus. Income from Commissioners was largely based on the simplified block payments system introduced in response to the COVID-19 pandemic, which improved liquidity and cash flow during the year. Additional costs due to the pandemic were supported on an actual cost reimbursement basis for the first half the year and on an advance block payment basis for the second half of the year. The Trust continued in Financial Special Measures throughout 2020/21. The breakeven duty has not been met over a rolling 3 year period and therefore the auditors are still required to make a referral under S30 of the Local Audit & Accountability Act 2014 to the Secretary of State, but this is solely due to the historic position. In April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSE&I) announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow their repayment. The Trust received PDC of £90.9m to repay these loans which had accumulated from prior year deficits and thereby increased the total net assets by £90.9m, strengthening the value of the balance sheet and meaning the Trust is no longer required to generate surpluses to service this historic debt.

For 2021/22 the current financial funding arrangements will remain in place for the first half of the year, with additional funding to support the recovery of elective activity, and Mental Health services post COVID. For the second half of the year the Trust has assumed a continuation of the overarching funding framework for October 2021 to March 2022, with an adjustment to the funding available to support elective recovery in line with the tapered reduction during the period to September 2021. The additional cost to deliver this elective activity is also planned to reduce in the second half of the year.

The Trust has produced its financial plan for quarters 1 and 2 based on these assumptions, which have been approved by the Trust Board. The financial plan agreed with the ICS is a £3.0m deficit. This compares to a similar value plan for quarters 3 and 4 of 2020/21, and the Trust is therefore reasonably assured of the achievability of this financial plan.

Our going concern assessment is made up to 30 June 2022. This includes the first quarter of the 2022/23 financial year. NHS operating and financial guidance is not yet issued for that year, and the Trust has assumed a return to pre-COVID arrangements with commissioned contracts and financial recovery fund in place to support continued operations.

The Trust has prepared a cash forecast to 30 June 2022, modelled on the above expectations for funding. The cash forecast shows sufficient liquidity for the Trust to continue to operate during that period.

Interim support can be accessed if it were required, but there is currently no such identified requirement.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the Trust's adoption of the going concern basis for the preparation of the accounts.

Note 1.3 Interests in other entities

The Isle of Wight NHS Trust Charitable Funds Accounts, for which the Isle of Wight NHS Trust is a Corporate Trustee, are not material and are therefore not consolidated.

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (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. This 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 the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the 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 health care 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 on the passage of time.

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

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. Some research income alternatively falls within the provisions of IAS 20 for government grants.

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

Note 1.5 Other forms of income

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

Apprenticeship service income

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

Note 1.6 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. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

The Trust also makes contributions to an occupational pension scheme set up in accordance with the Automatic Enrolment (Miscellaneous Amendments) Regulations 2012. The scheme is a defined contribution scheme, for which the Trust accounts for its employer contributions within 'other pension costs' in these financial statements.

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

Note 1.9 Property, plant and equipment

Recognition

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

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

Subsequent expenditure

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

Measurement

Valuation

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – modern equivalent asset value using the alternative site method (site optimisation)
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

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

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the trust, respectively.

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 expenditure.

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

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

Impairments

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

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
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. The Gables which fulfilled this criteria in the 2019/20 Annual Accounts was sold to Mountbatten Hospice during 2020/21 and has been removed from Assets held for sale.

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

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 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.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	5	68
Dwellings	-	-
Plant & machinery	4	25
Transport equipment	5	15
Information technology	3	14
Furniture & fittings	2	17

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

Note 1.10 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.

Internally generated intangible assets

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

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

Software

Software which is integral to the operation of hardware, eg 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, eg 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 where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Information technology	1	20
Development expenditure	-	-
Websites	-	-
Software licences	-	-
Licences & trademarks	-	-
Patents	-	-
Other (purchased)	-	-
Goodwill	-	-

Note 1.11 Inventories
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 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 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Note 1.13 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 GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

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

Classification and measurement

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

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

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

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

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense.

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).

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.

Derecognition

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

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

Note 1.14 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.

The trust as a lessee

Finance leases

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

The trust as a lessor

Finance leases

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

Operating leases

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

Note 1.15 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.

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 28.1 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 29 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 29, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.17 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined 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 calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.18 Value added tax

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

Note 1.19 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.20 Foreign exchange
The functional and presentational currency of the trust is sterling.

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

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

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

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

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

Note 1.21 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 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.

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

Note 1.23 Early adoption of standards, amendments and interpretations

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

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

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 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 remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 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 trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	2,661
Additional lease obligations recognised for existing operating leases	(2,231)
Changes to other statement of financial position line items [If this line is material, further disclosure should be added and/or this line disaggregated]	-
Net impact on net assets on 1 April 2022	**430**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(572)
Additional finance costs on lease liabilities	(13)
Lease rentals no longer charged to operating expenditure	576
Other impact on income / expenditure [If this line is material, further disclosure should be added and/or this line disaggregated]	-
Estimated impact on surplus / deficit in 2022/23	**(9)**
Estimated increase in capital additions for new leases commencing in 2022/23 [If this line is material, consider disclosing any significant judgements already being made]	**-**

Other standards, amendments and interpretations

IFRS 17 Insurance Contracts - Application required for accounting periods beginning on or after 1 January 2023, as interpreted and adapted by the FREM to be effective from 1 April 2023

Note 1.25 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:
Inventories – In general the value of all inventories is determined by annual stock take as at 31st March or as close to that date as is reasonably practical. Inventories are valued at the lower of cost and net realisable value using the first-in first-out formula (except pharmacy stocks which are at weighted average cost).

Income Accruals – Where possible these are based on actual activity and price. Where it is not possible to quantify actual activity, accruals are estimated based on historical data available for the specific activity taking into account cyclical patterns where this is considered relevant.

Impairment of and Reversals of Financial Assets – All non-NHS receivables are assessed on an expected credit loss basis as required by IFRS 9. All debts relating to the Compensation Recovery Unit will be provided for at 22.43% as per the Group Accounting Manual guidance.

Expenditure Accruals – Where possible these are based on actual activity and price applicable. Where it is not possible to quantify actual activity, accruals are estimated based on historical data available for the specific activity taking into account cyclical patterns where this is considered relevant.

Employee Benefits – Accrual for untaken annual leave is based on number of days carried forward and calculated at the mid-point on the scale. Overtime and travel costs for March have been estimated based on the average of the preceding months.

Note 1.26 Sources of estimation uncertainty

The Land and Property revalution included in the Trusts Accounts for 2019/20 included a "material valuation uncertainty" due to the potential effect on property prices of the COVID-19 pandemic. This years revaluation carried out in March 2021 with a valuation date of 31st March 2021, is not reported as being subject to "material valuation uncertainty" as property markets have started to function again with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists on which to base opinions of value.

Note 2 Operating Segments

The Board receives regular reports of the financial performance and financial position of the Trust, and as an integrated Trust the key financial information for decision making is based on the entity as a whole. It is therefore considered that the Trust has just one reportable segment, a healthcare segment. There are no other segments that constitute 10% or more of the Trust's operations. The Trust receives income from a number of healthcare commissioners, and the respective income levels are disclosed in note 3 to these accounts.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	2020/21 £000	2019/20 Restated £000
Acute services		
Block contract / system envelope income*	89,844	87,252
High cost drugs income from commissioners (excluding pass-through costs)	7,320	7,197
Other NHS clinical income	57,183	23,300
Mental health services		
Block contract / system envelope income*	22,278	21,671
Clinical partnerships providing mandatory services (including S75 agreements)	-	-
Clinical income for the secondary commissioning of mandatory services	-	-
Other clinical income from mandatory services	-	-
Ambulance services		
A & E income	7,238	7,041
Patient transport services income	810	788
Other income	4	4
Community services		
Block contract / system envelope income*	16,875	16,673
Income from other sources (e.g. local authorities)	1,150	3,106
All services		
Private patient income	388	1,069
Additional pension contribution central funding**	6,242	5,658
Other clinical income	185	457
Total income from activities	**209,517**	**174,216**

*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 and have been restated. This does not reflect the contracting and payment mechanisms in place during the prior year.

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

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2020/21 £000	2019/20 £000
NHS England	21,136	17,536
Clinical commissioning groups	186,658	152,048
Department of Health and Social Care	-	-
Other NHS providers	-	40
NHS other	-	-
Local authorities	1,150	3,106
Non-NHS: private patients	388	1,069
Non-NHS: overseas patients (chargeable to patient)	3	37
Injury cost recovery scheme	182	377
Non NHS: other	-	3
Total income from activities	**209,517**	**174,216**
Of which:		
Related to continuing operations	209,517	174,216
Related to discontinued operations	-	-

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

	2020/21	2019/20
	£000	£000
Income recognised this year	3	37
Cash payments received in-year	12	23
Amounts added to provision for impairment of receivables	3	5
Amounts written off in-year	1	18

Note 4 Other operating income

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	592	-	**592**	722	-	**722**
Education and training	4,502	-	**4,502**	5,189	-	**5,189**
Non-patient care services to other bodies	5,388		**5,388**	3,890		**3,890**
Provider sustainability fund (2019/20 only)			**-**	1,752		**1,752**
Financial recovery fund (2019/20 only)			**-**	9,625		**9,625**
Marginal rate emergency tariff funding (2019/20 only)			**-**	-		**-**
Reimbursement and top up funding	33,673		**33,673**			**-**
Income in respect of employee benefits accounted on a gross basis	575		**575**	569		**569**
Receipt of capital grants and donations		1,462	**1,462**		62	**62**
Charitable and other contributions to expenditure		3,644	**3,644**		-	**-**
Support from the Department of Health and Social Care for mergers		-	**-**		-	**-**
Rental revenue from finance leases		-	**-**		-	**-**
Rental revenue from operating leases		387	**387**		344	**344**
Amortisation of PFI deferred income / credits		-	**-**		-	**-**
Other income	2,226	-	**2,226**	3,503	-	**3,503**
Total other operating income	**46,956**	**5,493**	**52,449**	**25,250**	**406**	**25,656**
Of which:						
Related to continuing operations			52,449			25,656
Related to discontinued operations			-			-

Material items included within Other Income include NHS Creative Income Generation £1,466k, , Catering £196k, Estates Recharges £166k, Printroom £65k, Pharmacy Sales £58k, Occupational Health Commercial £46k, Ferry Ticket sales £8k and Car Parking £5k

Note 5 Additional information on contract revenue (IFRS 15) recognised in the period

	2020/21	2019/20
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	-	481
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods		

Note 5.1 Transaction price allocated to remaining performance obligations

	31 March 2021	31 March 2020
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	£000	£000
within one year		
after one year, not later than five years		
after five years		
Total revenue allocated to remaining performance obligations	**-**	**-**

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

Note 6 Fees and charges

The Trust hosts NHS Creative and undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

	2020/21	2019/20
	£000	£000
Income	1,466	1,772
Full cost	(1,543)	(1,829)
Surplus / (deficit)	**(77)**	**(57)**

Note 7 Operating expenses

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,675	2,637
Purchase of healthcare from non-NHS and non-DHSC bodies	-	-
Purchase of social care	-	-
Staff and executive directors costs	176,232	150,654
Remuneration of non-executive directors	134	107
Supplies and services - clinical (excluding drugs costs)	20,736	15,183
Supplies and services - general	2,538	1,826
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	15,404	13,610
Inventories written down	65	19
Consultancy costs	1,502	2,812
Establishment	4,205	3,646
Premises	13,897	8,621
Transport (including patient travel)	2,922	2,023
Depreciation on property, plant and equipment	5,854	5,592
Amortisation on intangible assets	926	504
Net impairments	258	-
Movement in credit loss allowance: contract receivables / contract assets	345	33
Movement in credit loss allowance: all other receivables and investments	-	-
Increase/(decrease) in other provisions	-	-
Change in provisions discount rate(s)	-	-
Audit fees payable to the external auditor		
audit services- statutory audit	104	81
other auditor remuneration (external auditor only)	-	10
Internal audit costs	62	70
Clinical negligence	3,860	2,758
Legal fees	759	465
Insurance	26	77
Research and development	-	-
Education and training	640	744
Rentals under operating leases	1,178	832
Early retirements	-	-
Redundancy	-	50
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	-	-
Charges to operating expenditure for off-SoFP PFI / LIFT schemes	-	-
Car parking & security	85	310
Hospitality	17	32
Losses, ex gratia & special payments	-	-
Grossing up consortium arrangements	-	-
Other services, eg external payroll	184	180
Other	2,717	1,964
Total	**257,325**	**214,840**
Of which:		
Related to continuing operations	257,325	214,840
Related to discontinued operations	-	-

Material items of Other Expenditure include External Contractors £2,475k, Patient Expenses £61k, Staff Consultancy and Support £59k and Interpreting Services £35k

Note 7.1 Other auditor remuneration

	2020/21	2019/20
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	10
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	**-**	**10**

Note 7.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2019/20: £2 million).

Note 8 Impairment of assets

	2020/21	2019/20
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction*	257	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	1	-
Other	-	-
Total net impairments charged to operating surplus / deficit	**258**	**-**
Impairments charged to the revaluation reserve**	4,838	-
Total net impairments	**5,096**	**-**

*The Abandonment of assets in the course of construction relates to several projects that will no longer be pursued to completion

**The Impairments charged to the revaluation reserve relate to the downward movement in Properties as a result of the annual revaluation exercise. The net reduction was £1.6m.

Note 9 Employee benefits

	2020/21 Total £000	2019/20 Total £000
Salaries and wages	127,667	110,077
Social security costs	12,619	11,033
Apprenticeship levy	599	536
Employer's contributions to NHS pensions	20,587	18,574
Pension cost - other	35	32
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	71
Temporary staff (including agency)	14,930	10,658
Total gross staff costs	**176,437**	**150,981**
Recoveries in respect of seconded staff	-	-
Total staff costs	**176,437**	**150,981**
Of which		
Costs capitalised as part of assets	205	277

Note 9.1 Retirements due to ill-health

During 2020/21 there were no early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is 0k (£27k in 2019/20).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 10 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 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 at 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 at 20.6% of pensionable pay.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Note 11 Operating leases

Note 11.1 Isle of Wight NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Isle of Wight NHS Trust is the lessor.
The Leases comprise of rental of the Renal and Audiology Units by Portsmouth Hospitals NHS Trust and other smaller value leases of Land and Buildings.

	2020/21	2019/20
	£000	£000
Operating lease revenue		
Minimum lease receipts	387	344
Contingent rent	-	-
Other	-	-
Total	**387**	**344**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	459	315
- later than one year and not later than five years;	984	853
- later than five years.	-	-
Total	**1,443**	**1,168**

Note 11.2 Isle of Wight NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Isle of Wight NHS Trust is the lessee.
The Trust leases medical equipment, property and vehicles under operating lease arrangements.

	2020/21	2019/20
	£000	£000
Operating lease expense		
Minimum lease payments	1,178	832
Contingent rents	-	-
Less sublease payments received	-	-
Total	**1,178**	**832**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease payments due:		
- not later than one year;	281	445
- later than one year and not later than five years;	786	1,221
- later than five years.	598	1,401
Total	**1,665**	**3,067**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

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

	2020/21	2019/20
	£000	£000
Interest on bank accounts	3	69
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income	-	-
Total finance income	**3**	**69**

Note 13.1 Finance expenditure

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

	2020/21	2019/20
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	-	2,071
Other loans	-	-
Overdrafts	-	-
Finance leases	8	11
Interest on late payment of commercial debt	2	7
Main finance costs on PFI and LIFT schemes obligations	-	-
Contingent finance costs on PFI and LIFT scheme obligations	-	-
Total interest expense	**10**	**2,089**
Unwinding of discount on provisions	-	-
Other finance costs	3	11
Total finance costs	**13**	**2,100**

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2020/21	2019/20
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	2	7
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 14 Other gains / (losses)

	2020/21	2019/20
	£000	£000
Gains on disposal of assets	124	-
Losses on disposal of assets	-	(21)
Total gains / (losses) on disposal of assets	**124**	**(21)**
Gains / (losses) on foreign exchange	-	-
Fair value gains / (losses) on investment properties	-	-
Fair value gains / (losses) on financial assets / investments	-	-
Fair value gains / (losses) on financial liabilities	-	-
Recycling gains / (losses) on disposal of financial assets mandated as fair value through OCI	-	-
Other gains / (losses)	-	-
Total other gains / (losses)	**124**	**(21)**

The Trust disposed of the property "The Gables" during 2020/21 which created the Gain on Disposal

Note 15 Discontinued operations

	2020/21	2019/20
	£000	£000
Operating income of discontinued operations	-	-
Operating expenses of discontinued operations	-	-
Gain on disposal of discontinued operations	-	-
(Loss) on disposal of discontinued operations	-	-
Corporation tax expense attributable to discontinued operations	-	-
Total	**-**	**-**

Note 16 Intangible assets - 2020/21

	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2020 - brought forward	**11,510**	**-**	**11,510**
Transfers by absorption	-	-	**-**
Additions	2,459	454	**2,913**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	-	-	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	-	-	**-**
Valuation / gross cost at 31 March 2021	**13,969**	**454**	**14,423**
Amortisation at 1 April 2020 - brought forward	**7,100**	**-**	**7,100**
Transfers by absorption	-	-	**-**
Provided during the year	926	-	**926**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	-	-	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	-	-	**-**
Amortisation at 31 March 2021	**8,026**	**-**	**8,026**
Net book value at 31 March 2021	**5,943**	**454**	**6,397**
Net book value at 1 April 2020	**4,410**	**-**	**4,410**

Note 16.1 Intangible assets - 2019/20

	Internally generated information technology	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**9,614**	**103**	**9,717**
Prior period adjustments	-	-	**-**
Valuation / gross cost at 1 April 2019 - restated	**9,614**	**103**	**9,717**
Transfers by absorption	-	-	**-**
Additions	1,979	-	**1,979**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	103	(103)	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	(186)	-	**(186)**
Valuation / gross cost at 31 March 2020	**11,510**	**-**	**11,510**
Amortisation at 1 April 2019 - as previously stated	**6,761**	**-**	**6,761**
Prior period adjustments	-	-	**-**
Amortisation at 1 April 2019 - restated	**6,761**	**-**	**6,761**
Transfers by absorption	-	-	**-**
Provided during the year	504	-	**504**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	-	-	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	(165)	-	**(165)**
Amortisation at 31 March 2020	**7,100**	**-**	**7,100**
Net book value at 31 March 2020	**4,410**	**-**	**4,410**
Net book value at 1 April 2019	**2,853**	**103**	**2,956**

Note 17 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2020 - brought forward	**7,290**	**90,793**	**1,098**	**17,096**	**2,047**	**5,806**	**1,868**	**125,998**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Additions	-	-	9,449	4,877	14	2,833	2	**17,175**
Impairments	(5)	(5,091)	-	-	-	-	-	**(5,096)**
Reversals of impairments	-	-	-	-	-	-	-	**-**
Revaluations	25	-	-	-	-	-	-	**25**
Reclassifications	-	8,068	(8,068)	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	(12)	(39)	-	-	**(51)**
Valuation/gross cost at 31 March 2021	**7,310**	**93,770**	**2,479**	**21,961**	**2,022**	**8,639**	**1,870**	**138,051**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**5.586**	**-**	**9.611**	**1.625**	**3.258**	**433**	**20.513**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Provided during the year	-	3,297	-	1,233	134	1,033	157	**5,854**
Impairments	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	**-**
Revaluations	-	(3,230)	-	-	-	-	-	**(3,230)**
Reclassifications	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	(12)	(39)	-	-	**(51)**
Accumulated depreciation at 31 March 2021	**-**	**5,653**	**-**	**10,832**	**1,720**	**4,291**	**590**	**23,086**
Net book value at 31 March 2021	**7,310**	**88,117**	**2,479**	**11,129**	**302**	**4,348**	**1,280**	**114,965**
Net book value at 1 April 2020	**7,290**	**85,207**	**1,098**	**7,485**	**422**	**2,548**	**1,435**	**105,485**

Note 17.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**7,355**	**95,696**	**444**	**14,276**	**2,035**	**5,161**	**1,735**	**126,702**
Prior period adjustments	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2019 - restated	**7,355**	**95,696**	**444**	**14,276**	**2,035**	**5,161**	**1,735**	**126,702**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Additions	-	-	3,187	2,753	12	645	133	**6,730**
Impairments	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	**-**
Revaluations	35	(7,161)	-	-	-	-	-	**(7,126)**
Reclassifications	-	2,448	(2,533)	85	-	-	-	**-**
Transfers to / from assets held for sale	(100)	(190)	-	-	-	-	-	**(290)**
Disposals / derecognition	-	-	-	(18)	-	-	-	**(18)**
Valuation/gross cost at 31 March 2020	**7,290**	**90,793**	**1,098**	**17,096**	**2,047**	**5,806**	**1,868**	**125,998**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**5,553**	**-**	**8,609**	**1,474**	**2,240**	**284**	**18,160**
Prior period adjustments	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2019 - restated	**-**	**5,553**	**-**	**8,609**	**1,474**	**2,240**	**284**	**18,160**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Provided during the year	-	3,254	-	1,020	151	1,018	149	**5,592**
Impairments	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	**-**
Revaluations	-	(3,210)	-	-	-	-	-	**(3,210)**
Reclassifications	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	(11)	-	-	-	-	-	**(11)**
Disposals / derecognition	-	-	-	(18)	-	-	-	**(18)**
Accumulated depreciation at 31 March 2020	**-**	**5,586**	**-**	**9,611**	**1,625**	**3,258**	**433**	**20,513**
Net book value at 31 March 2020	**7,290**	**85,207**	**1,098**	**7,485**	**422**	**2,548**	**1,435**	**105,485**
Net book value at 1 April 2019	**7,355**	**90,143**	**444**	**5,667**	**561**	**2,921**	**1,451**	**108,542**

Note 17.2 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021								
Owned - purchased	7,310	87,704	2,479	9,327	302	4,348	1,240	**112,710**
Finance leased	-	-	-	176	-	-	-	**176**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	413	-	1,626	-	-	40	**2,079**
NBV total at 31 March 2021	**7,310**	**88,117**	**2,479**	**11,129**	**302**	**4,348**	**1,280**	**114,965**

Note 17.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	7,290	84,808	1,098	6,923	420	2,548	1,394	**104,481**
Finance leased	-	-	-	287	-	-	-	**287**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	399	-	275	2	-	41	**717**
NBV total at 31 March 2020	**7,290**	**85,207**	**1,098**	**7,485**	**422**	**2,548**	**1,435**	**105,485**

Note 18 Donations 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 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.

Donations towards equipment to the value of £21k have been provided by Friends of St.Marys Hospital.

Note 19 Revaluations of property, plant and equipment

Land and property assets are carried at valuation on the Statement of Financial Position. All of the Trust's land and building assets have been revalued as at 31 March 2021 by the District Valuers of the Revenue and Customs Government Department.
The valuations have been carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and Social Care and HM Treasury.
Land and non-specialised buildings are valued as modern equivalent asset value using the alternative site method (site optimisation).

The valuation exercise was carried out in March 2021 with a valuation date of 31 March 2021. The Land and Property revalution included in the Trusts Accounts for 2019/20 included a "material valuation uncertainty" due to the potential effect on property prices of the COVID-19 pandemic. This years revaluation is not reported as being subject to "material valuation uncertainty" as property markets have started to function again with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists on which to base opinions of value.

The Trust's plant and equipment assets continue to be carried at depreciated historical cost as a proxy for fair value. Property, plant and equipment is depreciated at rates calculated to write them down to estimated residual values on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets under construction.

Note 20 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	1,329	1,436
Work In progress	-	-
Consumables	1,975	1,405
Energy	22	21
Other	-	-
Total inventories	**3,326**	**2,862**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £21,921k (2019/20: £17,316k). Write-down of inventories recognised as expenses for the year were £65k (2019/20: £19k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £3,601k of items purchased by DHSC.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 21 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables	9,388	5,539
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	(525)	(246)
Allowance for other impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	1,312	1,155
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	-	-
Finance lease receivables	-	-
PDC dividend receivable	-	183
VAT receivable	907	521
Corporation and other taxes receivable	-	-
Other receivables	763	595
Total current receivables	**11,845**	**7,747**
Non-current		
Contract receivables	-	-
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	-	-
Allowance for other impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	-	-
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	-	-
Finance lease receivables	-	-
VAT receivable	-	-
Corporation and other taxes receivable	-	-
Other receivables	206	317
Total non-current receivables	**206**	**317**
Of which receivable from NHS and DHSC group bodies:		
Current	8,377	3,648
Non-current	20	-

Note 21.1 Allowances for credit losses

	2020/21		2019/20	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**246**	**-**	**225**	**-**
Prior period adjustments			-	-
Allowances as at 1 April - restated	**246**	**-**	**225**	**-**
Transfers by absorption	-	-	-	-
New allowances arising	383	-	133	-
Changes in existing allowances	-	-	(27)	-
Reversals of allowances	(38)	-	(73)	-
Utilisation of allowances (write offs)	(66)	-	(12)	-
Changes arising following modification of contractual cash flows	-	-	-	-
Foreign exchange and other changes	-	-	-	-
Allowances as at 31 Mar 2021	**525**	**-**	**246**	**-**

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

Note 22 Non-current assets held for sale and assets in disposal groups

	2020/21	2019/20
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**279**	**-**
Prior period adjustment		**-**
NBV of non-current assets for sale and assets in disposal groups at 1 April - restated	**279**	**-**
Transfers by absorption	-	-
Assets classified as available for sale in the year	-	279
Assets sold in year	(279)	-
Impairment of assets held for sale	-	-
Reversal of impairment of assets held for sale	-	-
Assets no longer classified as held for sale, for reasons other than sale	-	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	**-**	**279**

Note 23 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2020/21	2019/20
	£000	£000
At 1 April	**12,285**	**4,487**
Prior period adjustments		-
At 1 April (restated)	**12,285**	**4,487**
Transfers by absorption	-	-
Net change in year	9,715	7,798
At 31 March	**22,000**	**12,285**
Broken down into:		
Cash at commercial banks and in hand	30	14
Cash with the Government Banking Service	21,970	12,271
Deposits with the National Loan Fund	-	-
Other current investments	-	-
Total cash and cash equivalents as in SoFP	**22,000**	**12,285**
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	**22,000**	**12,285**

Note 23.1 Third party assets held by the trust

Isle of Wight NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2021	31 March 2020
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
Total third party assets	**-**	**-**

Note 24 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	5,317	7,808
Capital payables	6,129	3,235
Accruals	11,738	3,494
Receipts in advance and payments on account	-	-
PFI lifecycle replacement received in advance	-	-
Social security costs	1,856	1,622
VAT payables	-	-
Other taxes payable	1,720	1,347
PDC dividend payable	1,057	-
Other payables	2,227	2,143
Total current trade and other payables	**30,044**	**19,649**
Non-current		
Trade payables	-	-
Capital payables	-	-
Accruals	-	-
Receipts in advance and payments on account	-	-
PFI lifecycle replacement received in advance	-	-
VAT payables	-	-
Other taxes payable	-	-
Other payables	-	-
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	4,292	2,789
Non-current	-	-

Note 24.1 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2021 £000	31 March 2021 Number	31 March 2020 £000	31 March 2020 Number
- to buy out the liability for early retirements over 5 years	-		-	
- number of cases involved		-		-

Note 25 Other liabilities

	31 March 2021 £000	31 March 2020 £000
Current		
Deferred income: contract liabilities	3,587	2,091
Deferred grants	-	-
Deferred PFI credits / income	-	-
Lease incentives	-	-
Other deferred income	-	-
Total other current liabilities	**3,587**	**2,091**
Non-current		
Deferred income: contract liabilities	-	-
Deferred grants	-	-
Deferred PFI credits / income	-	-
Lease incentives	-	-
Other deferred income	-	-
Net pension scheme liability	-	-
Total other non-current liabilities	**-**	**-**

Note 26 Borrowings

	31 March 2021 £000	31 March 2020 £000
Current		
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Loans from DHSC	-	91,278
Other loans	-	-
Obligations under finance leases	120	117
Obligations under PFI, LIFT or other service concession contracts	-	-
Total current borrowings	**120**	**91,395**
Non-current		
Loans from DHSC	-	-
Other loans	-	-
Obligations under finance leases	72	191
Obligations under PFI, LIFT or other service concession contracts	-	-
Total non-current borrowings	**72**	**191**

Note 26.1 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2020	**91,278**	**-**	**308**	**-**	**91,586**
Cash movements:					
Financing cash flows - payments and receipts of principal	(90,925)	-	(116)	-	**(91,041)**
Financing cash flows - payments of interest	(353)	-	(8)	-	**(361)**
Non-cash movements:					
Transfers by absorption	-	-	-	-	**-**
Additions	-	-	-	-	**-**
Application of effective interest rate	-	-	8	-	**8**
Change in effective interest rate	-	-	-	-	**-**
Changes in fair value	-	-	-	-	**-**
Early terminations	-	-	-	-	**-**
Other changes	-	-	-	-	**-**
Carrying value at 31 March 2021	**-**	**-**	**192**	**-**	**192**

Note 26.2 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2019	**68,170**	**-**	**421**	**-**	**68,591**
Prior period adjustment	-	-	-	-	**-**
Carrying value at 1 April 2018 - restated	**68,170**	**-**	**421**	**-**	**68,591**
Cash movements:					
Financing cash flows - payments and receipts of principal	22,993	-	(113)	-	**22,880**
Financing cash flows - payments of interest	(1,956)	-	(11)	-	**(1,967)**
Non-cash movements:					
Transfers by absorption	-	-	-	-	**-**
Additions	-	-	-	-	**-**
Application of effective interest rate	2,071	-	11	-	**2,082**
Change in effective interest rate	-	-	-	-	**-**
Changes in fair value	-	-	-	-	**-**
Early terminations	-	-	-	-	**-**
Other changes	-	-	-	-	**-**
Carrying value at 31 March 2020	**91,278**	**-**	**308**	**-**	**91,586**

Note 27 Other financial liabilities

	31 March 2021	31 March 2020
	£000	£000
Current		
Derivatives held at fair value through income and expenditure	-	-
Other financial liabilities	-	-
Total current other financial liabilities	**-**	**-**
Non-current		
Derivatives held at fair value through income and expenditure	-	-
Other financial liabilities	-	-
Total non-current other financial liabilities	**-**	**-**

Note 28 Finance leases

Note 28.1 Isle of Wight NHS Trust as a lessor

Future lease receipts due under finance lease agreements where the trust is the lessor:

	31 March 2021 £000	31 March 2020 £000
Gross lease receivables	**-**	**-**
of which those receivable:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Unearned interest income	-	-
Allowance for uncollectable lease payments	-	-
Net lease receivables	**-**	**-**
of which those receivable:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	-	-
The unguaranteed residual value accruing to the lessor	-	-
Contingent rents recognised as income in the period	-	-

Note 28.2 Isle of Wight NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**192**	**308**
of which liabilities are due:		
- not later than one year;	120	117
- later than one year and not later than five years;	72	191
- later than five years.	-	-
Finance charges allocated to future periods	-	-
Net lease liabilities	**192**	**308**
of which payable:		
- not later than one year;	120	117
- later than one year and not later than five years;	72	191
- later than five years.	-	-
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as expense in the period	-	-

Note 29 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re-structuring	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	**-**	**-**	**72**	**-**	**-**	**-**	**305**	**377**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Change in the discount rate	-	-	-	-	-	-	-	**-**
Arising during the year	-	-	43	-	-	-	521	**564**
Utilised during the year	-	-	(16)	-	-	-	-	**(16)**
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	**-**
Reversed unused	-	-	(43)	-	-	-	(20)	**(63)**
Unwinding of discount	-	-	-	-	-	-	-	**-**
At 31 March 2021	**-**	**-**	**56**	**-**	**-**	**-**	**806**	**862**
Expected timing of cash flows:								
- not later than one year;	-	-	56	-	-	-	**195**	**251**
- later than one year and not later than five years;	-	-	-	-	-	-	**421**	**421**
- later than five years.	-	-	-	-	-	-	**190**	**190**
Total	**-**	**-**	**56**	**-**	**-**	**-**	**806**	**862**

Other provisions include figures for Industrial Tribunal cases (£331k), provision for various property dilapidations (£280k), Climate Change Levy (£175k) and Legal Claims (£56k)

It is not possible to be precise regarding dates of settlement for industrial injury and other legal claims and therefore there is uncertainty over the calculation and timings of amounts due.

Note 29.1 Clinical negligence liabilities

At 31 March 2021, £47,461k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Isle of Wight NHS Trust (31 March 2020: £52,659k).

Note 30 Contingent assets and liabilities

	31 March 2021 £000	31 March 2020 £000
Value of contingent liabilities		
NHS Resolution legal claims	-	-
Employment tribunal and other employee related litigation	-	-
Redundancy	-	-
Other	-	-
Gross value of contingent liabilities	**-**	**-**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**-**	**-**
Net value of contingent assets	**-**	**-**

Note 31 Contractual capital commitments

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	1,115	2,883
Intangible assets	227	443
Total	**1,342**	**3,326**

Note 32 Financial instruments

Note 32.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has 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. The Trust's treasury activity is subject to review by the Trust's auditors.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Market risk

Because the Trust contracts mainly with other NHS bodies the risk that fair value of future cash flows of a financial instrument will fluctuate due to market risk (currency risk, interest rate risk and other market risk) is minimal.

Foreign Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Note 32.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2021	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	9,812	-	-	**9,812**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	22,000	-	-	**22,000**
Total at 31 March 2021	**31,812**	**-**	**-**	**31,812**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	6,205	-	-	**6,205**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	12,285	-	-	**12,285**
Total at 31 March 2020	**18,490**	**-**	**-**	**18,490**

Note 32.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under finance leases	192	-	**192**
Obligations under PFI, LIFT and other service concession contracts	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	25,407	-	**25,407**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2021	**25,599**	**-**	**25,599**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	91,278	-	**91,278**
Obligations under finance leases	308	-	**308**
Obligations under PFI, LIFT and other service concession contracts	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	16,680	-	**16,680**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2020	**108,266**	**-**	**108,266**

Note 32.4 Maturity of financial liabilities

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

	31 March 2021 £000	31 March 2020 £000
In one year or less	25,527	108,075
In more than one year but not more than five years	72	191
In more than five years	-	-
Total	**25,599**	**108,266**

Note 32.5 Fair values of financial assets and liabilities

Book value (carrying value) is a reasonable approximation of fair value.

Note 33 Losses and special payments

	2020/21		2019/20	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	2	1	2	1
Fruitless payments and constructive losses	-	-	-	-
Bad debts and claims abandoned	84	66	31	25
Stores losses and damage to property	12	4	12	2
Total losses	**98**	**71**	**45**	**28**
Special payments				
Compensation under court order or legally binding arbitration award	3	16	5	24
Extra-contractual payments	-	-	-	-
Ex-gratia payments	30	3	26	12
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**33**	**19**	**31**	**36**
Total losses and special payments	**131**	**90**	**76**	**64**
Compensation payments received		-		-

Note 34 Related parties

The Isle of Wight NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Department of Health and Social Care Ministers, Isle of Wight NHS Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Isle of Wight NHS Trust.

The Trusts Chair, Director of Quality Governance and Chief Digitial Information Officer fulfil the same roles for Portsmouth Hospitals University Trust and a Non-Executive Director fulfills the same role for University Hospital Southampton NHS Foundation Trust.

The Department of Health and Social Care is regarded as a related party. During the year the Isle of Wight NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entries are :

	2020/21		2019/20	
	Expenditure	Revenue	Expenditure	Revenue
	£'000's	£'000's	£'000's	£'000's
Isle of Wight CCG	1	159,370	0	149,656
NHS England	94	49,110	51	23,612
NHS South Eastern Hampshire CCG	40	27,636	40	67
Health Education England	21	4,895	5	5,002
University Hospital Southampton NHS Foundation Trust	942	984	714	1,069
Portsmouth Hospitals NHS Trust	7,566	275	3,519	532
NHS Resolution (formerly NHS Litigation Authority)	3,860	0	2,759	0
South Central Ambulance Service NHS FoundatioN Trust	664	14	118	0
Southern Health NHS Foundation Trust	84	343	388	10
Solent NHS Trust	228	417	21	69

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with HM Revenue and Customs, NHS Pensions Agency and the Isle of Wight Council.

The Trust has also received revenue and capital payments from the NHS Trust's charitable funds currently registered with the Charity Commission under number 1049606 in the name of Isle of Wight NHS Trust Charitable Funds. The Corporate Trustee of the charitable funds is Isle of Wight NHS Trust. The Trust makes purchases on behalf of the Charity in accordance with Standing Financial Instructions and procurement procedures for which the Charity reimburses the Trust on a monthly basis.

Note 35 Events after the reporting date

NHSE/I released indicative income values to be included in these Accounts on 23rd April 2021 and the financial statements reflect these figures.

Note 36 Better Payment Practice code

Non-NHS Payables	2020/21 Number	2020/21 £000	2019/20 Number	2019/20 £000
Total non-NHS trade invoices paid in the year	26,575	82,214	27,242	67,040
Total non-NHS trade invoices paid within target	25,292	74,709	21,523	43,513
Percentage of non-NHS trade invoices paid within target	95.2%	90.9%	79.0%	64.9%
NHS Payables				
Total NHS trade invoices paid in the year	3,785	11,319	2,931	6,715
Total NHS trade invoices paid within target	3,524	9,435	2,117	2,370
Percentage of NHS trade invoices paid within target	93.1%	83.4%	72.2%	35.3%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 37 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2020/21 £000	2019/20 £000
Cash flow financing	3,282	17,397
Finance leases taken out in year	-	-
Other capital receipts	-	-
External financing requirement	**3,282**	**17,397**
External financing limit (EFL)	20,255	26,733
Under / (over) spend against EFL	**16,973**	**9,336**

Note 38 Capital Resource Limit

	2020/21 £000	2019/20 £000
Gross capital expenditure	20,088	8,709
Less: Disposals	(279)	(21)
Less: Donated and granted capital additions	(1,462)	(62)
Plus: Loss on disposal from capital grants in kind	-	-
Charge against Capital Resource Limit	**18,347**	**8,626**
Capital Resource Limit	18,700	8,652
Under / (over) spend against CRL	**353**	**26**

Note 39 Breakeven duty financial performance

	2020/21 £000
Adjusted financial performance surplus / (deficit) (control total basis)	14
Remove impairments scoring to Departmental Expenditure Limit	257
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	**271**

Note 40 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		-	-	-	543	1,613	15
Breakeven duty cumulative position	-	-	-	-	543	2,156	2,171
Operating income		-	-	-	168,757	171,867	174,386
Cumulative breakeven position as a percentage of operating income		0.0%	0.0%	0.0%	0.3%	1.3%	1.2%

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(8,358)	(10,960)	(22,664)	(30,102)	(17,724)	271
Breakeven duty cumulative position	(6,187)	(17,147)	(39,811)	(69,913)	(87,637)	(87,366)
Operating income	170,276	171,110	171,395	175,680	199,872	261,966
Cumulative breakeven position as a percentage of operating income	(3.6%)	(10.0%)	(23.2%)	(39.8%)	(43.8%)	(33.4%)

The Trust has remained in Financial Special Measures throughout 2020/21 and continues to work closely with NHS Improvement for support in achieving longer term financial sustainability.

Get in touch or get involved

We want to know what you think of your NHS. How can we improve? You can make a difference by…

- Joining the Trust as a public member – and if you have time to spare, why not become one of our valued volunteers?
- Attending our Medicine for Members meetings and other events.
- Becoming a Quality Champion (if you are a member of staff) and taking an active role in one of the many initiatives designed to improve patient and staff experience.
- Becoming a member of our Patients Council.

Please get in touch. Telephone: **01983 822099** ext. 5703 or e-mail **membership@iow.nhs.uk**

Tell us what you think

The Isle of Wight NHS Trust welcomes feedback and questions from staff, stakeholders, members and the wider public on this document and any other issue relating to our services. If you have feedback please contact the Corporate Communications, Engagement and Membership Team. You can email us: comms@iow.nhs.uk or you can write to us at:

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You can also follow our social media accounts:

For information about the Trust and its policies you can also visit our website www.iow.nhs.uk

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