NHS
Mersey Care
NHS Foundation Trust

Community and Mental Health Services

Mersey Care NHS Foundation Trust

Annual Report 2020/21
Annual Accounts 2020/21

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Annual Report and Annual Accounts, 2020/21

Presented to Parliament pursuant to Schedule 7, paragraph 25(4)(a) of the National Health Service Act 2006

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Community and Mental Health Services

Mersey Care NHS Foundation Trust

Annual Report 2020/21

Annual Report, Annual Accounts and Quality Account 2020/21

Presented to Parliament pursuant to Schedule 7, paragraph 25(4)(a) of the National Health Service Act 2006

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FOREWORD

Welcome to our annual report for the financial year 2020/21.

This year we have provided our services against the background of the COVID-19 outbreak, which continues not only to place significant demands on Mersey Care and the whole of the health and social care system, but also on our staff and their friends and families and the people we provide services to and their friends and families. Mersey Care has been managing its services against the background of the NHS being at different levels of a major incident response as the impact of COVID-19 has ebbed and flowed. Although at times the pressure has been severe, throughout Mersey Care has continued to ***strive for perfect care delivered through a just and learning culture***.

As a Trust we continue to be concerned at the long-term impact on people, society and the economy as a result of COVID-19; although this means it is still difficult for any NHS organisation to be definitive in its planning whilst COVID-19 continues to have an impact. Although this time last year we had hoped that we would be looking to recovery, however the different waves of COVID-19 has meant that we keep moving between response and recovery. Despite this Mersey Care has still been actively adapting its existing services and developing new services in response to COVID-19, we are still striving to improve all our services. In the coming year we are planning a range of *mega conversations* with people we provide services to and staff so you can help shape these services.

We have also had the opportunity to open a new Hospital, Rowan View, and welcome new colleagues into Mersey Care as we have taken responsibility for community physical health services across Southport and Formby (May 2021) and a range of services following the acquisition of North West Boroughs Healthcare NHS FT (June 2021). Normally such activities would be major pieces of work for any organisation, but against the background of COVID-19 show the strength of Mersey Care as a trust.

We also want to take this opportunity to publically thank our staff for the hard work and dedication they have shown and continue to show as we respond and adapt to the demands of COVID-19. They, together with their friends and families, share many of the concerns and fears that we all do during these extraordinary times yet day in and day out they continue to provide care to local people. ***Thank you Mersey Care staff***.

Finally, as part of our ***zero suicide*** ambition, and in conjunction with the Zero Suicide Alliance, we continue to work together with our thousands of partners across the UK and the world to prevent the 6,000 deaths that we see annually from suicide. We make no apology for once again making reference to this training in this foreword - please take just 20 minutes to ***save a life and take the training*** at

www.zerosuicidealliance.com because to us, one life lost to suicide will always be one life too many. Thank you.

Beatrice Fraenkel, Chairman
23 June 2021

Joe Rafferty CBE, Chief Executive
23 June 2021

PART A – OVERVIEW

CHAPTER 1 – INTRODUCTION

1. Mersey Care is a community mental health and physical health provider which provides a wide range of community health services together with specialist mental health services across North West England and beyond. Our vision is to be an organisation that is ***striving for perfect care and a just culture*** to the people we provide services to, their carers and our staff.

2. At the start of 2020/21 for the people of Liverpool, Sefton and Kirkby we provide specialist mental health inpatient services and community physical health, mental health, learning disabilities, addiction services together with acquired brain injury services. We also provide secure mental health services for the North West of England, the West Midlands and Wales and specialist learning disability services across Lancashire, Greater Manchester, Cheshire and Merseyside. We are one of only three trusts in the country that provide high secure mental health services.

3. However in line with a major piece of work that was undertaken throughout 2020/21, from 1 June 2021 Mersey Care acquired North West Boroughs Healthcare NHS Foundation Trust which means that we now provide these community health services across the whole of Knowsley, Halton, Warrington and parts of St Helens.

4. Our teams are supported by a corporate team based at our offices in Kings Business Park, Prescot; Liverpool Innovation Park; and Hollins Park, Warrington. Around 12,000 staff serve a population of almost 11 million people.

5. Throughout 2020/21 the Trust was ***striving for perfect care and a just culture*** for the people we serve and make a positive difference to the lives of service users and carers. Our ongoing plans are based around four aims underpinning objectives of our strategy as outlined in our Operation Plan for 2020/21:

   a) ***Our services*** – to combine clinical excellence with prevention and integration in our services;

   b) ***Our people*** – for more people to choose to work at Mersey Care and for service users to feel they have more control over their healthcare;

   c) ***Our resources*** – to use our building, IT and money to enable clinical excellence, prevention and integration in our services;

   d) ***Our future*** – to be a good partner organisation.

6. The Trust is continuing to deliver a programme of organisational and service transformation in order to significantly improve the quality of the services we provide and safely reduce cost as we do so. We call this continuous improvement in quality and cost, striving for perfect care. We also aim to play a full part in the health and social care economies we serve by promoting and driving greater integration between mental and physical health and social care.

7. In 2020/21 we set seven key priorities as we *strive to provide perfect care and a just culture*, namely:

   a) Priority 1 – reducing restraint through the zero restrictive practice initiative;

   b) Priority 2 – continuing towards zero suicide through zero inpatient suicides in 2020/21 ns rolling out our level 2 suicide e-learning package for staff

   c) Priority 3 – ensuring zero harm from medication;

   d) Priority 4 – continuing to develop our just and learning culture approach through zero tolerance of disrespectful behaviour;

   e) Priority 5 – ensuring zero falls for inpatients in our care;

   f) Priority 6 – continuing to learn from deaths through four thematic reviews;

   g) Priority 7 – reducing delayed discharges for our mental health patients.

   Details about the Trust's progress against these priorities can be found in the Quality Account for 2020/21

8. One of the main challenges facing Mersey Care, together with all NHS, health and social care organisations, throughout 2020/21 has been maintaining, adapting and continuing to improve our services against the background of the COVID-19 outbreak. Mersey Care couldn't have done this with the dedication and commitment of our staff, both existing and new, in continuing to deliver services against such unprecedented and terrible times.

9. The Trust COVID-19 response has included:

   a) through the Cheshire and Merseyside Out of Hospital Cell, chaired by Joe Rafferty though 2020/21, working with NHS providers, primary care, social care providers and local authorities across this area to make the best use of resources to support local people, including working closely with the Cheshire and Merseyside Hospital Cell;

   b) opening a COVID-10 vaccination centre at Maghull Health Park - including working with centres opened by other NHS providers and primary care – to ensure our staff are vaccinated against COVID-19;

   c) rapidly deploying a range of digital solutions, with the support of our IT service Informatics Merseyside, with the objectives of:
      i) providing options for service provision through systems, e.g., video consultation through a solution called Attend Anywhere,
      ii) supporting the redeployment of clinical staff to other duties,
      iii) supporting staff who were asked to work from home to reduce footfall across the Trust's estate, approximately now 2,000 staff per day,

      all of which have required significant increase to the bandwidth of the Trust IT infrastructure to support and improve the reliability of the remote systems staff have increasingly become dependent upon;

   d) the establishment of a COVID-19 mental health support line / crisis line by the Local Division and a helpline for staff, as well as new arrangements for staff to report sickness.

10. As the prevalence of COVID-19 increases and decreases, the nature and profile of the services being provided by the Trust adapts both to these pressures and in response to the COVID-19 regulations and guidance issued by HM Government and NHS England / Improvement. For the latest information about our services please check our website at www.merseycare.nhs.uk/our-services or www.merseycare.nhs.uk/about-us/news.

11. Despite these pressures the Trust has also progressed a range of other significant initiatives throughout 2020/21, including:

    a) the Secure and Specialist Learning Disabilities Division successfully opening ***Rowan View***, our new state-of-the art 123-bed medium secure mental health and learning disabilities hospital at Maghull Health Park at the end of 2020 This replaced a mental health unit in St Helens and a learning disabilities unit in Whalley;

    b) overseeing the transfer of community physical health services for Southport and Formby, previously provided by Lancashire and South Cumbria NHS Foundation Trust, which was completed from 1 May 2021. This involved the transfer of 300 staff to the Trust's Community Division;

    c) in partnership with Liverpool University Hospitals NHS Foundation Trust, re-opening and refurbishing Stoddart House (on the Aintree Hospitals site) to provide greater bed capacity for those patients who need ongoing nursing, therapy and reablement support prior to discharge following actuate hospital admissions. The first phase opened in April 2021 with the transfer of patients from Ward 35 (which is operated by the Trust) – once the refurbishment is complete this will be a 69-bedded unit;

    d) in December 2020 the closure of inpatients services at Mossley Hill Hospital in Liverpool, with
        i) older people services transferred to a combination of Clock View Hospital and the newly refurbished Thomas Leigh site in Knotty Ash hosting a new specialist dementia unit (part of the Local Division),
        ii) the STAR Unit (which provided learning disability services) transferred to the Byron Unit at Hollins Park Hospital. The Byron Unit was the responsibility of North West Boroughs Healthcare NHS Foundation Trust, but with the transfer of the STAR Unit, Mersey Care became responsible for the whole of Byron, with CQC registration being transferred to Mersey Care;

    e) following on from arrangements put in place in 2019 for Mersey Care to work more closely in partnership with North West Boroughs Healthcare NHS Foundation Trust, throughout 2020/21 work was undertaken to develop an application to NHS England / Improvement for Mersey Care to acquire North West Boroughs. The Business Case in support of this application was submitted in February 2021 and, following consideration by the Boards of Directors and Council of Governors from both Trusts, in May 2021 NHS England / Improvement approved a *Grant of Acquisition* which resulted in Mersey Care acquiring North West Boroughs from 1 June 2021.

CHAPTER 2 – RISK MANAGEMENT

12. Risk management enables individuals and the Trust as a whole to deal competently with all key risks, clinical and non-clinical, providing confidence that the Trust will achieve its objectives. Mersey Care's Board of Directors has overall responsibility for:

    a) ensuring robust systems of internal control are in place and are appropriately resourced;

    b) encouraging a culture whereby risk management is embedded across the Trust;

    c) routinely considering risks and collectively being assured that risks are being effectively managed;

    d) through its plans, set out its appetite and priorities in respect of the mitigation of risk when delivering a safe and high quality service.

13. The Board of Directors and its supporting Board committees are detailed in the Annual Governance Statement (see Chapter 16).

14. The Medical Director is the Executive Lead for risk management, supported by the Director of Patient Safety and a dedicated risk manager who are responsible for implementing effective systems and processes of risk management across the organisation including the identification, management and monitoring of risks; and providing reports, information and training as appropriate.

15. As well as the Board of Directors, other senior Trust staff, managers and individual staff members, clinical leads and other senior managers, are responsible for ensuring that they engage with risk management objectives in order to ensure that their clinical and managerial responsibilities for risk management are met.

16. Risks that were listed in the Board Assurance Framework as at March 2021 are shown in the following table and the Board Assurance Framework (March 2021) in the Annual Governance Statement further on in this document. Embedding risk management as a core activity within the organisation is achieved through multiple systems and processes and 2020/21 has seen:

    a) the establishment of a Datix Users Group to run along side the Risk Management Group to provide oversight and sign off for prosed changes and improvements to the risk management system;

    b) increased use of visual indicators, such has heat maps and dashboards to indicate the movement of risks in the Trust;

    c) improved monitoring of risks through data and trend analysis;

    d) the identification and monitoring of risks directly or indirectly impacted by the COVID-19 outbreak;

    e) the alignment of the Board Assurance Framework risks for 2021/21 against the Trust objectives noted in the Operational Plan and reference to associated risks on the register;

f) the development of electronic systems and processes to monitor emerging risk in the clinical and corporate teams during the pandemic against the STEEP domains (Safe, Timely, Effective, Equitable, Person Centred);

g) the continued standardisation of the Safety Huddle Model across the Trust, based on a “deep dive” review of risks;

h) the Risk Management Group continuing to meet on a monthly basis, considering risks from teams / divisions, liaising with them and reporting to the Board Committees on these risks (and through these Board Committees to the Board of Directors).

17. The continued development of the Board Assurance Framework has enabled the Trust to systematically identify, record and action the key risks it faces in relation to the achievement of its overarching strategic objectives. An opinion on the assurance framework has been provided by the Head of Internal Audit at Mersey Internal Audit Agency that provides ***substantial assurance***, which means that:

a) *“structure – the organisation’s Assurance Framework is structured to meet the NHS requirements*

b) *engagement – the Assurance Framework is visibly used by the organisation*

c) *quality and alignment – the Assurance Framework clearly reflects the risks discussed by the Board*’.

18. The Board Assurance Framework discussed by the Board of Directors at its meeting in March 2021 can be found in Table 16 (see paragraph 337 of Chapter 16 – Annual Governance Statement).

PART B – PERFORMANCE REPORT

CHAPTER 3 – EXECUTIVE PERFORMANCE REPORT

19. The Executive Performance Report provides the Board of Directors and Board Committees with high level information relating to Trust performance across a number of key areas.

20. The Trust's Strategic Priorities for 2020/21 are related to the underpinning objectives linked to the strategy which are to improve the quality of our services, and strive to provide safe, timely, effective, equitable and person-centred care every time, for every service user.

21. In response to COVID-19 an interim weekly Executive Performance Report was established. The weekly report formed part of the Trust's continued COVID-19 response and was utilised to inform Divisions in relation to current performance in key identified areas and included additional COVID-19 related measures.

22. The breakdown of the key areas is:

    a) Regulatory – this includes information relating to the Trust's compliance with Care Quality Commission requirements and performance against indicators in NHS England's and NHS Improvement's NHS Oversight Framework;

    b) Our services – this looks at saving time and money and improving quality (safe, timely, effective, equitable, efficient and patient centred);

    c) Our people – this looks at whether we have great managers and teams, a productive workforce with the right skills and the extent to which we are working side by side with service users and carers

    d) Our resources – this looks at our investment in technology to help us provide better care and ensure that we have buildings that work for us;

    e) Our future – this includes measures that show the benefits of research and innovation, our progress in growing our services and how we work effectively with primary care and other organisations.

23. The Executive Performance Report provides the Board of Directors and Board Committee members with information about the Trust's performance. The Executive Performance Report is a standing item on the agendas of the:

    a) Board of Directors;

    b) Resource Committee – chaired by a Non-Executive Director and reporting to the Board of Directors;

    c) Quality Committee – chaired by a Non-Executive Directors and reporting to the Board of Directors;

    d) People Committee – chaired by a Non-Executive Directors and reporting to the Board of Directors;

24. A summary of the performance issues facing the Trust is also shared with the Council of Governors through a report to each of their meetings.

25. The Executive Performance Report is supported by a number of detailed documents and considered at other meetings:

a) performance is regularly reviewed at the Operational Management Groups (which oversee the delivery of the Trust's clinical services). Reviews identify areas of performance improvement and actions either required or being undertaken to achieve targets;

b) each of the three clinical divisions within the Trust is subject to a Quarterly Performance Review, a quarterly meeting with executive level membership, where performance is both presented and scrutinised. The group's primary purpose is to provide assurance on the delivery of all aspects of operational, quality and financial performance, alongside risks and mitigating actions affecting the organisation. Additionally, service-specific deep dives are undertaken in order that the group gains a comprehensive understanding of all aspects of service delivery performance requirements

26. As **Table 1A** shows, during 2020/21 Mersey Care in its Mental Health, Secure and Specialist Learning Disability Services provided care, treatment and support to 40,871 service users, broken down as follows for each of the following three clinical divisions

Table 1A: Number of Service Users – Local, Secure and Specialist Learning Disabilities Divisions – 2020/21

Clinical Division	No. of Service Users
Local Services Division	36,856
Secure & Specialist Learning Disability Division	3,938

27. As **Table 1B** shows, during 2020/21 Mersey Care in its Community Services Division received 190,849 distinct referrals, broken down as follows for each geographical area.

Table 1B: Number of Referrals to the Community Division, 2020/21

Community Services Division	No. of Referrals
South Sefton services	48,591
Liverpool services	142,258

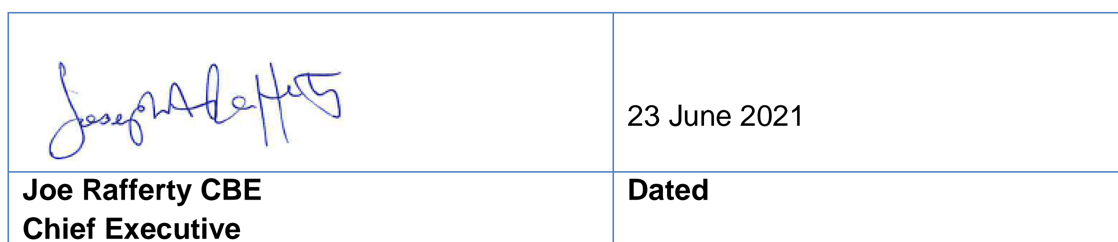
28. During 2020/21 Mersey Care provided services from 130 sites (freehold - 81, Leasehold – 49) and, as at 31 March 2020, had 765 inpatient beds. The Trust also had 1,805,976 outpatient attendances, community contacts or domiciliary visits. A breakdown of this activity by service line is provided in the **Table 1C** below.

Table 1C: Outpatient, Community Contacts, Domiciliary Visits by Service Line, 2020/21

Service line	Activity Type	2020/21
Adult mental health services	Outpatient	682
	Community	240,362
Assessment services	Outpatient	-
	Community	20,785
Complex care services	Outpatient	245
	Community	108,944
Specialist services	Outpatient	471
	Community	60,811
Low secure services	Outpatient	-
	Community	1,838
Medium secure services	Outpatient	-
	Community	680
Offender health	Outpatient	-
	Community	8,057
Community Division (South Sefton)	Outpatient	90,268
	Domiciliary	269,451
Community Division (Liverpool)	Outpatient	309,449
	Domiciliary	698,231
Other service lines	Outpatient	40
	Community	4,399
Total		**1,805,976**

29. The Trust has a performance management system that measures performance monthly against the Trust's key strategic objectives, which ensures that the risk management processes are embedded. Alongside these reports and the regular quality reports, the Trust also produces regular comprehensive risk reports.

30. Further information on the Trust's performance against the NHS Oversight Framework can be found in Chapter 15, with a list of the strategically significant risks available in Table 16, (paragraph 337 of the Annual Governance Statement).



	23 June 2021
Joe Rafferty CBE **Chief Executive**	**Dated**

CHAPTER 4 – ENVIRONMENT & SUSTAINABILITY

Sustainability and Carbon Management

31. The Trust has developed a Sustainable Development Management Plan (SDMP) and an associated delivery plan that has been approved by the Board of Directors. The Trust is in the process of creating a Green Plan to replace the SDMP in line with the Greening the NHS national campaign, which will be presented to the Board of Directors in the first quarter of 2021/22.

32. Through the implementation of the Green Plan a more holistic view of the Trust's carbon footprint will enable an extension of the carbon reductions beyond just energy consumption but into areas such as business travel by road, in order to meet the national NHS carbon reduction aspirations of achieving Net Zero by 2040.

33. As can be seen by **Table 2B** below this year has seen a slight decrease in carbon emissions relating to Scope 1 and Scope 2 emissions from the previous year.

34. It is recognised that there is a need for significant capital investment in carbon reduction projects going forward if the Trust is to maintain the momentum needed to achieve the increasingly tough targets being imposed throughout the NHS.

35. **Table 2A** provides a summary of the carbon emissions for the past 5 years as compared to the base line year is provided below:

Table 2A: Summary of Carbon Emissions over 5 Years compared to the Baseline

Carbon Emissions (electricity & gas) - CO_2e tonnes						
2009/10 (Base Year)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
11,222	9,835	8,684	6,894	7,220	8,038	**7,635**

36. The energy consumption and carbon emission figures for the current year along with a comparison of the previous year are detailed in the **Table 2B** below.

Table 2B: Energy Consumption & Carbon Emission Figures (2019/20 – 2020/21)

Greenhouse Gas Emissions Indicator		Consumption *(MWh)*		Emissions *(CO_2e tonnes)*	
		2019/20	2020/21	2019/20	2020/21
Scope 1 (Direct) Emissions - gas consumption		27,349	**27,743**	5,028	**5,101**
Scope 2 (Indirect) Emissions - electricity consumption		11,775	**10,868**	3,010	**2,534**
		Distance Travelled *(Miles)*		Emissions *(CO_2e tonnes)*	
		2019/20	2020/21	2019/20	2020/21
Scope 3 – official business travel emissions	Air travel	**72,383**	**0**	**11.55**	**0.00**
	Road travel	**5,262,909**	**3,129,967**	**1,413.87**	**803.00**
	Rail travel	**215,116**	**10,092**	**14.50**	**0.65**

37. Emissions related to road travel have decreased (by some 57%). This decrease is mainly due to COVID-19 restrictions on travel, including a high proportion of office-based staff working from home and so not travelling between sites, including attending meetings via MS Teams and other online applications.

38. Travel by means of hybrid or electric vehicles has decreased from circa 67,000 miles in 2019/20 to circa 47,000 miles in 2020/21. Although there is a decrease in mileage this can be attributed to the overall reduction in mileage due to the COVID-19 restrictions on travel, however, it still demonstrates the switch by the Trust and its staff to more sustainable modes of transport away from the traditional diesel or petrol powered vehicles.

39. Emissions related to rail travel has decreased significantly from the previous year effectively saving emissions of approximately 13 tonnes, again this will be attributable to the effects of the COVID-19 outbreak on business travel. In addition no air travel has occurred during the year due to the COVID-19 restrictions, effectively saving emissions of approximately 12 tonnes.

40. Overall a saving in emissions relating to business travel of approximately 636 tonnes has been achieved compared to last year

Table 2C: Financial Indicators for Energy (2019/20 – 2020/21)

Financial Indicator for Energy	2019/20	2020/21
Cost of Scope 1 & Scope 2 consumption (£)	**2,608,802**	**2,270,473**

41. Through further investment in backlog maintenance, energy saving schemes have been completed during this year including boiler replacements and various other associated plant and equipment upgrades across the Trust's estate.

42. Significant investment in alternative energy technologies will be required over the coming years to achieve the NHS's aspirations of Net Zero emissions by 2040 and Salix grant funding is being applied for to help support these ambitious goals.

Water Consumption and Management

43. The Trust in considered a major user of water for domestic purposes the Trust aims to manage its water consumption in the most responsible and sustainably ways possible.

44. **Table 2D** shows that water consumption for the current year has shown a decrease on the previous year.

Table 2D: Water Usage & Costs (2018/19 – 2020/21)

Finite Resource Consumption Indicator	2018/19	2019/20	2020/21
Water consumption (m^3)	172,464	151,530	**124,380**
Total expenditure – Water (£)	871,313	674,718	**619,683**

Waste Management

45. The Trust currently has an integrated waste and recycling contract across all of its sites, operated by independent waste contractors. The general waste stream is comingled and separated out into recyclable fractions at an off-site material recovery facility (MRF). By placing all non-clinical waste streams into a single general waste bin, it is easier to engage both service users and staff in recycling activity. Over 93% of general waste collected from Trust sites is now sent for recycling or energy recovery (via incineration). As a result of this service, the Trust has seen significant increases in the levels of waste recycled year-on-year and proportionately less waste sent to landfill.

46. The generation of clinical and hazardous wastes by the Trust necessitates the commitment of significant financial resources to ensure statutory responsibilities are met. As a result we are working towards moving wastes up the waste hierarchy and placing more emphasis on the prevention of waste and increasing reuse and recycling. Where it is not possible to recover resources, landfill and incineration without energy recovery are viewed as a last resort option. By considering the life cycle of materials in such a way, the Trust will in turn reduce its carbon footprint and maximise cost savings.

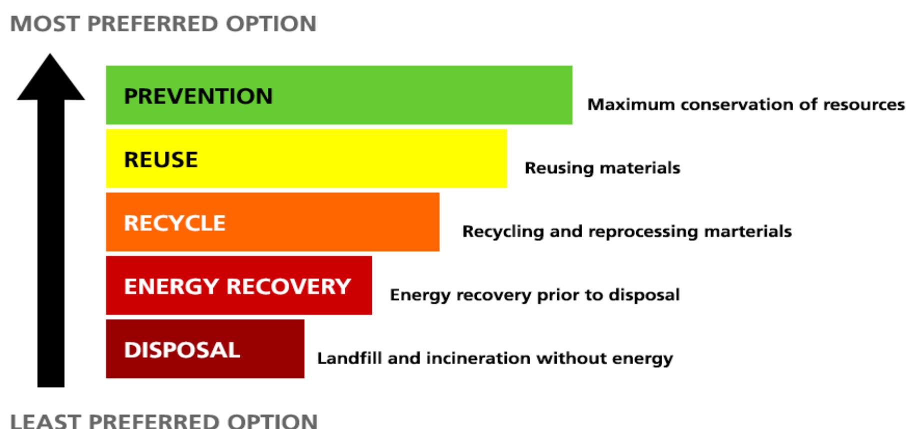


Table 2E: Waste Management (2017/18 – 2020/21)

Waste minimisation and management indicators (tonnes)	2017/18		2018/19		2019/20		2020/21	
	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%
Waste recycled/reused	213	32	242	34	346	32	221	23
Waste incinerated (clinical waste)/energy from waste	430	65	468	65	726	67	746	76
Waste to landfill	16	3	4	1	11	1	13	1
Total waste arising (tonnes)	659	100	714	100	1,083	100	1,004	100

Table 2F: Cost of Waste Management (2017/18 –2020/21)

Financial indicators on waste	2017/18	2018/19	2019/20	2020/21
Cost of waste incinerated/energy from waste (clinical waste)	£33,285.30	£44,484.02	£52,653.04	£72,872
Total expenditure on waste arising	£168,858.09	£170,881.36	£205,052.23	£230,237.40

47. Although overall waste volumes have decreased in the last year, personal protective equipment (PPE) and cleaning equipment disposal throughout the COVID-19 outbreak has increased volumes and expenditure of clinical waste. The disposal split of waste streams also changed as more staff worked from home and some services were temporarily closed; resulting in less recyclable waste streams being produced. General waste contractors also veered away from recycling and more towards incineration disposal routes during the early part of the pandemic to reduce human contact with waste materials.

48. Challenges remain in minimising the overall production of clinical waste at source and reducing the amount of non-clinical waste being disposed of through clinical waste receptacles, particularly as staff return to sites and PPE use begins to decline. Audits covering all aspects of waste are periodically undertaken across the Trust to ensure the appropriate segregation is happening and suitable receptacles are in place.

49. Emphasis in the last year has been placed on the sorting of waste at source where possible. This assisted in reducing the volumes of residual waste and tonnages landfilled to less than 1%. Newly agreed contracts for the forthcoming financial year will look again to reduce residual and incinerated waste tonnages and strive to improve reuse and recycling rates. A by-product of this should facilitate some cost savings across all waste streams in the forthcoming 12 months.

CHAPTER 5 – EQUALITY AND INCLUSION

50. Equality and inclusion continue to be an important element for Mersey Care in its provision of services to the people we serve and for the people it employs. The expansion of Mersey Care, as a result of taking responsibility for Liverpool and South Sefton’s community physical health services over the last three years, has led to the Trust developing and engaging on a new strategic approach to embedding equality and inclusion across everything the Trust does.

51. Our strategy has identified the following equality objectives for 2019 to 2021:

    a) to improve year on year the reported employee experience for protected groups;

    b) to embed high quality analysis through the use of data into the design, delivery of services including our decision-making processes;

c) to reduce health inequalities for protected groups by improving access to all services (includes accessible information standard);

d) to improve year on year the reported patient / service user experience for protected groups.

52. In order to deliver these equality objectives the Trust identified the following equality milestones and key measures for 2020/21:

a) delivering an Equality and Inclusion Action Plan to improve experience for staff and service users by March 2021;

b) maintaining a focus on the recording of protected characteristics within our clinical services, with a particular focus on Community Division where there is a lower baseline position;

c) improving equality, diversity and inclusion staff experience to above average levels for 2020/21, as measured by the national staff survey;

d) improving the Workforce Race Equality Standard key questions, as measured by the national staff survey by March 2021;

e) supporting our staff through COVID-19 via robust risk assessments, listening events, reasonable adjustments, flexible working and staff wellbeing initiatives, with added focus on staff groups and communities who are at a higher risk;

f) a strong commitment to the NHS Chief People Officer's national Black, Asian and Monitory Ethnic (BAME) Staff Networks programme by providing increased capacity to Trust's BAME Staff Network Chair(s) to facilitate increased work streams to support BAME staff and the Trust;

g) pledging to become an organisation that is working to eradicate racism, discrimination and other untoward conduct and developing systems and resources to support staff who may experience this;

h) agreeing progressive recruitment targets to increase the number of BAME staff who commence employment in the Trust and continuing to support leadership and development training for our BAME staff.

53. Progress against delivery was monitored by the Equality & Inclusion Group, which reports to the Board of Directors via the People Committee, and meets on a monthly basis. The Board of Directors receives a number of key equality driven performance reports within its routine business alongside equality and inclusion specific reports.

CHAPTER 6 – COMPLAINTS AND COMPLIMENTS

54. The Trust uses learning from complaints and compliments as a further means of measuring performance. From 1 April 2020 to 31 March 2021, a total of 105 formal complaints were received, compared with 209 for the same period in 2019/20. Overall the Trust has seen a reduction of approximately 50% in the number of complaints received during 2020/21. This demonstrates an improvement on the previous year's reduction of 38%. The work undertaken with our services on learning

from complaints, addressing themes and trends and working closely with the Patient Advice and Liaison (PALS) team to resolve concerns quickly without the need for formal reviews has been the primary driver for this reduction. There were 1,601 concerns resolved by PALS.

55. As a Trust, we welcome all types of feedback. This enables us to continually improve our services for the communities which we serve. We recorded 2,084 compliments in 2020/21 through a mix of verbal, written and face to face from service users, carers, families and external organisations. This figure has increased from 2019/20 when we recorded 1,723 compliments. It has now been made accessible for all teams to log compliments on Datix and the complaints team have encouraged wards / teams to ensure all positive feedback is recorded.

CHAPTER 7 – FREEDOM TO SPEAK UP

56. Oversight and assurance in respect of the Trust's Freedom to Speak Up (FTSU) activities is undertaken by the Audit Committee, reporting to the Board of Directors (each receiving a bi-annual report on FTSU activities). The Lead Non-Executive Director overseeing FTSU is the Senior Independent Director (Gerry O'Keeffe). The Lead Executive Director is the Executive Director of Communications, Corporate Governance and Estates, supported by an Associate Director of Nursing who oversees the FTSU Guardians and the implementation FTSU processes within the organisation on a day to day basis.

57. A small team of FTSU Guardians are now employed by the Trust, each working part-time, who provide cover across the Trust. They work closely and flexibly together across services to meet staff shift patterns and working arrangements. The FTSU Guardians liaise staff on and off Trust premises and, when required, provide unsocial hours cover. The FTSU Guardians work closely with the Just and Learning Culture and Respect and Civility programmes.

58. Due to the COVID-19 outbreak the majority of contacts have been undertaken remotely, although ward / team visits have taken place when necessary. In 2020/21 a total of 170 concerns have been raised by staff via the FTSU process, an increase of 41 concerns compared to 2019/20. The majority of staff speaking up have either done so in confidence or 'owned' (i.e. they have identified themselves).

59. Many of the extra cases that have been recorded have related to staff's experiences of the COVID-19 outbreak, both in relation to how they were managed and to staff safety.

60. The Trust has been and continues to work with the Black, Asian and Minority Ethnic (BAME) Staff Network to increase the ability of staff who identify themselves as BAME to feel confident in raising concerns. A short team secondment of a practitioner to raise the issues of BAME staff was put in place with positive evaluations.

61. The issues raised were from staff across the Trust, divisions have had shared issues of concern that are relevant to all areas of the Trust, but also specific concerns relating to their own services.

62. Whilst the majority of cases are reviewed and effectively dealt with by the FTSU Guardians to the satisfaction of the staff raising them, there have been cases where it has been necessary for an independent review to be commissioned. These are cases that are complex and have involved:

    a) a concern was raised was raised relating to the way concerns expressed by a staff member about the safety of furniture in an inpatient area were considered and risk assessed. There was concern that the lack of intervention led to a serious incident occurring;

    b) a concern was expressed by a member of staff that they had suffered detriment following raising a concern to managers;

    c) a concern was raised regarding the management of waiting lists with in a Community Mental Health Team and the potential negative effect of patient safety.

63. The underpinning themes that have emanated from staff raising FTSU concerns have included:

    a) communication, i.e., staff feeling they are not being listened too;

    b) poor response times and consistency, i.e., staff feeling that Trust policies and procedures are not consistently applied;

    c) bullying and lack of respect shown;

    d) lack of confidence in management;

    e) staff feeling unsafe;

    f) patient safety concerns; and

    g) staff feeling that plans are put in place by managers without them understanding the impact this has on the staff that have to deliver the plans.

64. Overall whilst staff still continue to raise employment concerns / issues via the FTSU Guardians this is gradually decreasing with the ratio of patient safety issues increasing.

65. The FTSU Guardians now meet regularly with senior managers from the workforce team to ensure that any obstacles to timely responses are shared and where possible removed.

66. It is worth noting that some staff are very supportive of the service and have shared their feelings, please see recent example below:

    "I contacted FTSU Guardians to raise concerns, which were shared by a number of my own colleagues, and on both occasions they were outstanding – very supportive, empathic, good listening skills. Prior to this I had never contacted any FTSU Guardians. I have to say I found the two Guardians both excellent – very enthusiastic and motivated – and they kept in close contact by phone or email to update me on their progress in escalating my concerns. I was very glad I did contact them, it was a very positive experience."

67. The FTSU Guardians can meet with the Chief Executive at short notice to raise a concern if it is felt this level of intervention is required. The FTSU team meet regularly with the Non-Executive Director Lead and / or the Executive Lead for FTSU to share their experiences and where needed to escalate any concerns to them for intervention and oversight.

68. In order to promote speaking up positively the FTSU Guardians visit wards and teams formally and informally during training sessions, team meetings, and reflective practice sessions to raise awareness of their role, discuss any concerns they may have and to gain an understanding of the general experiences of staff on those departments. The FTSU Guardians vary theses visits between both day and night shifts to increase visibility.

69. The FTSU Guardians and Associate Director of Nursing review the number and type of issues raised via the FTSU process. These are shared via their regular meetings with divisional senior managers and where necessary with Executive Directors.

70. The FTSU Guardians continue to work closely with the Just & Learning Committee and Respect and Civility work stream to dovetail FTSU and just and learning messages. Some staff have said that have experienced detriment due to them raising their concerns. The negative experiences of staff associated with them raising concerns are raised at a senior level within the Trust and actions taken to stop / minimise this occurring.

CHAPTER 8 – EMERGENCY PREPAREDNESS, RESILIENCE AND RESPONSE (EPRR)

71. The Trust ensures that robust arrangements are in place to prepare for, respond to and recover from any incidents and emergencies that threaten health and patient safety within the services it provides.

72. The Trust's EPRR Framework focuses on the compliance with the following statutory requirements which are underpinned by the Civil Contingencies Act 2004:

    a) assess the risk of emergencies occurring and use this to inform contingency planning

    b) put in place emergency plans

    c) put in place business continuity management arrangements

    d) put in place arrangements to make information available to staff, service users and where appropriate the public and maintain arrangements to warn, inform and advise in the event of an emergency

    e) share information with other local responders to enhance co-ordination

    f) cooperate with other local responders to enhance co-ordination and efficiency

73. During 2020/21, the Executive Director of Nursing and Operations is the Trust's Accountable Emergency Officer and was supported by the responsible Associate Director of Nursing.

74. The Trust has a Board approved Major Incident Plan together with particular incident response plans and business continuity plans, which are regularly reviewed and exercised. The Trust has implemented and agreed an EPPR strategy approved last years that focusses on enhancing the governance and oversight of business continuity planning by strengthening the capacity of the central EPPR team.

75. The Trust's EPRR Framework is subject to the NHS England core standards assurance process on an annual basis. Following last year's process, NHS England provided positive feedback regarding Mersey Care NHS Foundation Trust's arrangements.

76. The Trust contributes to the health sector's multiagency planning via the Local Health Resilience Partnership.

77. Since March 2020 the Trust has activated its major incident plans in response to the COVID-19 outbreak, which has been declared as a major incident across the whole of the NHS and our principal multi-agency partners. At times this has meant that the Trust has either been subject to either national or regional NHS command and control measures, depending upon the impact of the COVID-19 outbreak

78. At the time of writing this annual report, the Trust is looking into the recovery from the implications of COVID-19 whilst still engaged in both our own response, which is leading to the rapid introduction of new ways of working across the whole of the organisation, together with working with NHS and social care partners not only across Liverpool, Sefton and Knowsley, but also across Cheshire and Merseyside through the work of the Out of Hospital Call (which was chaired by the Trust's Chief Executive until the end of March 2021) and the Hospital Cell. Information about the Trust's response is regularly communicated to our staff and partners, as well as through regular reporting to the Board of Directors and the Council of Governors.

CHAPTER 9 – FINANCE DIRECTOR'S REPORT

Summary

79. The financial year has seen the Trust build on a track record of strong financial stewardship to ensure the key financial challenges and risks have been managed effectively to support delivery of a £1.362 million surplus.

80. The additional financial challenges associated with the COVID-19 outbreak have been successfully navigated whilst ensuring financial resources have always been available to support the response across clinical services.

81. The positive impact of significant capital investment in previous years has been continued through the year. This has seen a £22.288 million capital programme being delivered whilst concluding the year with a cash balance of £68.019 million.

82. As the Trust looks forward to 2021/22 there is full commitment to continued engagement with system partners as part of the national financial planning programme. In addition to delivery of initial plans for April – September 2021/22, there is an established programme to oversee the consolidation of financial plans for

Southport Community services from 1 May 2021 and for the acquisition of North West Boroughs Healthcare NHS Foundation Trust services from 1 June 2021.

Financial Overview

83. In 2020/21, the Trust has delivered a £1.362 million surplus excluding the capital impairment of £16.454 million and profit on disposal of assets of £0.120 million.

84. The financial position for the year includes £450.724 million operating income. This included system allocations as part of the revised national financial framework of £16.554 million of targeted COVID-19 funding, £6.126 million to support annual leave and the implications of Flowers v East of England Ambulance Service NHS Trust[1], £4.178 million of top up funding and £1.261 million growth funding.

85. Throughout the financial year the Trust has ensured that resource has been made available to support clinical teams in their response to the COVID-19 outbreak. The financial impact has been managed in line with national guidance with costs reimbursed by NHS England and Improvement. The total cost of the COVID-19 response in 2020/21 was £23.589 million.

86. The Trust commissioned a full valuation of all land and buildings in March 2021. This concluded in a total net impairment of £23.546 million for the year with £16.454 million being charged in year to the Statement of Comprehensive Income.

87. During the year the Trust invested £22.288 million in its capital programme to improve buildings and the environment for service users and staff along with digital developments to enhance patient engagement and care.

88. The Trust saw the completion of the Rowan View, the medium secure unit on the Maghull Health Park, during the financial year. At a total investment of £60 million, this 123 bed unit provides specialist learning disability and mental health services and was opened November 2020.

89. A strong cash position has continued to be successfully managed throughout the year. Positive cash balances have been maintained throughout, concluding with a year-end cash balance of £68.019 million.

COVID-19 Response

90. The COVID-19 outbreak since March 2020 resulted in the unprecedented stepping up of international, national and local preparations. The NHS has been supported in ensuring that financial resources have been available promptly to support the response across clinical services.

[1] This refers to a legal case brought against East of England Ambulance Service by an employee (Mr N Flowers) in respect of how annual leave payments should be calculated for NHS employees subject to the NHS Terms and Conditions of Service Handbook (commonly referred to as ‘Agenda for Change’). The legal ruling (following appeal) affects the calculation of aspects of annual leave payments for all NHS employees subject to Agenda for Change, so as such provision has to be made for the financial impact of this ruling.

91. To enable maximum effort and support to be given to the COVID-19 outbreak, NHS England and Improvement provided guidance to all NHS bodies to remove the ‘routine burdens’ of the financial regime.

92. As such there were two significant changes to the national financial framework for the NHS:

a) all NHS trusts received block contract payments ‘on account’ during the year;

b) additional funding was received by the trust to cover the extra costs of responding to the COVID-19 outbreak.

93. This support ensured that financial constraints did not stand in the way of taking immediate and necessary action in terms of staffing capacity, facilities adaption, key items of clinical equipment, patient discharge packages or staff training at the point of need.

94. Whilst committing to ensuring financial resources were available to support the clinical response the Trust ensured robust controls were deployed from the outset to approve and track additional COVID-19 related investments.

95. In addition, the response to the COVID-19 outbreak required the redeployment of staff across our portfolio of clinical services in response to COVID-19 related service pressures in other parts of the Trust.

Capital Investments

96. Like in previous years, if the Trust manages resources effectively it will generate a surplus. This surplus can be carried forward year on year and used to invest in capital.

97. Capital expenditure in 2020/21 totalled £22.288 million and included the following key areas of investment as shown in **Table 3A** below.

Table 3A: Capital Expenditure in 2020/21

Scheme	Description	Capital Investment £m
Rowan View	New medium secure facility based at Maghull Health Park	4.8
Strategic IT Developments	Delivering improvements in the quality of care, through the world-class use of digital technologies and information	2.8
Older People Integration	Relocation of Older People Services from Mossley Hill into Thomas Leigh	1.8
Upgrades to the IT infrastructure	Enhancements to the core digital network	1.7
Low Secure Unit	Development of a business case for new Low Secure Unit	1.3
Liverpool Dormitories	Development of single en-suite facilities for adult and older adult services	1.2

Scheme	Description	Capital Investment £m
Hartley Hospital	New mental health facility at the existing Boothroyd Mental Health Unit site	0.7
Electrical Infrastructure	Delivery of year 1 of a four year programme to replace the electrics at the Maghull site	0.5
Operational Capital	Backlog maintenance, Fire & Safety, Anti-Ligature works, and investment across the digital infrastructure	7.5

Operating Income

98. The Trust received income of £450.72 million in 2020/21 which was generated from a number of sources as set out in **Figure 1** below.

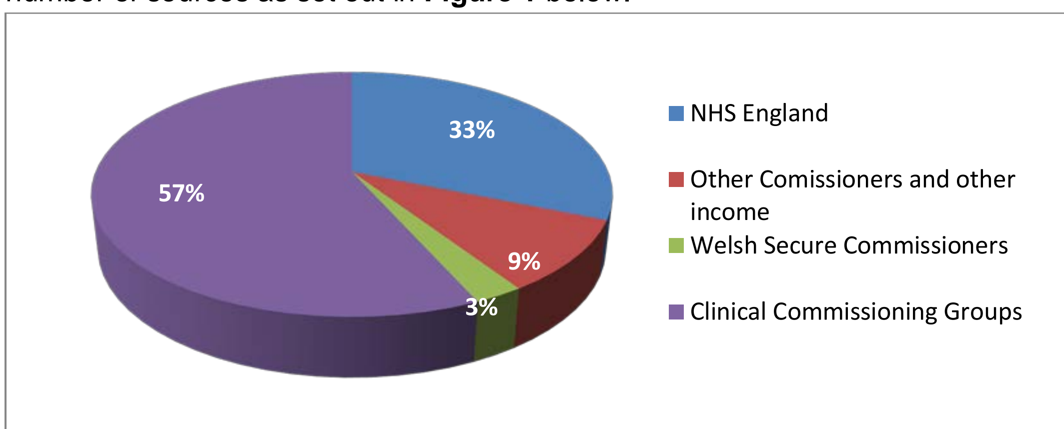


Figure 1: Analysis of Trust Income for 2020/21

Operating Expenditure

99. The Trust has utilised the operating income received to fund the cost of services provided along with essential investments to support service developments. The major areas of cost are summarised in **Figure 2** below with the majority of the Trust's costs relating to staff.

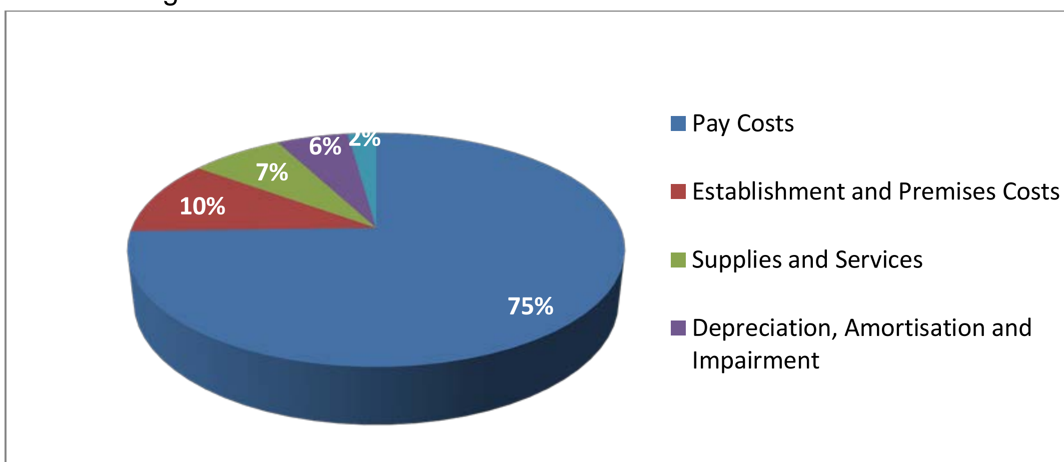


Figure 2: Analysis of Trust Expenditure for 2020/21

Better Payments Practice Code

100. The Better Payments Practice Code (BPPC) requires the Trust to pay a minimum of 95% of all NHS and non-NHS invoices within 30 days of receipt of the goods or valid invoice. **Table 3B** provides a summary of the Trust's performance for 2020/21

Table 3B: Performance against the Better Payment Practice Code 2020/21

	Invoices Paid			
	Within 30 days		Outside 30 days	
	Number	%	Number	%
NHS	2,804	94.2	172	5.8
Non NHS	49,397	90.6	5,105	9.4

101. For 2020/21 the Trust paid 88.6% of all suppliers within 30 days. The shortfall is largely due to delays in payment of invoices for agency staff as the Trust responds to the increasing demands of COVID-19.

102. The Trust migrated to NHS Shared Business Services for the provision of the finance and procurement system on 1 October 2020.

103. Performance against the Better Payment Practice Code was impacted in quarter 3 as the new system was embedded across the trust. Following the introduction of the post implementation plan performance improved significantly during quarter 4.

104. During 2020/21 the Trust made payments of £0.002 million under the late payment of Commercial Debts (Interest) Act 1998 / Public Contract Regulations 2015.

Prompt Payments Code

105. The Prompt Payment Code is a payment initiative developed by Government with the Institute of Credit Management (ICM) to improve liquidity for small businesses.

106. The Trust has signed up to the code and is committed to pay all invoices relating to small and medium businesses and individuals within 10 days.

Going Concern

107. The Board of Directors have considered the key issues and risks to support the preparation of these accounts on a going concern concept.

108. The Board of Directors have found that there are no material uncertainties that may cast significant doubt on its ability to continue as a going concern. There is a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future with no necessity of liquidation or ceasing operations. Accordingly, the Trust's assets and liabilities are recorded on the basis that assets will be realised and liabilities discharged in the normal course of business.

109. In the NHS, anticipated continuation of the provision of a service in the future will be presumed to provide sufficient evidence to prepare the financial statements on a going concern basis.

Trust Auditors

110. The Trust's external auditor is Grant Thornton UK LLP. They provide audit services in relation to the statutory audit duties as required by the Department of Health and Social Care in providing an independent audit opinion. The audit fee received for work carried out during 2020/21 on the financial statements is detailed in **Table 3C** below.

Table 3C: External Audit Fees for 2020/21

	£
Financial statements and value for money	93,600
TOTAL	**93,600**

Longer Term Outlook – 2021/22 and beyond

111. In late March 2021 all NHS providers were informed of NHS England and Improvement's intention to roll the principles of the 2020/21 financial framework into the new financial year. This will see the continuation of block contract payments for all providers along with additional system allocations being made to support the on-going COVID-19 response.

112. The Trust continues to proactively engage with the national planning programme that will continue through to the end of June 2021. Through this process the Trust will aim to ensure that the strong financial performance over recent years continues into the future.

113. The Trust is committed to maximising the investment opportunity presented by the ongoing national commitment to support targeted investment across mental health services. As such the Trust will work closely with system partners to ensure the Mental Health Investment Standard is met and supports the commitments to service users in the NHS Long Term Plan.

114. As the response to the COVID-19 outbreak continues into the new financial year, there will be focus on ensuring recovery plans are deployed that support system partners with elective recovery plans as well as responding to the anticipated increase in demand for mental services post COVID-19.

115. This focus will see the Trust work with system partners to ensure the opportunity presented by the £1.0 billion elective recovery fund and the £0.5 billion for mental health services announced in the 2020 Spending Review is maximised. This will include the existing commitment to invest in the 69 sub-acute bed model at Stoddart House, on the Aintree hospitals site.

116. The new financial year will see annual turnover increase to around £600 million following the transfers of Southport Community services to the Trust and the

acquisition of the North West Boroughs Healthcare NHDS Foundation Trust. Focus during 2021/22 will be on consolidating financial plans across the Trust and reflecting on the Finance and Investment Strategy approved in March 2020 to ensure it continues to enable the strategic vision of the larger Trust.

117. The Trust will continue the commit cash resource to the capital investment programme that will see further developments across the estate and further enhancement to the digital offer to both service users and staff. The plan to invest £39.184 million will be delivered whilst maintained positive cash balances through the year.

118. There will continue to be a proactive approach to identifying and effectively managing key financial risks during the year. Moving into the new financial year, the Board of Directors recognises the key financial risks that were evident before the COVID-19 outbreak, those that have been generated during the COVID-19 outbreak and those that are anticipated to emerge in the post COVID-19 period along with mitigating plans.

119. The new financial year will see the establishment of Integrated Care Systems ahead of 2022/23. The Trust is committed to working collaboratively with system partners to harness existing close working relationships across Cheshire and Merseyside whilst seeking to introduce a cost effective system financial framework that can enable the greatest benefits for our local population to be delivered.

Conclusion

120. The Trust continues to deliver a strong financial position during a challenging economic climate. In addition, it’s been an absolute priority to ensure financial resources have been made available to support the Trust’s response to the COVID-19 outbreak This has been achieved whilst still increasing investment in mental health services and delivering surplus for the year.

121. This can only be achieved with a collective effort across the Trust. This is especially impressive when reflecting on the intense operational pressure across our services during the COViD-19 outbreak. As such I would like to thank all the members of staff who have worked hard to manage local budgets, deliver financial plans and who have supported targeted programmes of investment.

PART C – ACCOUNTABILITY REPORT

CHAPTER 10 – DIRECTORS' REPORT

122. The Directors' Report has been prepared under direction issued by Monitor[2], the independent regulator for NHS foundation trusts acting under the auspices of NHS Improvement, as required by Schedule 7 paragraph 26 of the NHS Act 2006 and in accordance with:

a) Sections 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to foundation trusts);

b) Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('the Regulations');

c) Additional Disclosures as required by the Financial Reporting Manual (FReM);

d) Additional Disclosures as required by NHS Improvement.

Membership

123. As a Foundation Trust, Mersey Care is required to have a membership which is representative of the population that it serves - which is reflected in the three main constituencies shown in **Table 4A** below.

Table 4A: Membership Constituencies

Constituency	Description	Areas / Classes
Service User and Carer	Those individuals (aged 14 and over) who at the time of applying to be a member are currently accessing, or have accessed any of the clinical / care services provided by the Trust in the last three years (and who consider themselves a service user) as well as those individuals who are caring for a current service user, or have cared for an individual who has accessed Mersey Care services in the last three years (and who consider themselves a carer).	This constituency has no areas or classes
Public	Any individual who apples to be a member (aged 14 or over) who resides in one of the three areas specified as an area for public constituency (see next column)	1. Liverpool, Sefton or Knowsley 2. Ribble Valley 3. The rest of England and Wales
Staff *(Note – whereas other constituents apply to be members, staff are automatically members unless they opt out.)*	Staff membership is open to anyone who is employed by the Trust under a contract of employment which has no fixed term, or who has been continuously employed by the Trust under a contract of employment for at least 12 months. Staff are eligible to join one of four classes of staff (see next column)	1. Medical Staff 2. Nursing Staff 3. Other Clinical / Clinical Support Staff 4. Non-Clinical Staff

[2] Monitor is commonly referred to as NHS Improvement.

124. The membership help the Trust build and maintain effective links with the community that it serves.

125. The Council of Governors is responsible for reviewing, contributing to and supporting the ***Membership Strategy*** and making recommendations to the Board of Directors, for approval of revisions to the strategy. The implementation of the Membership Strategy is monitored by the Membership and Engagement Group of the Council of Governors.

126. The Trust expects its membership to grow in line with the targets. To achieve this growth, the Trust will keep under review changes to its membership profile, as members leave and new members are recruited, as well as the demographics of the population for the areas that it serves. Any gaps in its membership profile shall be considered and targeted recruitment activities undertaken to address such gaps.

127. The introduction of General Data Protection Regulation[3] has resulted in some reduction in public and service user / carer members as the Trust has had to contact members to inform them that should they no longer wish to be a member of Mersey Care to advise the Membership office, this has seen a small fall in public and service user and carer member numbers.

128. The Trust reviews the membership profile as well as the demographics of the population for the areas that it serves. Any gaps in its membership profile shall be considered and targeted recruitment activities undertaken to address such gaps.

129. The Trust's plans for its membership in 2020/21 included:

a) holding Members Meetings in addition to the Annual Members Meeting which provided an opportunity for the Trust and its Governors to engage with its members;

b) participation in community projects to promote the Trust as a membership organisation, with the support of the Council of Governors;

c) promoting the membership at Mersey Care events (e.g., opening of new services / buildings, consultation events);

d) undertaking membership recruitment campaigns via social media;

e) directly targeting those groups identified in the Membership Strategy as under-represented across the Trust's membership; and

f) continuing the checking exercise to ensure the Trust's existing membership information was up-to-date.

130. Communications with members is through the Trust's dedicated membership magazine – *MC Magazine* – which is either sent to members electronically or by post (based on the members' preference). In addition, staff and Governors are updated on issues via the weekly newsletter – *yourNews* – which is emailed to all staff. The Trust's stakeholders are also emailed a monthly newsletter providing a monthly roundup of all the news involving Mersey Care.

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[3] The General Data Protection Regulation governs how organisations can collect, use and transfer personal data. It should be read alongside the Data Protection Act 2018.

131. **Table 4B** below provides a breakdown of the membership by constituency, providing a comparison between the end of March 2020 and the end of March 2021.

Table 4B: Breakdown of Membership by Constituency

Constituency	As at 31 March 2019	As at 31 March 2020	Increase/ Decrease (%)
Public	4,348	4,138	(4.83)%
Service User/ Carer	2,040	1,892	(7.25)%
Staff	8,111	7,364	(9.21)%
Membership	**14,499**	**13,394**	**(7.62)%**

132. If you wish to become a member of Mersey Care then please:

a) go the Trust's website at https://www.merseycare.nhs.uk/getting-involved/become-a-member/;

b) email the Membership Office at membership@merseycare.nhs.uk;

c) ring the Membership Office on **0151 471 2303** for further information; or

d) write to: The Membership Office
c/o the Executive Office
Mersey Care NHS Foundation Trust
V7 Building
Kings Business Park
Prescot
Merseyside
L34 1PJ

The Council of Governors

133. Upon becoming a Foundation Trust on 1 May 2016, the Trust established its first Council of Governors. The Constitution of the Trust was amended, together with the composition of the Council of Governors, to take account of the acquisition of Calderstones Partnership NHS Foundation Trust on 1 June 2017. Further amendments to the Constitution have been agreed from time to time by the Board of Directors and the Council of Governors, including changes to the membership of the Council of Governors associated with the acquisition of the former Liverpool Community Health NHS Trust on 1 April 2018.

134. The role of the Council of Governors is set out in the NHS Act 2006 and as amended by the Health and Social Care Act 2012. It includes:

a) appointing and, if appropriate, removing the Trust chairman and other non-executive directors

b) deciding the remuneration and allowances and other terms and conditions of office of the chairman and the other non-executive directors

c) approving (or not) any new appointment of a chief executive

d) appointing and, if appropriate, removing the Trust's auditor

e) receiving the Trust's annual accounts, any report of the auditor on them and the annual report, at a general meeting of the council of governors

f) providing views on the Trust's forward plan

g) holding the non-executive directors, individually and collectively, to account for the performance of the board of directors

h) representing the interests of the members of the Trust as a whole and the interests of the public

i) approving significant transactions

j) approving an application by the Trust to enter into a merger, acquisition, separation or dissolution

k) deciding whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions

l) approving amendments to the Trust's Constitution

135. The Council of Governors operates in accordance with it statutory powers which are described in the Trust's Constitution which is regularly reviewed. The Constitution also provides the Standing Orders for the operation of the Council and its meetings, including information as to how any disagreements between the Council of Governors and the Board of Directors can be managed. No such disagreements took place in 2020/21.

136. In 2020/21 the Council of Governors met four times on the following dates:

a) Thursday 23 April 2020;

b) Wednesday 22 July 2020;

c) Friday 11 September 2020;

d) Thursday 22 October 2020;

e) Monday 25 January 2021.

137. The meetings are supported by an annual cycle of business to help inform meeting agendas and are supported by a Nominations and Remuneration Committee and a Membership & Engagement Group, although these groups may only make recommendations which need to be approved by the full Council.

138. Key decisions made by the Council of Governors in 2019/20 include:

a) approval of the updated Membership and Engagement Strategy;

b) approval of the Council of Governors Work Plans for 2020/21 and 2021/22;

c) approval of amendments to the Governor Handbook (V3);

d) approval of changes the Trust's Constitution which were also considered and approved by the Board of Directors at their meetings in May 2020 and June 2020;

e) approval of the proposed process for the appraisal of the Chairman including the proposed timescales for 2020 appraisals;

f) approval of the proposed process for the appraisal of the Non Executive Directors including the proposed timescales for 2020 appraisals;

g) approval of the role description, person specification, remuneration and associated terms for a Non-Executive Director vacancy and approved commencement of the recruitment process;

h) approval of the appointment of Professor Anya Ahmed as a Non-Executive Director, subject to completion of the necessary Fit and Proper Person Test and associated employment checks, for a 3-year term;

i) approval of the unopposed election of Lead Governor (Matt Copple);

j) approval of the Council of Governors Annual Report 2019/20;

k) approval of the Council of Governors Induction, Training and Development Plan 2020-2022;

l) agreement to establish a working group to review the Constitution (membership constituencies) in preparation for the potential acquisition of North West Boroughs in 2021;

m) approval of the re-appointment of Dr Murray Freeman, Non-Executive Director, to a second 3-year term.

139. The last Governor elections were held in 2020 (the results being issued on 25 September 2020) and then a process was undertaken to ensure the eligibility of Governors. An induction programme was undertaken for new Governors in 2020, taking into account the experience of existing Governors of the induction programme undertaken in previous years.

140. A list of Governors can be found in **Table 4C** below, which shows those Governors who have left or joined the Council of Governors over the 2020/21 reporting period. Details of Governors attendance at Council meetings can be found in **Appendix A.**

Table 4C: Council of Governors in Post during 2020/21

Constituency (as at 1 April 2020)	Governor	Term of Office	
		From	To
Public Constituencies (Elected Governors – 8)			
Liverpool, Sefton and Knowsley (5 posts)	Helen Casstles	01/10/18	30/09/21
	Susan Martin	01/10/18	30/09/21
	Jayne Moore	01/05/19	30/04/22
	Paul Smith	01/10/18	30/09/21
	Mary Sutton	01/10/18	30/09/21
Ribble Valley (1 post)	Vacant	-	-
Rest of England (2 posts)	Garrick Prayogg***	01/10/20	30/09/23
	Alex Till	01/10/18	30/09/21
	Garrick Prayogg*	01/11/17	30/09/20

Constituency (as at 1 April 2020)	Governor	Term of Office	
		From	To
Staff Constituencies (Elected Governors – 8)			
Medical (1 post)	Natalie Rose	01/10/20	30/09/23
	Sayed Ahmed*	01/11/17	30/09/20
Nursing Staff (3 posts)	Mark Chandley	01/10/20	30/09/23
	Gillian Davies	01/05/19	30/04/22
	Nicola Gelling	01/10/20	30/09/23
	Tracey Cummins*	01/11/17	30/09/20
Other Clinical, Scientific, Technical and Therapeutic Staff (3 posts)	Sam Gorst	01/10/20	30/09/23
	Dean Hegarty	01/05/19	30/04/22
	Gie Peneche	01/10/18	30/09/21
	Paul Allen*	01/11/17	30/09/20
Non Clinical Staff (1 post)	Karen Elliott	01/05/19	30/04/22
Service User and Carer Constituencies (Elected Governors – 8)			
Service Users and Carers (8 posts)	Matt Copple	01/10/18	30/09/21
	Marie Da Silva Bleasdale	01/10/20	30/09/23
	Julie Dickinson	01/10/18	30/09/21
	Kari Kvamme	01/10/20	30/09/23
	Mark McCarthy	01/05/19	30/04/22
	Hilary Tetlow	01/05/19	30/04/22
	Tashi Thornley	01/05/19	30/04/22
	Vacant	-	-
	Debbie Riozzie**	01/10/18	23/08/20
	Andrew Naylor**	01/05/19	19/01/21
Appointed Governors - 5			
Academic (Edge Hull University)	Vacant	-	-
The Unions and Other Staff Representative Bodies formally recognised by the Trust	Mandi Gregory	01/04/18	31/03/21
Local Authority (Sefton Council)	Veronica Webster	01/04/18	30/03/21
Local Authority (Ribble Valley Council)	David Peat	01/10/19	30/09/22
Voluntary Sector (Sefton Carers)	Vicky Keeley	1/08/2017	31/07/23
Academic (Edge Hull University)	Julie Williams**	01/10/2019	18/08/20

Notes Table shows Governors in post on 31 March 2021 and:

1. Elected Governors whose term of office ended on 30 September 2020 (*)
2. Appointed and Elected Governors who stood down during 2020/21 (**).
3. Elected Governors re-elected for a second term which commenced 1 October 2020 (***).

141. Further details about the Trust's Governors can be found on the Trust's website at https://www.merseycare.nhs.uk/council-of-governors/. Information about Governors' interest can be found on the following website at https://merseycare.mydeclarations.co.uk/home, and for those without access to a computer via application to the Trust Secretary.

142. Governors can be contacted via one of the following methods by emailing MerseycareCoG@merseycare.nhs.uk and clearly state the name of the Governor you wish to contact.

The Board of Directors

143. The Board of Directors is a unitary board, which means that the both the Non-Executive Directors and the Executive Directors are jointly and severally responsible for the actions they take. In compliance with the *NHS Foundation Trust Code of Governance*, the Trust's Constitution provides for the composition of the Board of Directors as follows;

a) a Chairman;

b) up to seven Non-Executive Directors;

c) up to seven Executive Directors, including the Chief Executive.

144. The role of the Board of Directors is to:

a) establish the Trust's vision, mission and values;

b) set the Trust's strategy and structure;

c) provide leaders to the Trust;

d) agree those matters that should be delegated to management;

e) exercise accountability to regulators, members and stakeholders.

145. How the Board of Directors exercises it powers is described in the Trust's Constitution, including the Standing Orders for the operation of its meetings and how the Board, through its Chairman and Non-Executive Directors (who are independent), are accountable to the Council of Governors. The agendas for meetings of the Board and its Board Committees are informed by annual cycle of business which are approved by the Board. Details of these Board Committees can be found in paragraph 426 (Table 17) below and their Board approved terms of reference can be found in the Trust's *Scheme of Reservation and Delegation of Powers* (available in the policies and procedures section of the Trust's website. Details about Board members can be found below and details of member's attendance at Board and Board Committee meetings can be found in the appendices supporting Chapter 16 – Annual Governance Statement.

146. The Board of Directors regularly reviews and approves a *Scheme of Reservation and Delegation of Powers* which details those matters which are reserved for decisions by the Board only and those matters delegated to management. In accordance with the *Foundation Trust Code of Governance* matters are only delegated to executive (i.e., voting) members of the Board, unless statue allows delegation to another officer of the Trust.

147. Details about the membership of the Board may be found in **Table 4D** (see paragraph 149) below.

148. During the reporting period of this Annual Report, 2020/21, their have been no changes to the Non–Executive Director membership of the Board (although two non-voting Non-Executive Board Advisors now attend the Board) and Louise Edwards was appointed as Executive Director of Strategy from 9 July 2020.

149. A full list of the Board of Directors is provided in **Table 4D** below. Further details regarding the directors' skills, expertise and experience is available from in paragraph 151 below.

Table 4D: The Board of Directors for the Year Ending 31 March 2021

Name	Title		Term of Office	
			From	To
Non-Executives		**Time in Office** (at end of current term)		
Chairman and Non-Executive Directors (Voting) (1)				
Beatrice Fraenkel	Chairman	6 years	01/04/08	30/04/22
Anya Ahmed	Non-Executive Director	3 years	30/09/20	29/09/23
Murray Freeman	Non-Executive Director	6 years	08/05/18	07/05/24
Gaynor Hales	Non-Executive Director	6 years	23/05/17	22/05/23
Aislinn O'Dwyer	Non-Executive Director	3 years	11/10/18	10/10/21
Gerry O'Keeffe	Non-Executive Director	6 years	18/04/13	30/04/22
Nick Williams	Non-Executive Director	6 years	01/01/14	30/04/22
Pam Williams	Non-Executive Director	6 years	15/06/15	30/04/22
Executive Team Members				
Executive Directors (Voting)				
Joe Rafferty CBE	Chief Executive		01/09/12	N/A
Trish Bennett	Executive Director of Nursing & Operations		01/03/18	N/A
Elaine Darbyshire	Executive Director of Communications, Corporate Governance and Estates		01/06/13	N/A
Louise Edwards (2)	Executive Director of Strategy		09/07/20	N/A
Amanda Oates	Executive Director of Workforce		01/08/13	N/A
Neil Smith	Executive Director of Finance / Deputy Chief Executive		04/05/04	N/A
Noir Thomas	Executive Medical Director		01/04/20	N/A
In Attendance (Statutory role, Non-Voting)				
Andy Meadows	Trust Secretary		21/03/14	N/A

Notes: **1** - The *Foundation Trust Code of Governance* calls for Non-Executives to usually serve no more that 6 years in office. When Mersey Care became a Foundation Trust, the terms of office of existing Chairman / Non-Executives were reset to start from 1 May 2016 in accordance with the Trust's Constitution (i.e. the date Mersey Care became a Foundation Trust). The 'Time in Office' column shows how long a Non-Executive ***will have*** been in post at the end of their ***existing*** term of office

2 - Louise Edwards was a non-voting member of the Board prior to her appointment as a voting member of the Board on 9 July 2020.

Register of Interests

150. The Trust maintains a Register of Interests and all Board of Directors and Council of Governors members are asked to declare any potential conflicts of interest prior to the commencement of meetings. The Register of Interests for the Board of Directors and the Council of Governors is held via a dedicated Trust website used for the recording of all interests – the Staff Declarations Website (which is available at https://merseycare.mydeclarations.co.uk/home and, for those without access to a computer, via application to the Trust Secretary.

Skills, Expertise and Experience of Board of Directors

151. The individual members of the Board of Directors bring a wealth of varied skills, knowledge, expertise and experience to the Trust which ensures balance and provides completeness and appropriateness to the requirements of the Trust. A summary of their individual skills and experience is provided below:

Non-Executive Directors

Note – Non Executive Directors are regarded as independent members of the Board and are not employees of the Trust. Their appointment / terms of office are subject to approval by the Council of Governors

Chairman: Beatrice Fraenkel

Beatrice was appointed 1 December 2008

Beatrice is Chair of the Board of Directors, the Council of Governors, and the Remuneration and Terms of Service Committee.

Beatrice is an ergonomist and industrial designer. She is Director of Sandown Property Company Ltd (14 March to date), Sandown Property Holding Company Ltd (1973 to date), Remcol Ltd (26 February 2016 to date) and Normal Properties Ltd (15 April 2003 to date)

Beatrice is a Trustee of the Design Council (Dec 2018 to date), a Trustee of the NHS Provider Board and a board member of the Mental Health board of the NHS Confederation. She has an honorary fellowship of the Royal Institute of British Architecture, sits on Design review panels and is Design Council Ambassador (April 2021). Beatrice is an expert member of the High Street Task Force (September 2020) and Faculty Member at the Institute of Good Governance (Nov 2020). She is the Enterprise Advisor to Schools (The careers and Enterprise Company) (Nov.2020) and School Governor at King David High School (1996).

Qualifications: BA(hons) Industrial Design Engineering (Leicester Polytechnic, now De Montfort University.) Dip.Tech.Sci. Diploma in Technical Science (Industrial Design Technology) The Victoria University of Manchester, faculty of technology. B.Ed. Liverpool John Moores University. Hon. FRIBA (Honorary Fellow of the Royal Institute of British Architects), FRSA (Fellow of the Royal Society of Arts)

Non-Executive Director: Anya Ahmed

Anya was appointed on 30 September 2020,

Anya is Professor of Wellbeing and Communities at Manchester Metropolitan University with an academic career spanning over 25 years. She has previous experience as a housing practitioner, trainer and consultant. She conducts research on less-heard communities in a variety of contexts including ageing, migration, BAME communities, dementia, housing, homelessness, and health and social care.

She is a Board Member for the Somali Adult Social Care Agency based in Manchester and a member of Mosscare St Vincents' Housing Association's Customers and Communities Committee. She is a Trustee for Knowledge for Change, a charity which runs ethical placements for health and social care professionals in Africa. She is Treasurer of the Social Policy Association.

Qualifications: BA (JHons) Sociology and Social Policy, MSc Housing Studies, PGCert (Teaching and Learning HE), PhD Sociology.

Non-Executive Director: Murray Freeman

Murray was appointed on 8 May 2018

Murray has been a GP in Wirral since 1981. He retired from practice in March 2019. As well as being a GP, he has been involved in a wide range of NHS organisations, committees and activities including:

- Specialist adviser, Care Quality Commission (2014 to present)
- Non-executive director, Wirral Community NHS Foundation Trust (2012 to 2108)
- GP executive board member, Wirral Health Commissioning Consortium (2010 to 2012)
- Lead for cancer and end of life care, NHS Wirral/Merseyside and Cheshire Cancer Network (1999 to 2002)
- Medical Director, Wirral Community Healthcare NHS Trust (1994 to 1996).

He is a Trustee of Make it Happen, a Wirral based charity and sits on the advisory board of a charity called JourneyMen based in Birkenhead which supports men with mental health problems. He is also a Trustee of Oak Trees Multi Academy Trust on Wirral.

Qualifications: MBChB MSc

Non-Executive Director: Gaynor Thomason

Gaynor was appointed on 23 May 2017.

Now a management consultant, until 2017 Gaynor was Regional Director of Nursing (North) at NHS Improvement and from October 2014 to March 2016 was Nurse Director (North) at the NHS Trust Development Authority. Prior to this she was Director of Nursing & Quality at NHS England's Merseyside Area Team (including a secondment as Portfolio Director for Specialised Commissioning) (2013 – 2014) and from 2002 to 2013 held the roles of Interim Chief Executive, Deputy Chief Executive / Director of Nursing & Quality and Director of Nursing Quality & Environment at the Countess of Chester NHS Foundation Trust. In addition she held the Director of Nursing post at Liverpool Womans Hopsital for 8 months in 2020/21 on a temporary basis. Gaynor is also a member of the Chief Nursing Officer of England's Exeptional Leaders Network to support senior leaders within the NHS.

Qualifications: RGN, BSc (Hons), Masters in Health Service Management

Non-Executive Director: Aislinn O'Dwyer -

Aislinn was appointed on 11 October 2018.

Aislinn is a public health professional, with a community nursing background, with more than 25 years strategic management experience across the NHS, local government and academia, including as a Consultant in Public Health with North West RHA, North West SHA, Lancashire County Council, and UK Med. Formerly, Aislinn was Director of Public Health (DPH) at West Lancashire PCT and Interim DPH at Blackburn with Darwen PCT. Aislinn is a Fellow of the Faculty of Public Health and is the Chair of Savera UK, a Liverpool-based charity.

Qualifications: RGN, District Nurse, Registered Midwife, Health Visiting, Masters in Public Health, Diploma in Humanitarian Assistance

Non-Executive Director: Gerry O'Keeffe
(also the Senior Independent Director and Vice Chairman)

Gerry was appointed on 18 April 2013.

Currently retired, he worked for CSC from 2000 until 2014 and was their Chief Operating Officer from 2011, reporting to the CEO for UK & Ireland, responsible for ensuring P&L, Client Satisfaction and revenue growth were delivered by all parts of the business. Other roles at CSC included Head of UK Healthcare Business Unit (2007-11), Vice President of the NHS Account (2006-07), New Business Capture Executive (2005-06) and Chief Operating Officer National Grid Account (2003-05).

He has lifetime experience of working in information technology and consulting businesses, strong business profit and loss experience in many complex global companies, leadership experience managing large teams in both UK and international companies and executive leadership experience of large transformational programmes to meet changing business needs.

Qualifications: MBA Heriot-Watt University

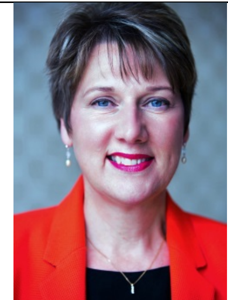
Non-Executive Director: Nick Williams

Nick was appointed on 1 January 2014.

Nick currently is the Group Director, Transformation at Lloyds Banking Group, accountable for the investment made annually to drive the technology, data and digital transformation across the organisation. Prior to this role Nick has held numerous leadership roles in commercial banking, retail and running the Digital Bank. Nick is also a Government advisor on Digital Skills, advisory Board member at Digital Leaders UK and founding Board member of Future.now

Qualifications: MEng. Chemical Engineering, Loughborough University (1997)

Non-Executive Director: Pam Williams



Pamela was appointed on 15 June 2015.

Pamela has a degree in Economics and is a qualified accountant and member of the Chartered Institute of Public Finance and Accountancy. Prior to her retirement in 2015, she had over 20 years experience operating at Board level in a wide range of local authorities, most recently as Executive Director of Finance at Tameside Metropolitan Borough Council (2007-2015). Pamela also holds Non Executive Director and Audit Committee Chair positions with Wirral Evolutions and Muir Group Housing Association

Qualifications: Chartered Management Institute (1994), Chartered Institute of Public Finance and Accountancy (CIPFA), University of Wolverhampton (1989), BSc (Hons) Economics, University of Swansea (1981).

Executive Directors

Chief Executive: Joe Rafferty CBE

Joe was appointed Chief Executive in September 2012. During his tenure, he has led a significant expansion of the organisation, almost trebling it in size. This has been accompanied by significant modernisation of the estate and digital infrastructure. The Trust is now one of the largest specialised integrated care providers in the NHS and includes inpatient and community mental health, community physical health, and learning disability and addictions services.

At Mersey Care, he has organised the organisation around the idea of *Pursuing Perfect Care* using a series of audacious zero based goals such as zero suicides in care, zero restrictive practice, zero pressure ulcers and zero medication errors. Most notably, The trust has become internationally recognised for its work on restorative just practice to support learning in its pursuit of perfect care.

Awarded a Ph.D. in molecular genetics at Queen's University Belfast in 1987, he spent the next 12 years researching drug resistance in cancer and published over 50 peer review articles on this and related areas, before a career change. Before joining the trust, he held a series of senior NHS leadership roles as regional director (NHS North West) of strategy and commissioning and chief executive of a primary care trust where he developed an interest in safety and quality improvement including establishing the influential Advancing Quality programme.

For the past 5 years, he has been named one of the top 50 NHS CEOs by the Health Service Journal (HSJ) and has appeared in the HSJ100 most influential people in healthcare in the UK. He is a founder member of the Zero Suicide Alliance UK and was named a Commander of the Order of the British Empire (CBE) in the New Year's Honours List 2020 for his work on suicide prevention. Joe was also made an honorary professor at the University of Liverpool Institute for Population Health Sciences in March 2021.

Qualifications: PhD in Genetics, BSc (Hons), Diploma in Health Services Management

Executive Director of Nursing and Operations: Trish Bennett

Trish took up post on 1 March 2018 first as Executive Director of Nursing, prior to assuming responsibility as Executive Director of Nursing & Operations from 1 April 2018. Prior to this Trish was the Director of Integration with the Trust, a non-voting position on the Board.

Trish has worked in the NHS for over 30 years in various nursing leadership positions in Leeds, Liverpool and Manchester in both provider and commissioning roles and joined Mersey Care from NHS England, were she was the Director of Nursing for the Lancashire & Greater Manchester Sub Region responsible for professional nurse leadership and quality and assurance and clinical leadership input into transformation service change programmes. Trish has a passion for ensuring that care is delivered to the highest quality and that the patients and their family are at the centre of care.

Qualifications: RGN, BA Health Studies

Executive Director of Communications, Corporate Governance and Estates: Elaine Darbyshire

Elaine was appointed to the Trust in June 2013 from her previous role with NHS England where she was Director of NHS Communications at (North, Midlands & East England). From 2011-2012 she was the Director of Communications for NHS North of England, covering the North West, North East and Yorkshire and Humber areas of England. From 2009-2011 she was the Director of Strategic Communications of NHS North West. Prior to joining the NHS in 2009, she worked for Guardian Media Group's Regional Division for 22 years in a number of posts including Marketing Director, Communications and Public Affairs Director. She was a Non Executive Director at East Cheshire NHS Trust (2007-2009) and is currently a Trustee of Medcare, a small independent charity running a children's health care service in Uganda

Qualifications: BSc Biology and Chemistry, Chartered Institute of Marketing post graduate diploma

Executive Director of Strategy: Louise Edwards

Louise initialy joing the Trust in as Director of Strategy in November 2012 and, folllowong being made a non-voting member of the Board from 1 September 2015, was appointed as the Executive Director of Stategy (a voting member of the Board) on 9 Junly 2020.

She is an experienced Board level strategist and leader who has a track record of achievement in leading change in both NHS commissioning and provider organisations, policy development, and service improvement across the public sector. She has extensive experience at both strategic and operational levels in the NHS, having had Board level roles in primary care trusts and NHS trusts with responsibility for strategy and planning, organisational development, communications, patient and public involvement and partnership development. Louise has also worked on strategy and commissioning development for strategic health authorities, and on commissioning assurance for the NHS Commissioning Board (now NHS England).

Prior to joining the NHS in 2005, Louise had leadership roles in the not-for-profit sector and was an academic at Manchester University. This varied experience across health, social care and government has enabled her to develop a strong network and deep insight into strategic change in the health service, in national government and local government, and health care improvement in partnership with other sectors.

Qualifications: BA Hons Combined Studies (Arts), Manchester Univ.; MPhil History; PhD History

Executive Director of Workforce – Amanda Oates

Amanda was appointed in August 2013, initially as a non voting member of the Board, prior to her appointment in January 2015 as Executive Director of Workforce. She joined the NHS in 1998 from a private sector Graduate Trainee Scheme.

She has previous experience as HR Director at two other NHS trusts and as board director since 2008. Since joining Mersey Care NHS FT she has transformed the way the trust delivers its workforce function and has received endorsement from the highest levels in her profession most recently leading her team to win the Organisational Development Team of

the year in 2019, Workforce Well Being in 2018, Best Learning and Development Award from the CIPD in 2018. That same year the trust won the National SPF Award for Partnership Working for the implementation of the Just and Learning Culture at the HPMA Awards. Amanda also won the HPMA Human Director of the year in 2018. In 2016, she led the team to win the CIPD Award for Best Improved HR capability at the HPMA awards. Amanda has also supported a number of national publications on Just Culture and has worked in partnership with Northumbria University to develop and deliver an accredited transforming culture programme about restorative Just Culture in action. She joined the NHS in 1998 from the private sector as a Graduate Trainee.
In 2020 the trust won the Public category in the Business Culture Awards 2020 for their civility and respect campaign.

Qualifications: BA (hons), MSc Strategic HRD, F.C.I.P.D

Executive Director of Finance / Deputy Chief Executive: Neil Smith

Appointed September 2004, Neil assumed the Deputy Chief Executive portfolio in 2013. Neil was previously the Executive Director of Finance and Performance, Mersey Care NHS Trust (2004-2013).
He was a Regional Finance Trainee (1985-1989) and his previous roles have been Senior Finance Manager roles in acute and community hospitals (1989-1992), Chief Financial Planner at Liverpool Health Authority (1992-1995), Deputy Director of Finance at Sefton Health Authority (1995-2000), Director of Finance at Sefton Health Authority (2000-2001), National Finance Lead High Secure Services at the Department of Health (2001-2002) and Head of Finance and Performance Management at Ashton, Leigh and Wigan PCT (2002-2004).

Qualifications: BA (Hons), Chartered Institute of Public Finance and Accountancy Qualified Accountant.

Executive Medical Director: Noir Thomas

Noir was appointed on 6 March 2020 took up this poist on 1 April 2020.
Noir is a Consultant Forensic Psychiatrist. He obtained his primary medical degree from UWCM in 2000, Membership of the Royal College of Psychiatrists (RCPsych) in 2005 and completed higher specialist training in 2009. He retains a clinical caseload at Ashworth High Security Hospital, where he has been a practicing consultant since 2009. He is currently working towards completion of a Masters' in Business Administration (MBA). He has held clinical and educational supervisor roles for core and senior trainees alongside undergraduate medical students. He remains an appointed member to the Board of Examiners for the RCPsych membership examinations.
Noir has held a number of leadership and management roles across the trust since 2011. Most recently, as Associate Medical Director and Responsible Officer leading on medical appraisal, revalidation and professional standards. He is a trained case manager and investigator for the Revalidation Support team alongside PPAS. He has trained as Caldicott Guardian. Since late 2019, Dr Thomas held the role of Interim Medical Director for Operations prior to be appointed as Executive Medical Director.

Qualifications: MBBCh (UWCM, 2000), MRCPsych (2005), MSc (UCLan, 2011).

Nominations and Remuneration Process

152. **Council of Governors** – the role of the Council's Nominations and Remuneration Group is to review the terms, conditions and remuneration of the Chairman and Non-Executive Directors as well as the appraisal process (see paragraphs 155 and 156 below). The Council of Governors reviewed the remuneration of the Chairman and Non-Executive Directors in September 2016, (assisted by benchmark data and advices provided by an external consultancy) and again in January 2020 (assisted by updated guidance published by NHS England / Improvement in September 2019). More frequently a Nominations Group will be established comprising the Chairman and a few Governors to interview potential Non-Executive Directors. In these circumstances the person specification will have been approved by the full Council before any post is advertised. Any recommendation from the Nominations Group is then taken to be considered by the full Council, who ultimately make the appointment (subject to the necessary checks). Normally any Group will include the Lead Governor as a member.

153. The composition of the Board of Directors is informed by regular Board Skills Reviews, the last two undertaken by the Trust's external auditor, Grant Thornton. These Board Skills reviews have been shared with the Council of Governors and are used to inform discussions between the Chairman and the Council of Governors in respect of the development of person specification for new Non-Executive Director posts / the appointment of new Non-Executive Directors (which is the responsibility of the Council of Governors). A further independent Board Skills Review was commissioned by an Independent Consultant and the outcomes will be considered by the Council of Governor in 2021 to assist in future appointments / re-appointments and succession planning.

154. **Board of Directors** – the Board of Directors has a Remuneration Committee which is required to meet at least annually. Its membership comprises of the Chairman and all the Non-Executive Directors. Its role is to consider the remuneration and terms of service of those managers on Very Senior Manager Pay, as well as any applications for Mutually Assured Resignation Schemes the Trust may operate or redundancies proposed by the Trust. It has no role in reviewing the remuneration, terms and conditions of service of the Chairman or Non-Executive Directors.

Appraisal of Directors Performance

155. The Council of Governors agreed a framework for the annual performance review of the Non-Executive Directors by the Chairman and the process for the annual review of the Chairman. The performance of the Chairman is reviewed by the Senior Independent Director in conjunction with the Lead Governor. The Council of Governors has a duty to review the performance of the Chairman and Non-Executive Directors, in particular when considering re-appointment, which is undertaken by the Nominations Committee, prior to being reported to the Council of Governors.

156. The performance of the Executive Directors is reviewed annually by the Chief Executive with the Chairman undertaking the performance review of the Chief

Executive through formal Personal Achievement and Contribution Evaluations (PACE).

Board of Directors Remuneration

157. Details of the Board of Director's remuneration are provided in the Remuneration Report (see Chapter 13).

Better Payment Practice Code

158. Details of the Trust's compliance with the Better Payment Practice Code can be found in the Finance Director's Report (see Chapter 9, paragraphs 100 and 104).

The Late Payment of Commercial Debts (Interest) Act 1998

159. There were several claims for late payment made against the Trust during the year which totalled £1,543.58.

Cost Allocation and Charging

160. Mersey Care complies with the cost allocation and charging requirements set out in HM Treasury and Public Sector information guidance.

Financial Instruments

161. There were no risks arising from the use of financial instruments (see also the Annual Accounts for 2020/21).

Stakeholder Communications

162. The Trust continues to use established methods of communication to engage with service users, patients, staff, carers and stakeholders and has also developed new communication processes in response to the pandemic.

163. The main communications channels used to reach staff are:

a) *yourNews* which is a weekly staff newsletter via email;

b) *The blog* which is weekly to staff and stakeholders from the Chief Executive and incorporates the main issues discussed at Board of Directors' meetings;

c) *yourSpace* - the staff intranet site containing service information, news, COVID-19 guidance and numerous microsites for specific work streams including: just and learning culture, flu, pressure ulcer reduction, the transformation of community services;

d) *yourCovid-19 briefing* launched as a direct response to COVID-19 which is circulated daily/twice weekly, depending on the incident level, via email to all staff (including bank staff) to provide the latest information, announcements and changes to practice and guidance during the outbreak;

e) *staff Facebook* group launched as a direct response to the pandemic with more than 2,900 members and communicates all of the above information for

staff who may be: shielding, home working, on long term sickness absence or who may not access PCs routinely due to the nature of their role.

164. *MC Magazine* is a quarterly magazine, it's ordinarily sent to Trust members, Trust sites, community centres, libraries, council offices, local schools and GP practices. Due to infection control and prevention procedures, this year has seen the magazine largely promoted and distributed online.

165. A *stakeholder briefing* is issued monthly to: Governors, GPs, MPs, local councillors and NHS Clinical Commissioning Groups.

166. *The Trust's website* (www.merseycare.nhs.uk) provides information on the Trust's services as well as links to self-help guides and a curated collection of online apps for service users and staff to access. The website has been an important tool for communicating service closures and changes, to all of our stakeholders during 2020/21. Traffic has increased by 900,000 from the previous financial year with 3.1 million page views since the start of the pandemic (31 March 2020 to 1 April 2021).

167. In addition, the communications team has supported the following activities over 2020/21:

a) oversees the 'Tell Joe' (direct questions to the Chief Executive) mechanism;

b) runs the Trust's social media presence, which means our messages on Twitter, Facebook, Linkedin and Instagram were seen over 3.67 million times between 1 April 20 and 31 March 2021;

c) produced 154 press briefings, which helped generate just over £1.7million worth of media coverage for the Trust;

d) supported hundreds of Trust wide projects campaigns and initiatives and COVID-19 messaging with our in-house design services; delivering visual impact with items such as posters, banners, digital content for the website, social media and intranet, staff campaigns including flu and the global pandemic. There have also been four issues of MC magazine written and distributed in the last 12 months. A short film was produced in April/May 2020 as a thank you for nursing staff which has been viewed more than 100,000 times on social media;

e) helped communicate the Trust's estates strategy, including the phase two opening of Hartley Hospital and Rowan View Hospital, managed early engagement for the proposed low secure hospital in Maghull, and movement from Mossley Hill Hospital;

f) supported the launch of the Cheshire and Merseyside Resilience Hub, which provides resources to help the mental health and wellbeing of NHS staff;

g) managed the development of a new extranet site to replace the existing intranet and the building of a new website, which are due to go live in June 2021.

Partnership Working

168. The organisation is involved with a multitude of partners including NHS England, Clinical Commissioning Groups, Social Services, Education, Police, Prisons and the voluntary sector, together with the Trust's regulators. The Executive Team and senior managers work closely with the above partners, to provide a local integrated service to our public and stakeholders.

169. Mersey Care and North West Boroughs Healthcare NHS Foundation Trust currently work closely together and have developed a strong sense of collaboration at both managerial and clinical levels. The Trust developed a *Partnering Agreement* with North West Boroughs Healthcare to provide for joint working in respect of clinical and non clinical services together with a framework for both trusts to jointly submit tenders to bid for new services. In addition, following permission from NHS England / Improvement, the Trust entered *Head of Terms* and a *Governance Arrangement* to explore the possibility of Mersey Care formally acquiring North West Boroughs. At the end of May 2021, following an extensive application process, NHS England and Improvement approved Mersey Care acquiring North West Borough Healthcare from 1 June 2021.

170. The Trust continues to participate in the Cheshire and Merseyside Health and Care Partnership (the new name for the Sustainability and Transformation Partnership), including work the Trust is doing with other mental health providers across Cheshire and Merseyside (i.e., Cheshire & Wirral Partnership NHS Foundation Trust and North West Boroughs Healthcare NHS Foundation Trust).

171. The Trust is also involved in a range of multi-agency arrangements to facilitate partnership working and risk management across the wider health and social care system, including:

    a) the Chief Executive chairing the Liverpool Provider Alliance, a meeting that brings together representatives from NHS providers in Liverpool together with local GPs, social care colleagues from Liverpool City Council and representatives of the voluntary sector to address the integration of health and social care across Liverpool;

    b) the Chief Executive chairing the Sefton Provider Alliance a meeting that brings together representatives from NHS providers in Sefton together with local GPs, Sefton Council, Clinical Commissioning Groups and representatives of the voluntary sector to address the integration of health and social care across Sefton;

    c) membership of the Liverpool Integrated Care Partnership, reporting into the Liverpool Health and Wellbeing Board, providing leadership to drive forward implementation of the strategic vision for integrated care and addressing system challenges.

    d) membership of the Transformation Strategic Partnership Board, chaired by NHS England and with representatives from Clinical Commissioning Groups across Lancashire, Cheshire & Mersey and Greater Manchester, which is

looking at the future of Learning Disability Services across the north west of England;

e) working with NHS England and local Cheshire and Merseyside NHS and private sector secure mental health providers, Mersey Care is the Lead Provider for the PROSPECT Partnership, a New Care Model and Lead Provider Collaborative which is collaborating to help inform the commissioning intentions of NHS England in respect of local mental health secure commissioning;

f) until the end of March 2021, the Chief Executive chairing the Cheshire and Merseyside Our of Hospital Cell in support of the COVID-19 pandemic incident response.

g) membership of the Local Health Resilience Partnership.

Additional Disclosures Required by the Finance Reporting Manual (FReM)

172. Accounting policies for pensions and other retirement benefits are set out in note 1.6 to the Annual Accounts and details of senior employees' remuneration can be found in the Remuneration Report (see Chapter 13).

Income Disclosures Required by Section 43(2A) of the NHS Act 2006

173. The Trust receives the majority of income from the provision of goods and services for the purposes of the health services in England. Other income received has no impact on its provision of goods and services for the purposes of the health services in England.

Compliance with UK Corporate Code of Governance

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

Compliance with the NHS Foundation Trust Code of Governance

175. During 2020/21 the Board of Directors can confirm that it has complied with the provisions of the NHS Foundation Trust Code of Governance and that it has in place:

a) a clear vision, underpinned by a 5-year Strategy and annual Operational Plan;

b) a regularly reviewed Constitution governing the operation of the Council of Governors (and its working groups) and the Board of Directors (and its committees and their supporting sub committees and work groups), together with a range of regularly reviewed corporate policies including:
   i) Scheme of Reservation and Delegation of Powers
   ii) Standing Financial Instructions
   iii) Standards of Business Conduct (incorporating the Nolan principles, NHS England's model conflicts of interest guidance and Codes of Conduct for the Governors and Directors)
   iv) Governor's Handbook

v) Anti-Fraud, Corruption and Bribery Policy
vi) Risk Management Strategy
vii) Freedom to Speak Up Strategy
viii) Freedom to Speak Up Policy
ix) Fit and Proper Persons Policy

together with the Safety Framework in respect of the safety and quality of services;

c) at least half the Board of Directors, excluding the Chair, comprises independent Non-Executive Directors (with one identified as a Senior Independent Director) (see **Table 4D**);

d) regular private meetings between the Chair and Non-Executive Directors;

e) a robust annual appraisal process for the Chair and Non-Executive Directors that has been developed and approved by the Council of Governors;

f) a robust recruitment process for the appointment of Non-Executive Directors;

g) an induction process for Non-Executive and Executive Directors, together with a comprehensive induction programme and ongoing training programme for Governors;

h) processes to annually review compliance with the Fit and Proper Persons' criteria for all Directors;

i) publicly accessible Register of Interests for Directors, Governors and senior staff (see paragraph 150);

j) an effective infrastructure, including the provision of high quality reports (informed by an annual cycle of business) and minutes to support the Council of Governors and its working groups, including a Membership Strategy reported to the Council of Governors;

k) an effective infrastructure, including the provision of high quality reports (informed by an annual cycle of business) and minutes to support the Board of Directors and its subcommittees. These allow the Board of Directors to measure and monitor the Trust's effectiveness, efficiency, and economy together with the quality of healthcare safety and delivery;

l) mechanisms to regularly review of the effectiveness of the Board of Directors through both independent reviews and independent well-led reviews commissioned by the Trust (see paragraph 428);

m) an annual process for the election of both the Lead Governor and Deputy Lead Governor by the Governors;

n) robust Audit Committee arrangements, including the Council of Governors appointing the external auditor;

o) separate Remuneration (and where applicable Nominations) Committees to oversee the remuneration / appointment / re-appointment of Non-Executive Directors and Executive Directors, with membership drawn appropriately to ensure nobody is involved in determining their own remuneration / terms and conditions of services;

176. The Board of Directors confirms that the Trust has complied with the Code of Governance. Although the Code explicitly calls at least half the Board of Directors, excluding the Chair, to comprise of Non-Executive Directors (Principle B.1.2), Mersey Care also seeks to apply this requirement to its Board Committees, with the exception of:

a) the Audit Committee, which the Code (Principle C.3.1) states should draw its membership from Non-Executive Directors; and

b) until then end of September 2020, the Resources Committee which, although the Non-Executive Directors were in a minority, had established a mechanism to ensure an equal number of Non-Executive Directors to Executive Director had a vote.

Directors' responsibility for preparing financial statements

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

Statement as to disclosure to auditors

178. In accordance with the requirements of the Companies (Audit, Investigations and Community Enterprise) Act 2004, the Trust confirms that for each individual who was a director at the time that the director's report was approved, that:

a) so far as each of the Trust Directors is aware, there is no relevant audit information of which the Trust's Auditors are unaware;

b) each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information, and to establish that the Trust's Auditor is aware of that information.

179. For the purposes of this declaration:

a) relevant audit information means information needed by the Trust's auditor in connection with preparing their report and that;

b) each director has made such enquiries of his / her fellow directors and taken such other steps (if any) for that purpose, as are required by his/her duty as a director of the Trust to exercise reasonable care, skill and diligence.

Additional information

180. The Trust has not made any political donations during the year

CHAPTER 11 – STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF THE TRUST

181. The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

182. NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Mersey Care NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Mersey Care NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

    a) observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

    b) make judgements and estimates on a reasonable basis;

    c) state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the Department of Health and Social Care's *Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;

    d) ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;

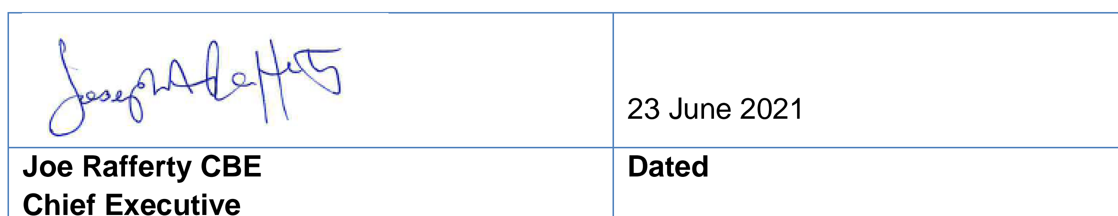
    e) confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and

    f) prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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



[signature]	23 June 2021
Joe Rafferty CBE **Chief Executive**	**Dated**

CHAPTER 12 – AUDIT COMMITTEE

Role of the Audit Committee

187. The Audit Committee is a committee of the Board of Directors which undertakes detailed scrutiny of the Trust's governance and assurance processes on behalf of the Board of Directors. The Audit Committee is chaired by a suitably qualified Non-Executive Director (Pam Williams) with, at the end of March 2021, two other Non-Executive Directors (Murray Freeman and Gerry O'Keeffe) as members. The Audit Committee met on seven occasions in 2020/21 and all meetings were quorate, (details of members' attendance can be found in **Appendix B**).

188. The Audit Committee has Terms of Reference which are regularly reviewed, taking account of the NHS Audit Committee Handbook and other guidance, and approved by the Board of Directors. The work of the Audit Committee in 2020/21 has been to review the effectiveness of the organisation and its systems of governance, risk management and internal control through a programme of work involving the scrutiny of assurances provided by internal audit, external audit, local anti-fraud officer, Trust managers, finance staff and the clinical audit team along with reports and reviews from other external bodies.

189. The Audit Committee has an annual cycle of business that is informed by the External Audit Plan, the Internal Audit Plan and the Anti-Fraud, Corruption and Bribery Response Plan for the Trust. As the Trust hosts Informatics Merseyside, which provides a range of IT services to local NHS organisations, the annual cycle of business is also informed by the Internal Audit Plan for Informatics Merseyside. The annual cycle of business is approved by the Audit Committee and Board of Directors.

190. Members of the Audit Committee also hold regular meetings with the Trust's internal and external auditors, where officers of the Trust are not present.

Main Activities in 2020/21

Internal control and risk management

191. The Committee, having reviewed relevant disclosure statements for 2020/21 and other appropriate independent assurance, together with the Head of Internal Audit Opinion, external audit opinion (at its May and June 2021 meeting), considers that the 2020/21 Annual Governance Statement is consistent with the Committee's view on the Trust's system of internal control. Accordingly the Committee supported the 2020/21 Annual Governance Statement for approval by the Board of Directors.

192. The Audit Committee receives regular assurance on the Trust's risk management processes through the Executive Lead for risk (Medical Director), supported by the Risk Management Group.

193. Risk areas which emerged during 2020/21 included:

    a) if due to COVID-19 the level of annual leave entitlement allowed to be carried over into the next financial year is increased this would create an extra financial burden on the Trust and increased pressure on services;

    b) if routine annual physical healthcare checks for service users (community Learning Disability) are not undertaken, this could lead to missed opportunities to treat physical health conditions sooner and preventable deaths;

    c) Levy Fund - due to the impact of COVID-19, the Trust has been unable to commence the required number of annual apprenticeship starters. Since April the Trust has had to 'pause' a significant number of monthly payments to education providers, so that frontline staff could return to clinical practice. This has resulted in there being a highlighted risk of clawback from central Government of any unspent funds;

    d) if we do not fully understand and anticipate a COVID-19 related surge in mental health need, there is a risk that our community mental health services will be unable to meet this new demand;

    e) If we do not fully understand and plan for the potential effects of a second peak of COVID-19 alongside the winter influenza season, there is a risk that community health services will be unable to meet heightened demand;

    f) risk associated with delayed in receipt of Sexual Health service laboratory results;

    g) risk associated with prevention of staff from undertaking mandatory training due to the impact of COVID-19 on capacity.

Internal audit

194. Throughout the year, the Committee worked effectively with its internal auditors, Mersey Internal Audit Agency (MIAA), to ensure that the design and operation of the Trust's internal control processes are sufficiently robust.

195. The Committee has given considerable attention to the importance of follow-up in respect of internal audit work in order to gain assurance that appropriate management action has been implemented. This included regular reports on follow-up actions from internal audit reviews undertaken.

196. The Committee has considered the key findings of internal audit and where appropriate has sought management assurance that remedial action has been taken.

197. The Committee reviewed and approved the internal audit plan and detailed programme of work for 2020/21 at its April 2020 meeting. This included reviews of combined financial systems, clinical information systems, information governance toolkit, HR procedures, incident reporting and the assurance framework, together with the internal audit work for Informatics Merseyside.

198. MIAA has supported the Non-Executive Directors over the year through the provision of networking events, policy advice, and Insight updates.

Anti-Fraud

199. The Committee reviewed and approved the counter fraud policy and work plan for 2020/21 at its April 2020 meeting, noting coverage across all mandated areas of strategic governance, inform and involve, prevent and deter and hold to account. The Committee also during the course of the year regularly reviewed updates on proactive counter fraud work and fraud investigations.

External audit

200. Grant Thornton continued as the Trust's external auditor from 1 April 2018 following a tender exercise overseen by the Council of Governors from September 2016 to January 2017. The Trust had a three-year contract with Grant Thornton for external audit subject to regular effectiveness reviews. The Council of Governors led a further tender exercise in August 2019 – January 2020 to appoint an external audit from 1 April 2020. In January 2020, the Council of Governors approved the direct awarding of the External Audit Services contract to Grant Thornton LLP for a further three contract. The Trust has procedures for considering any non-audit services provided by external audit.

201. The Audit Committee routinely receives a progress report from the external auditor, including an update annual accounts audit timetable and programme of work, updates on key emerging national issues and developments which may be of interest to Committee members alongside a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Management assurance

202. The Committee has frequently assessed the adequacy of wider corporate assurance processes as appropriate and has requested and received assurance reports from Executive Directors, managers and wider Committee representation throughout the year. In 2020/21 management assurance outside of the audit action plans was received in respect of the arrangements within the Trust for learning from deaths,

Community Equipment and Disability Advisory Services, cyber security and delays in delivery of Clinical Audit Programme.

Financial Assurance

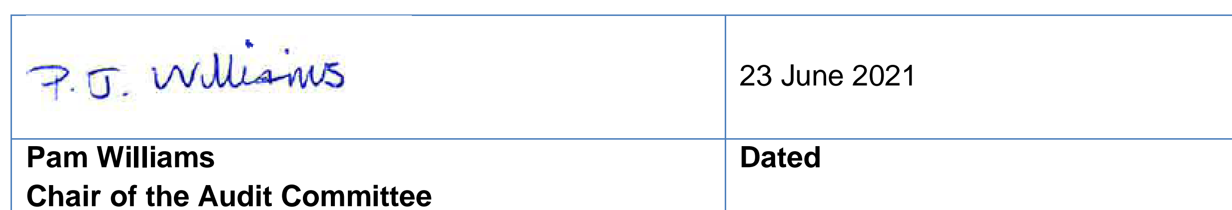
203. The Audit Committee has reviewed the annual financial statements prior to submission to the Board of Directors and considered these to be accurate. It has ensured that all external audit recommendations have been addressed.

Other Assurance

204. The Committee has routinely received reports on Losses and Special Payments and Single Source Tender Waivers.

Review of Audit Committee Effectiveness

205. The Audit Committee undertakes an annual review of its effectiveness using the self-assessment tool provided in the NHS Audit Committee Handbook. A review of committee effectiveness was completed in October 2020. No areas for improvement were identified in this assessment.



P. J. Williams	23 June 2021
Pam Williams **Chair of the Audit Committee**	**Dated**

CHAPTER 13 – REMUNERATION REPORT

What this report covers

206. This report to stakeholders:

a) sets out the Trust's remuneration process, i.e., it explains the process under which the Chairman, Non-Executive Directors and Executive Directors were remunerated for the financial period 1 April 2020 to 31 March 2021;

b) provides tables of information showing details of the salary and pension interests of all Directors for the financial period 1 April 2020 to 31 March 2021;

c) has been prepared in accordance with Sections 420 to 422 of the Companies Act 2006 (section 420(2) and (3); Regulation 11 and Parts 3 and 5 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) ("the Regulations"); Parts 2 and 4 of Schedule 8 of the Regulations as adopted by Monitor (NHS Improvement) and elements of the NHS Foundation Trust Code of Governance;

d) outlines the approach adopted by the Council of Governors when setting the remuneration of the Chairman and Non-Executive Directors;

e) outlines the approach adopted by the Board of Directors' Remuneration and Terms of Service Committee when setting the remuneration of the Executive Directors who have authority or responsibility for directing or controlling the major activities of the organisation. The following posts have been designated as fitting this criterion and are collectively referred to as the senior managers within this report:

i) Executive Directors:
- Chief Executive
- Executive Director of Finance (Deputy Chief Executive)
- Executive Medical Director
- Executive Director of Nursing and Operations
- Executive Director of Communications, Corporate Governance and Estates
- Executive Director of Workforce
- Executive Director of Strategy (from 9 July 2020).

Board of Directors' Remuneration and Terms of Service Committee

207. **Role** - the Remuneration and Terms of Service Committee is a committee of the Board of Directors. An effective committee is key to ensuring that Executive Directors' remuneration is aligned with stakeholders' interests and that Executive Directors are motivated to enhance the performance of the Trust.

208. **Membership** - all Non-Executive Directors are members of the Remuneration and Terms of Service Committee. The Chief Executive, the Executive Director of Workforce and the Trust Secretary are normally in attendance at meetings of the Committee, except when their positions are being discussed. The Executive Director of Workforce also attends meeting, as appropriate, to provide advice and expertise and the committee has the option to seek further professional advice as required. Details of member's attendance at this Committee's meetings can be found in the appendices support Chapter 16 – Annual Governance Statement.

209. The work of the Remuneration and Terms of Service Committee during 2020/21 has included:

a) approved the appointment of the Director of Strategy as an Executive Director;

b) approve the recommendation to proceed with the compulsory redundancy process for a series of posts;

c) considered and recommend the remuneration and terms and conditions of service for two proposed Non-Executive Board Advisor roles;

d) agreed the proposal to move two Very Senior Managers (VSM's) onto VSM contracts and approved the appropriate level of pay backdated to 1 April 2020;

e) approve the annual consolidated inflation pay uplift to all Executive Directors and other Very Senior Managers back dated to 1 April 2020;

f) approve the 1.03% annual consolidated inflation pay uplift to the Medical Director post on the Consultant salary component of the total remuneration, backdated to 1 April 2020;

g) agreed and supported the Chief Executive's reapplication to the NHS Pension Scheme recognising the impact this will have on the associated consolidated remuneration;

h) agreed to the proposal to allow for the Chief Executive, Executive Director of Finance and Chief Information Officer to carry over annual leave into 2021/22 leave year above the agreed amount in place.

Remuneration for the Chairman and Non-Executive Directors

210. The remuneration and terms of service for the Chairman and the Non-Executive Directors are set, in line with statute and the Trust's Constitution, by the Council of Governors and implemented locally by the Trust. The Council of Governors reviewed the remuneration of the Chairman and Non-Executive Directors in September 2016, (assisted by benchmark data and advices provided by an external consultancy) and again in January 2020 (assisted by updated guidance published by NHS England / Improvement in September 2019). The following remuneration was approved

a) the Chairman - £50,000 per annum;

b) the Non-Executive Director also undertaking the role of Senior Independent Director - £15,500 per annum;

c) the Non-Executive Director also undertaking the role of Chairman of the Board of Directors' Audit Committee - £16,500 per annum;

d) all other Non-Executive Directors - £13,000 per annum.

Remuneration for Executive Directors

Employment Contracts

211. All Executive Directors / Other Board Directors have employment contracts. Contracts are usually awarded on a permanent basis, unless the post is for a fixed period of time. Executive Directors (including the Chief Executive) have a six-month notice period within their contracts of employment (see **Table 5**).

212. Termination payments are made in accordance with contractual agreements.

Table 5: Executive Directors Contractual Data

Name	Title	Contract Date	Term (Notice Period)	Early Termination Provisions
Joseph Rafferty CBE	Chief Executive	01/09/2012	Permanent (6 months)	None
Patricia (Trish) Bennett	Executive Director of Nursing and Operations	01/08/2016	Permanent (6 months)	None
Elaine Darbyshire	Executive Director of Communications, Corporate Governance and Estates	01/06/2013	Permanent (6 months)	None

Name	Title	Contract Date	Term (Notice Period)	Early Termination Provisions
Louise Edwards (1)	Executive Director of Strategy	12/11/2012	Permanent (6 months)	None
Neil Smith	Executive Director of Finance (Deputy Chief Executive)	04/05/2004	Permanent (6 months)	None
Amanda Oates	Executive Director of Workforce	01/08/2013	Permanent (6 months)	None
Noir Thomas	Executive Medical Director	01/04/2020	Permanent (6 months)	None

Notes 1 Louise Edwards became a voting member of the Board of Directors on 9 July 2020 and her title changed to Executive Director of Strategy. Previously she was a non-voting member of the Board of Directors as the Director of Strategy

Remuneration Process for Executive Directors

213. Executive Directors' contracts of employment include a fixed annual salary payment, which is disclosed in the Annual Report and Accounts.

214. Starting salaries for Executive Directors are determined by the Board of Directors' Remuneration and Terms of Service Committee by reference to independently obtained NHS salary survey information, internal relativities and equal pay provisions and other labour market factors where relevant, e.g. for cross sector, functional disciplines such as human resources. This Committee also considers the notice periods (normally 6 months) as part of the approval of the remuneration package for Executive Directors.

215. Progression is determined by the Board of Directors' Remuneration Committee for:

    a) annual inflation considerations in line with nationally published indices, Department of Health and Social Care guidance and other nationally determined NHS pay settlements;

    b) specific review of individual NHS salary survey information, other labour market factors where relevant, e.g. for cross sector, functional disciplines, internal relativities and equal pay provision. Such review is only likely where an individual director's portfolio of work or market factors change substantially.

216. Executive Directors participate in an annual appraisal process which identifies and agrees objectives to be met. This is supported by a personal development plan where appropriate.

217. During the financial year 2020/21 the Remuneration and Terms of Service Committee did not operate a Performance Related Pay Scheme for the Executive Directors.

Future Process on Remuneration of Executive Directors

218. The following elements of remuneration are determined as follows:

    a) salary – as determined by the Board of Directors Remuneration and Terms of Service Committee;

b) car allowance – the Trust operates a 'Trust contribution lease car scheme' which is available to each of the identified senior managers. Alternatively a cash equivalent is offered of £3,600 (Chief Executive) or £3,200 (other senior managers);

c) NHS Pension Scheme[4] – employer and employee contributions as specified by NHS Pension Agency unless the senior manager opts out;

d) Additional benefits[5] - tax-free childcare voucher scheme, salary sacrifice lease car scheme, salary sacrifice home electronics scheme, cycle to work scheme.

219. There are no senior managers that have tailored arrangements outside of those described above.

220. Whilst the benefits and senior manager remuneration offered by the Trust is in line with other NHS Foundation Trusts, it is important to recognise this supports the long-term strategic direction of the Trust during a period of transformation and ensures that a stable senior team is in place to manage the process.

Remuneration in excess of £150,000 per Annum

221. The Civil Service has set the threshold at £150,000 per annum, above which approval is required by the Chief Secretary to the Treasury, as set out in guidance issued by the Cabinet Office. This currently equates to the Prime Minister's ministerial and parliamentary salary. The Cabinet Office approvals process does not apply to NHS Foundation Trusts. However, the guidance advises that in circumstances where one or more senior managers are paid more than £150,000, the Trust should explain (not necessarily on an individual basis), the steps taken to satisfy itself that this remuneration is reasonable.

222. In respect of those senior managers who are paid more than £150,000, the Trust has considered comparable data from other similar organisation in determining the rate that should be paid to attract and retain staff of the calibre required to deliver the Trust's objectives.

Note: Please note that elements of the Remuneration Report are subject to audit, namely the salary and pension entitlements of senior managers, compensation paid to former directors, details of amounts payable to third parties for the services of a director (if made) and the median remuneration of the Trust's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director.

Salaries and Allowances for the Period Ended 31 March 2021

223. Guidance requires that when producing its Annual Report, the Trust provides information about the salaries and allowances for members of the Board compared to the information contained in its last Annual Report.

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[4] The NHS pension arrangements are available to all employees of the Trust

[5] Additional benefits are available to all employees of the Trust

224. In compliance with Article 21 of the General Data Protection Regulation (GDPR) each member of the Board, detailed in the tables below, have given their consent for their information to be included.

225. **Tables 6 to 9** below provide details of the salaries and / or allowances for the Chairman / Non-Executive Directors and the Executive Directors for both 2019/20 and 2020/21. **Table 10** provides details of the Pension Benefits.

Table 6: Executive Directors / Other Board Directors Salaries (April 2020 to March 2021)

		2020-2021					
		Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	Long Term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
	Notes	£'000		£'000	£'000	£'000	£'000
Executive Directors							
Joseph Rafferty - Chief Executive		220 - 225	2800			0	225 - 230
David Fearnley – Medical Director	1						
Noir Thomas - Medical Director	2	190 - 195	1000			0	195 - 200
Neil Smith – Executive Director of Finance / Deputy Chief Executive		155 - 160	700			22.5 - 25.0	180 - 185
Elaine Darbyshire - Executive Director of Communications and Corporate Governance.		125 - 130	4100			30.0 - 32.5	160 - 165
Amanda Oates - Executive Director of Workforce		125 - 130	2600			30.0 - 32.5	160 - 165
Louise Edwards - Executive Director of Strategy		115 - 120	6600			27.5 - 30.0	150 - 155
Trish Bennett - Executive Director of Nursing and Operations		150 - 155	2100			12.5 - 15.0	165 - 170
Ray Walker - Executive Director (seconded to Health Education England)	3						
Arun Chidambaram - Interim Medical Director	4						
Mid-point of the band of Highest Paid Director's Total Remuneration (£'000)	227.5						
Median Total Remuneration of all staff	31,907						
Pay Multiple Ratio	6.8						

a) Benefits in kind are the taxable value attributed to lease cars and salary sacrifice schemes. From April 2019 the trust has registered with HMRC to ‘payroll the benefits in kind. This means that the benefits are taxed at source and there is no-longer a requirement to complete a yearly P11d.

b) Pension related benefits are the total increases in benefits that will be payable by the NHS Pension Scheme from normal retirement age (age 60 for members of the 1995 section, age 65 for member of the 2008 section and age 67 for a member of the 2015 scheme).

Note – explanatory text in support of the notes shown in column 2 above can be found at the end of Table 9 below.

Table 7: Chairman / Non-Executive Directors Allowances (April 2020 to March 2021)

		2020-2021					
		Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	Long Term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
	Notes	£'000		£'000	£'000	£'000	£'000
Non Executive Directors							
Beatrice Fraenkel - Chairman		50 - 55	100				50-55
Gerry O'Keefe		15 - 20					15-20
Pamela Williams		15 - 20					15-20
Nicholas Williams	**5**	0					0
Gaynor Thomason	**6**	10 - 15	400				10 - 15
Murray Freeman		10 - 15					10 - 15
Aislinn O'Dwyer		10 - 15					10 - 15
Anya Ahmed	**7**	5 - 10					5 - 10

Note – explanatory text in support of the notes shown in column 2 above can be found at the end of Table 9 below.

Table 8: Executive Directors / Other Board Directors Salaries (April 2019 to March 2020)

		2019-2020					
		Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	Long Term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	Total (bands of £5,000)
	Notes	£'000	£'00	£'000	£'000	£'00	£'000
Executive Directors							
Joseph Rafferty - Chief Executive		225 - 230	3100			0	230 - 235
David Fearnley – Medical Director	1	85 - 90	10,100			22.5 - 25.0	120 - 125
Noir Thomas - Medical Director	2						
Neil Smith – Executive Director of Finance / Deputy Chief Executive		155 - 160	5600	0 - 5		90.0 - 92.5	255 - 260
Elaine Darbyshire - Executive Director of Communications and Corporate Governance.		120 - 125	4600	5 - 10		30.0 - 32.5	165 - 170
Amanda Oates - Executive Director of Workforce		120 - 125	3900	0 - 5		45.0 - 47.5	175 - 180
Louise Edwards - Executive Director of Strategy		115 - 120	5400	5 - 10		22.5 - 25.0	150 - 155
Trish Bennett - Executive Director of Nursing and Operations		150 - 155	2700			157.5 - 160.0	315 - 320
Ray Walker - Executive Director (seconded to Health Education England)	3	115 - 120	0			12.5 - 15.0	130 - 135
Arun Chidambaram - Interim Medical Director	4	65 - 70	0			67.5 - 70.0	135 - 140
Mid-point of the band of Highest Paid Director's Total Remuneration (£'000)		317.5					
Median Total Remuneration of all staff		28,859					
Pay Multiple Ratio		7.9					

Note – explanatory text in support of the notes shown in column 2 above can be found at the end of Table 9 below.

Table 9: Chairman / Non-Executive Directors Allowances (April 2019 to March 2020)

		2019-2020					
		Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	Long Term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
	Notes	£'000	£'000		£'000	£'00	£'000
Non Executive Directors							
Beatrice Fraenkel - Chairman		45 - 50	16				45 - 50
Gerry O'Keefe		15 - 20					15 - 20
Pamela Williams		15 - 20	9				15 - 20
Nicholas Williams	**5**	0					0
Gaynor Thomason	**6**	10 - 15	15				10 - 15
Murray Freeman		10 - 15	9				10 - 15
Aislinn O'Dwyer		10 - 15					10 - 15
Anya Ahmed	**7**	10 - 15					10 - 15

Notes:

1 David Fearnley resigned as Medical Director on 31 July 2019.

2 Noir Thomas was appointed Medical Director with effect from 1 April 2020.

3 Although Ray Walker resigned as Executive Director of Nursing on 28 February 2018, he remained employed by the Trust as an Executive Director whilst he was seconded to Health Education England from 1 March 2018. Upon returning to the Trust on 26 February 2020, Ray has subsequently resigned as an Executive Director.

4 Arun Chidambaram ceased to be Interim Medical Director on 31 March 2020.

5 In accordance with his contract of employment, Nicholas Williams (Non-Executive Director) received no remuneration from the Trust.

6 Gaynor Thomason changed her surname from Hales to Thomason during the 2020/21 financial year.

7 Anya Ahmed was appointed as a Non-Executive Director with effect from 30 September 2020.

Pension Benefits

226. The Chairman and the Non-Executive Directors do not receive pensionable remuneration, as such there will be no entries in respect of pensions for the Chairman and the Non-Executive Directors. **Table 10** below shows the pension benefits received by the Executive Directors.

Table 10: Executive Directors Pension Benefits (April 2020 to March 2021)

Name and title	Real increase / (decrease) in pension at pension age (bands of £2500) £'000	Real increase in lump sum at pension age (bands of £2500) £'000	Total accrued pension at pension age at 31.03.20 (bands of £5000) £'000	Lump sum at pension age related to accrued pension at 31.03.21 (bands of £5000) £'000	Cash Equivalent Transfer Value at 01.04.20 £'000	Real increase in Cash Equivalent Transfer Value £'000	Cash Equivalent Transfer Value at 31.03.21 £'000	Employers Contribution to Stakeholder Pension £'000
Joseph Rafferty - Chief Executive*	0	0	0	0	0	0	0	0
Noir Thomas – Medical Director*	0	0	0	0	0	0	0	0
Neil Smith – Executive Director of Finance / Deputy Chief Executive	0.0-2.5	-2.5-0.0	70-75	200-205	1542	44	1635	23
Elaine Darbyshire - Executive Director of Communications and Corporate Governance	0.0-2.5	0	25-30	0	375	25	426	18
Amanda Oates - Executive Director of Workforce	0.0-2.5	-2.5-0.0	30-35	60-65	544	25	597	18
Louise Edwards - Director of Strategy and Planning	0.0-2.5	-2.5-0.0	25-30	35-40	371	18	413	17
Trish Bennett - Executive Director of Nursing and Operations	0.0-2.5	2.5-5.0	45-50	140-145	1052	39	1130	21

* Both Joseph Rafferty and Noir Thomas are not members of the NHS Pension Scheme.

Note: The method used to calculate Cash Equivalent Transfer Values (CETVs) changed, to remove the adjustment for Guaranteed Minimum Pension (GMP) on 8 August 2019. This change is reflected in the calculations used in the above table. The benefits and related CETVs do not allow for a potential adjustment arising from the McCloud judgement.

Cash Equivalent Transfer Values (CETV)

227. 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 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

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

Pay Multiples

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

230. The banded remuneration of the highest paid director in Mersey Care NHS Foundation Trust in the period April 2020 to March 2021 was £215,832 (2019/20, £228,063). This was 6.76 times (2019/20, 7.90) the median remuneration of the workforce, which was £31,907 (2019/20, £28,859).

231. For the period April 2020 to March 2021, 0 (zero) employees (2019/20, 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £18,005 to £215,832 (2019/20, £17,652 to £228,063).

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

233. The average number of full-time equivalent staff for the period April 2020 to March 2021 was 7,467 (2019/20, 6,800) which generated a pay multiple of 6.76 (2019/20, 7.90). The reduction in the pay multiple is mainly driven by the reduction in the Chief Executives salary (as a result of a previous non-consolidated pay award) along with

an increase in the median pay rate as a result of more higher banded staff being employed.

Reporting of Other Compensation Schemes – Exit Packages

234. NHS Foundation Trusts are required to disclose summary information of their use if exit packages in the year.

Exit Packages

235. The exit payments were calculated in accordance with contractual terms based on length of service.

236. **Table 11A** discloses details of all exit packages, analysed between compulsory redundancies and other – non-compulsory – departures. The values of these exit packages are analysed by cost band. Comparative information for 2019/20 is included.

Table 11A: Exit Payments by Type and Cost Band for 2020/21 and 2019/20

Exit Package Cost Band	Payments for 2020/21			Payments for 2019/21		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	1	6	7	1	19	20
£10,000 to £25,000	0	1	1	0	5	5
£25,001 to £50,000	2	0	2	2	0	2
£50,001 to £100,000	2	0	2	0	4	4
£100,001 to £150,000	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	1	0	1
Total number of exit packages by type	**5**	**7**	**12**	**4**	**28**	**32**
Total resource cost	**£177,000**	**£41,000**	**£218,000**	**£245,000**	**£460,000**	**£705,000**

237. Redundancy costs have been paid in accordance with the provisions of the NHS Scheme. Other departure costs have been paid in accordance with the provisions of the NHS Scheme/Trust's Mutually Agreed Redundancy Scheme (MARS). Exit costs in this note are the full costs of departures agreed in the year. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included within this table.

238. In respect of **Table 11A** above, please note:

a) this table reports the number and value of exit packages agreed in the year;

b) the expense associated with these departures may have been recognised in part or in full in a previous period.

Non-Compulsory Departures

239. **Table 11B** discloses details the number of non-compulsory departures which attracted an exit package in the year and the values of the associated payment(s) by individual type. Comparative information for 2019/20 is included.

Table 11B: Non-Compulsory Departures attracting Exit Payments for 2020/21 and 2019/20

	For 2020/21		For 2019/20	
	Number of agreements	Total value of agreements £'000	Number of agreements	Total value of agreements £'000
Voluntary redundancies including early retirement contractual costs	0	0	0	£0
Mutually agreed resignations (MARS) contractual costs	0	0	11	386
Early retirements in the efficiency of the service contractual costs	0	0	0	£0
Contractual payments in lieu of notice	7	41	17	74
Exit payments following Employment Tribunals or court orders	0	0	0	£0
Non-contractual payments requiring HM Treasury approval	0	0	0	£0
Total	**7**	**41**	**28**	**£460**

240. As a single exit package can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in **Table 11B** which will be the number of individuals.

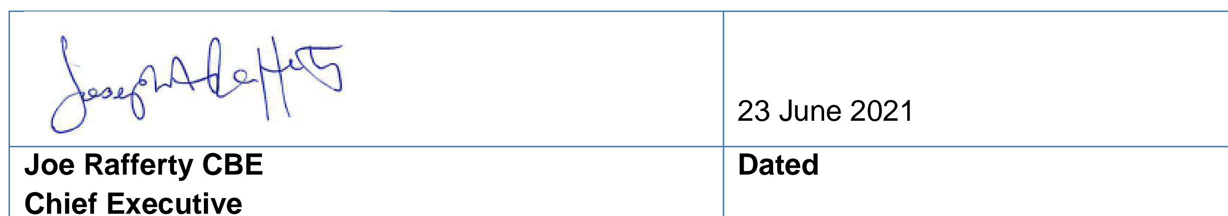
241. In respect of **Table 11B** above, please note:

a) any non-contractual payments in lieu of notice are disclosed under "non-contractual payments requiring HM Treasury approval";

b) includes any non-contractual severance payment made following judicial mediation, and relating to non-contractual payments in lieu of notice;

c) Nil non-contractual payments (£0) were made to individuals where the payment value was more than 12 months' of their annual salary;

Approved by:



	23 June 2021
Joe Rafferty CBE **Chief Executive**	**Dated**

CHAPTER 14 – STAFF REPORT

Analysis of Average Staff Numbers and Staffing Costs

242. **Table 12A** below shows information on the number of staff employed by the Trust by whole time equivalents (WTE).

Table 12A: Average Staff Numbers (WTE)

Staff Group	Permanent (wte)	Other (wte)	Total (wte)
Medical and Dental	175.80	-	175.80
Nursing	2,118.85	-	2,118.85
Scientific, Therapeutic & Technical	729.95	-	729.95
Health Care Support staff	2,165.03	-	2,165.03
Admin and Estates	1,715.39	-	1,715.39
Agency and contract staff	-	175.09	175.09
Bank Staff	-	385.25	385.25
All Staff Groups	**6,905.02**	**560.34**	**7,465.36**

243. **Table 12B** below shows the total staffing costs for staff employed by the Trust by payment category.

Table 12B: Staff Costs by Payment Category as at 31 March 2021

Staff Cost Payment Categories	Permanent (£000's)	Other (£000's)	Total
Salaries and Wages	265,902		265,902
Social Security Costs	22,999		22,999
Apprenticeship Levy	1,215		1,215
Pension Cost – NHS Pension Scheme	29,241		29,241
Pension Cost – contributions paid by NHS England (6.3%)	12,751		12,751
Pension Cost – Other	108		108
Temporary Staff – Agency		13,128	13,128
Total Staff Costs	**332,216**	**13,128**	**343,344**

Note – unlike Table 12A above, Table 12B does not include back and agency staff

Staff Breakdown by Gender

244. **Table 12C** below shows information, as a head count, on the number of staff by gender and the role they undertake. This table does not include information on Bank Staff.

Table 12C: Staff by Gender and Role as at 31 March 2021

Title	Female	Male	Total
Non-Executive Directors	5	3	8
Executive Directors (voting)	4	3	7
Other Employees	5,489	2,119	7,608
Total	**5,498**	**2,125**	**7,623**

Staff Breakdown by Disability

245. **Table 12D** below shows information, as a head count, on the number of staff by gender and the role they undertake. This table does not include information on Bank Staff.

246. **Table 12D: Staff by Disability and Role as at 31 March 2021**

Title	Yes	No	Not Stated	Total
Non-Executive Directors	-	8	-	8
Executive Directors (voting)	-	7	-	7
Other Employees	436	6,635	537	7,608
Total	**436**	**6,650**	**537**	**7,623**

Staff Breakdown by Ethnicity

247. **Table 12E** below shows information, as a head count, on the number of staff by ethnicity and the role they undertake. This table does not include information on Bank Staff.

Table 12E: Staff by Ethnicity and Role as at 31 March 2021

Title	Asian or Asian British	Black or Black British	Chines or Any Other Ethnic Group	Mixed	Not Stated / Disclosed	Undefined	White	Total
Non-Executive Directors	-	-	-	1	-	-	7	8
Executive Directors	-	-	-	-	-	-	7	7
Other Employees	153	157	52	119	133	108	6,886	7,608
Total	**153**	**157**	**52**	**120**	**133**	**108**	**6,900**	**7,623**

Staff Breakdown by Sexual Orientation

248. **Table 12F** below shows information, as a head count, on the number of staff by gender and the role they undertake. This table does not include information on Bank Staff.

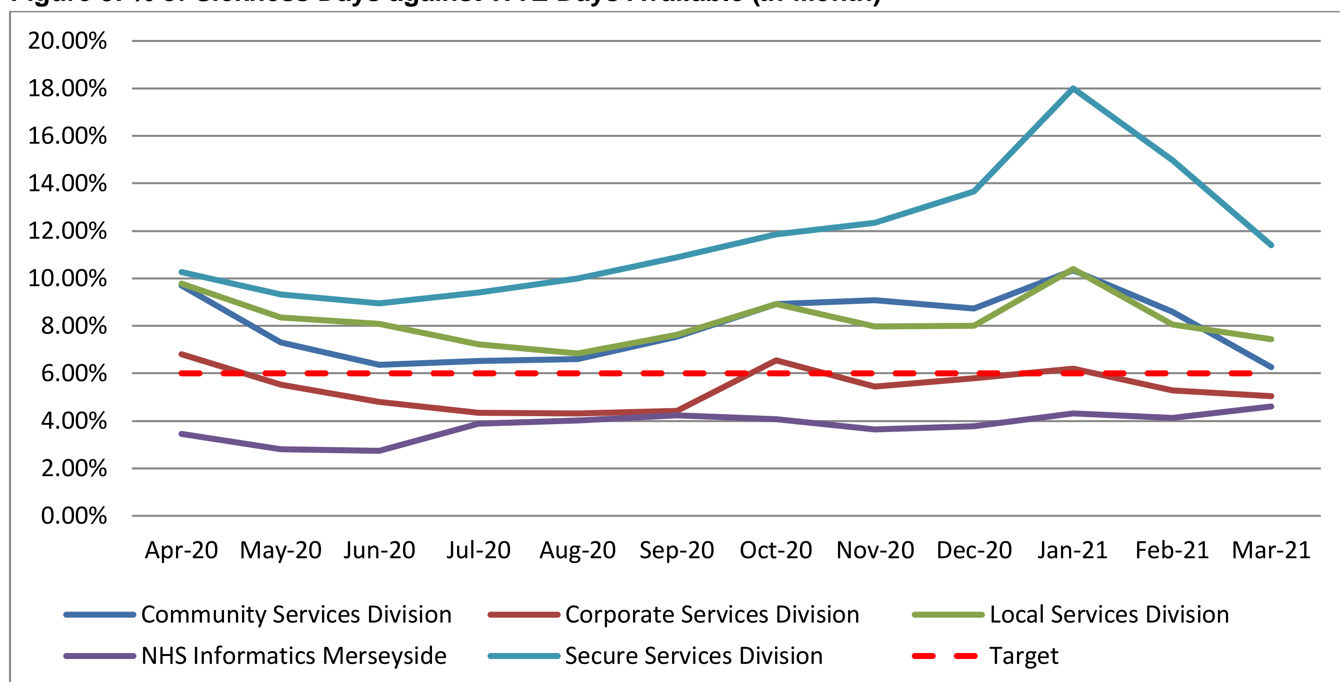
Table 12F: Staff by Sexual Orientation and Role as at 31 March 2021

Title	Bisexual	Gay or Lesbian	Heterosexual or Straight	Not stated (person asked but declined to answer)	Undecided	Undefined	Total
Non-Executive Directors	-	-	8	-		-	8
Executive Directors	-	-	6	1		-	7
Other Employees	40	120	5,791	559	1	1,097	7,608
Total	**40**	**120**	**5,805**	**560**	**1**	**1,097**	**7,623**

Sickness Absence

249. **Figure 3** below shows information on staff sickness as a percentage of the whole time equivalent (WTE) employed by the Trust, showing information for each of the three clinical divisions, corporate services and Informatics Merseyside.

Figure 3: % of Sickness Days against WTE Days Available (In-Month)



250. Sickness absence has continued at the same rate throughout the year alongside lost capacity due to the COVID-19 outbreak (i.e., staff who have been shielding). The Trust has now implemented a task force group to review all aspects of absence including systems to support and the policy.

Staff Policies and Actions Applied

For giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities.

251. Mersey Care is recognised as a 'Disabled Positive' organisation. This means that we actively encourage applications from disabled individuals in accordance with the Equality Act 2010. As an organisation we are committed to employ, keep and develop the abilities of disabled staff and this is reflected in the Trust's Recruitment and Selection Policy (HR21). During the recruitment process, we are committed to making adjustments where necessary. Candidates who have declared a disability need only to meet the essential criteria to be guaranteed an interview.

252. The Trust is also signed up to the charter on being a Mindful Employer which aims to put good practice into place to ensure employees and job applicants who declare a mental health issue receive the right level of support.

253. Managers ensure that all adverts, job descriptions and person specifications provided to the Recruitment Team do not include statements which could be deemed discriminatory.

254. The Recruitment Team ensure that any direct or indirect reference to discrimination is removed from all application forms and that equality and inclusion information (Part A of the application form) is removed from the shortlisting process.

For continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company.

255. The Trust is committed to supporting staff to remain in work and have a Supporting Staff with Mental or Physical Disabilities Policy (HR27) which is used for both newly recruited employees with a disability who make their needs known at the recruitment stage and those staff who are currently employed by the Trust who become disabled whilst in employment. This Policy ensures that NHS guidance, advice and necessary training is provided to managers.

256. The Supporting Attendance Policy is used in conjunction with the Supporting Staff with Mental or Physical Disabilities Policy and provides flexibility for employee's where their disability may increase their levels of sickness. Time off for treatment or rehabilitation, which may be categorised as disability leave may be given as a reasonable adjustment. In addition, where an employee's disability will increase the levels of disability related sickness the Trust may, as a reasonable adjustment, allow a greater level of sickness absence before progressing through the stages of the policy.

Otherwise for the training, career development and promotion of disabled persons employed by the company.

257. The Trust's Learning and Development Policy (HR05) acknowledges that "no one size fits all" with regards to training and supports access to a range of learning and development opportunities that meet individuals' learning styles and are appropriate to the individuals' circumstances. Access to education, training and development is as open and flexible as possible, with no discrimination in terms of the protected characteristics and available to part-time/full time staff irrespective of working pattern and geographical location. Courses are advertised in the Learning and Development prospectus and are available to all.

Informing and Consulting with our Staff

258. Mersey Care has a number of formal vehicles where management and staff side meet to deal with employee relations issues, namely:

    a) the Joint Negotiation and Consultative Committee (JNCC), which meets quarterly;

    b) the clinical divisions have collaborative meetings which meet monthly and deal with pressing local issues within the divisions that can be dealt with quickly to enable good working relationships;

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

259. We continue to meet in these forums to discuss and consider the impact on the quality of service in relation to the quality and transformation of services. These meetings continued last year via digital platforms whilst people have been working from home during the COVID-19 outbreak.

260. The Trust also actively engages with staff in local meetings and holds additional extra meetings to consult, discuss, debate and inform staff where changes are planned that impact on them directly. Again these meetings have shifted to digital platforms during the COVID-19 outbreak.

261. During periods of transition, communication with staff is seen as a priority to ensure that all staff are fully informed at each step of the development, as well as being part of the on-going consultation process. The Trust has in place a range of communication channels including the Chief Executive's blog, *yourNews* (a weekly email update), a regular *yourCOVID-19 briefing* email, Birthday Breakfasts with the Chief Executive, bi-annual divisional road shows and leadership forum meetings where the Chief Executive updates his managers and senior leaders. These have all continued in the last year via digital platforms during the COVID-19 outbreak.

262. These meetings have proved extremely popular with staff as a means of both raising issues and keeping up to date with relevant information. Feedback has featured prominently on the board agenda and Board members are well briefed on issues affecting staff and staffing.

263. The Trust's appraisal process, the Personal Achievement and Contribution Evaluation (PACE), embeds the Trust's values, helping staff to understand their role in delivering the Trust's performance and also encouraging and empowering 'leadership' at every level. Due to the COVID-19 outbreak, and following a nationally mandated suspension of staff appraisal systems at the height of the first wave, in July 2020 the PACE process was adapted to a 'Lite' condensed version in order to enable staff to complete in a more effectively and timely way, whilst maintaining the key principles of ensuring that staff continued to feel supported to meet their individual training and career development needs. Even taking account the 3-montsh suspension at the start of the year, at the end of March 2021 67% of staff had completed PACE Lite

264. The Trust will continue to engage, consult and work positively with staff side to foster true partnership working and ensure that the Trust and its employees are able to move forward and meet the challenges ahead.

Staff Survey

265. The 2020/21 National Staff Survey for Mersey Care was conducted largely on line and was sent to all staff.

266. The National Staff Survey is conducted independently from the Trust in line with national requirements, to assure staff regarding the confidentiality of their responses. The Trust provides feedback to staff on both the results and how the Trust intends to address any issues raised.

267. Mersey Care's response rate for the National Staff Survey for 2020 was 37%, which was below the national average of 49%.

268. The results are presented in 10 themes which are scored on a 01 to 10-point scale, where 10 is always more positive. Mersey Care has met or exceeded the national average on all of these themes.

269. The Trust's results for this year are encouraging in terms of comparison against 2019's results. The Trust has either met or improved in all of the 10 key themes compared to our results in 2019. When comparing our results by question with the previous year, the results are shown in **Table 13** below.

Table 13: 2020 National Staff Survey compared against 2019 Survey

Number of questions where the Trust has improved	84
Number of questions where the results are the same as the previous year	2
Number of questions where the Trust has seen a slight deterioration	43

270. In relation to the theme of 'Overall Staff Engagement' the Trust has achieved a score of 7.2 which meets the national average for our comparator group.

271. For the third consecutive year, the Trust has also seen notable improvements in the 'Safety Culture' theme, which has been a key area of focus for the Trust in line with the Just and Learning Culture work. Particular improvements were noted in the following questions:

    a) my organisation treats people involved in errors, near misses and incidents fairly;

    b) my organisation acts on concerns raised.

272. These results are indicative of the Trust's continued investment in establishing psychological safety and the alignment of this to patient safety and clinical excellence.

273. These results were presented to the Board of Directors in March 2021, as well as cascaded through divisional Senior Leadership Teams. Results will be shared with front line staff through ongoing communication. Team level results are available on the Trust's Business Intelligence Today (BIT) platform and can be used to generate reflection and discussion at team level about staff experience at work.

274. **Figure 4** outlines the key findings from the National Staff Survey 2020.

Figure 4: Analysis of Mersey Care's Key Findings from the 2020 National Staff Survey

	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.5	7.0	7.6	6.9	7.9	8.8	9.8	7.5	7.5	7.4
Your org	9.2	6.5	7.4	6.5	7.6	8.4	9.5	7.2	7.2	7.0
Average	9.1	6.4	7.3	6.4	7.5	8.3	9.5	6.9	7.2	7.0
Worst	8.2	5.9	7.0	6.1	6.8	7.6	9.1	6.1	6.6	6.6

275. **Figure 5** below outlines the key findings from the National Staff Survey 2019.

Figure 5: Analysis of Mersey Care's Key Findings from the 2019 National Staff Survey

	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.4	6.6	7.5	6.7	6.3	7.8	8.7	9.7	7.4	7.5	7.3
Your org	9.2	6.3	7.3	6.4	5.9	7.6	8.3	9.3	7.0	7.1	7.0
Average	9.1	6.1	7.2	6.3	5.7	7.4	8.2	9.5	6.8	7.1	6.9
Worst	8.5	5.6	6.9	6.0	5.0	7.1	7.6	9.1	6.4	6.7	6.6

Staff Survey Action Plans

276. Action plans in response to the 2020 Staff Survey will be included in the new 2021/22 Divisional People Plans. This refreshed approach of creating Divisional People Plans will mirror the Trust-wide People Plan and will bring together all people related actions into one place against the six People Plan pillars. The first iteration of the Divisional People Plans will be presented to the People Committee in the first quarter

of 2020/21 and will be monitored via divisional governance structures. The staff survey is just one of a number of measures that indicates progress against the People Plans.

A Just and Learning Culture

277. The launch of the Trust's commitment to a Just and Learning Culture in February 2017 ensures balanced accountability for both individuals and our Trust; a culture that fosters openness and a willingness to report errors without concern so that we can learn. The emphasis is to learn and share, and ask what happened, and not who is responsible. Reporting when things do not go as planned is not something to be feared but rather, something to inspire us to learn. This remains a key priority for the Trust.

278. During 2020/21 the Trust set the following objectives:

a) **That 100% of new starters to receive respect and civility awareness on induction by March 2021. To develop respect and civility tools to be used as part of team based working interventions to improve patient and staff safety.**

   i) The Trust moved to virtual induction due to the COVID-19 outbreak and therefore a respect and civility video from the Executive Director of Workforce was embedded into the virtual induction programme.
   ii) The Respect and Civility Lead redesigned the virtual delivery of the training during the summer of 2020 and this was launched in September 2020.
   iii) The Respect and Civility Group have redesigned the respect and civility programmes for virtual delivery. This was due to start in September 2020 and training be provided to all of the HR team for on line delivery.
   iv) All staff currently employed undertake the eLearning module as part of their continued professional development (CPD) training as a one off requirement (this would not be attached to any role specific or mandatory training but would be allocated as a one off CPD requirement for completion in the next 12 months).
   v) The eLearning module will be mandatory and form part of the induction programme for all new starters and inductees in the Trust upon commencement.
   vi) The eLearning module will be delivered in any specific Restorative Just and Learning training internally to the Trust along with a facilitated discussion session from a member of the Respect and Civility Group;

b) **Create psychological safety at team level by embedding evidenced-based team working through Mersey Care team accreditation and culture of care improvements plans.**

   i) In order to embed evidence based effective team working, a *Team Canvas* tool has been developed and introduced to the Trust - this tool forms a critical part of the Quality Review Process (QRV) from April 2021.
   ii) The *Team Canvas* is based on best practice and key evidence which demonstrates that high performing teams have some key common characteristics. The *Team Canvas* asks the team to define the *WHAT* of a

team, in terms of purpose and objectives and the *HOW* of a team; the operating principles that the team develop to guide how they work together. The operating principles incorporate the Trust's values and also the creation and maintenance of psychological safety for the Team. The *Canvas* also includes the *WHO* of the team; who are the team members and what are their roles and responsibilities as well as defining which other service and teams that the team interacts with. The *Team Canvas* requires teams to review their progress and to consistently look for ways to improve care. Being part of the QRV process, the embedding of high performing team principles prepares the team for the team accreditation process;

c) **Embed Just and Learning principles within a new complaints procedure and practice framework.**

i) The complaints process has been reviewed with a draft submitted for approval to be considered as part of the work in preparation for the proposed acquisition of North West Boroughs Healthcare to ensure a standardised approach;

d) **1000 of our people to attend Just and Learning training (which includes the four step process and Respect & Civility) by March 2022.**

i) Following the impact of the COVID-19 outbreak on the delivery of all nonessential training, this objective has been reviewed and amended in the Trust's People Plan; 1000 Mersey Care employees to attend the programme by March 2022.

ii) The one-day Restorative Just Culture programme has been adapted for virtual delivery from March 2021, the programme includes the core elements of psychological safety, respect and civility and the 4 Step Process, equipping attendees with both the principles and practice required.

iii) 433 people have completed by end of March 2021. Capacity is available for 650 by end of Sept 2021.

iv) Programme attendance now features in 'ambassador' elements added to all Trust job descriptions from April 2021;

e) **Promote Mersey Care's Just and Learning journey, achievements and developments in relation to our people and clinical practices to share our learning widely in the NHS and beyond.**

i) Four E-learning packages have been developed and released for public use.

ii) The external Restorative Just Culture programme delivered in partnership with Northumbria University continues to be in high demand and on track to have delivered 15 cohorts between October 2020 and July 2021.

iii) The Executive Director of Workforce is in discussions with NHS England / Improvement to commission further programmes linked to the national Respect and Civility and Patient Safety agenda.

Friends and Family Test 2020/21

279. The staff Friends and Family Test is a regulatory requirement and is carried out during quarters 1, 2 and 4 of each year. It is not carried out in quarter 3 as this is when the National Staff Survey takes place. The two core questions check the likelihood of staff recommending Mersey Care as:

  a) a place to receive treatment; and

  b) as a place to work.

280. The requirement to complete the staff Friends and Family Test was suspended nationally throughout 2020/21 due to the COVID-19 outbreak and is expected to be relaunched in quarter 2 of 2021/22, with some amendments to the questions and process, which we are awaiting confirmation on.

281. We can however, report on our results for these questions as part of the 2020 Staff Survey recommend Mersey Care as:

  a) a place to receive care – 73.8% which represents an upward trajectory compared to 2019's Staff Survey results (70.0%) and is above this year's national average score for this question (70.4%);

  b) a place to work – 67.6% which represents an upward trajectory compared to 2019's Staff Survey results (62.9%) but is slightly below this year's national average score for this question (67.7%)

282. The Trust continued to run its in-house staff engagement measuring tool called *The Culture of Care Barometer* in 2020/21, adapting the tool in response to the COVID-19 outbreak. The Trust ran the survey 3 times throughout the year with an average response rate of 32%. This provides Mersey Care with useful information on how staff experienced working in the COVID-19 outbreak and allowed the Trust to work proactively in responding to issues and concerns.

283. From quarter 2 of 2021/22 the *Culture of Care Barometer* will include the regulatory staff Friends and Family Test questions, thereby reducing the number of surveys staff will be ask to complete and hopefully increasing the number of responses to the Friends and Family Test questions, especially as staff will be able to complete it using their personal phones via QR codes.

Staff Engagement Plan 2020/21

284. Staff engagement is included in the Culture and Organisational effectiveness pillar of the Trust's People Plan, which was updated in 2020 to reflect the language, focus and priorities of the national NHS People Plan. Staff engagement is fundamentally concerned with the alignment of every individual employee to the Trust values and strategy, so that they feel connected, involved and fulfilled. It is a two way process and focusses on increasing conversations at every level and in every pocket of the organisation from *Board to Floor*. This is achieved by actions across the whole of the Trust's People Plan, and throughout the entire employee life cycle.

285. Staff engagement commences at the recruitment stage (via a job advert) and is an on-going process at an individual, team and organisational level. As a result of the

COVID-19 outbreak, much of the Trust's staff engagement activity has to take place virtually over 2020/21. Plans are being developed for a new round of *mega conversations* to be held in quarter 2 of 2021/22, including the intention to refresh to Trust's *CARES* values statements.

Organisational Effectiveness and Learning

286. Throughout 2020/21 the Organisational Effectiveness and Learning (OEL) team have collaboratively adapted and updated its services to support the Trust's teams and staff throughout the COVID-19 outbreak and towards recovery by

    a) introducing new initiatives such as *Team Time* and *Leading in a Crisis* sessions;

    b) continuing to support activities to integrate care pathways, improve population health and patient outcomes across health, social care and voluntary sector providers in the Integrated Care System, with Restorative Just and Learning Culture at the heart, ensuring values led culture and restorative practice are central;

    c) supporting clinical excellence through development of leaders and high performing teams. The team has introduced the *ARRIVE programme* for managers new to the Trust and/or new to a management role (with 95 managers enrolled since this was introduced in December 2020);

    d) adapting existing leadership programmes to a new modular, online format, e.g., introducing *Team Canvas* for all teams to complete – a methodology underpinned by extensive research around team based working and psychological safety and links to quality and patient safety as part of the Trust's Quality Review Visit process and the Clinical Strategy;

287. Work is underway to future proof the operating model for Mersey Care in order to provide a stable operating platform as the Trust seeks to expand and undertake the role as a system leader for integrated care within the Sustainability and Transformation Partnership. The process will be designed to incorporate the learning, innovation and new ways of working as a result of COVID-19 outbreak whilst ensuring long term sustainability and efficiency. The design of future work, governance and supporting structures, systems and processes are integral to the NHS Patient Safety Strategy, Safer Culture, Safer Systems, Safer Patients as we focus on making our systems safer by understanding day to day care better.

288. The COVID-19 outbreak has impacted not just on the capacity of the Trust's workforce, through the impact of increased staff absence rates (both COVID-19 related and non-related), but has also demonstrated how flexible, agile and responsive staff are to the needs of patients by the way they have adapted in both maintaining services and providing services in new ways, including the accelerating the implementation of digital solutions applying the skills in different ways – although not with challenge.

289. The Trust is seeking, with the support of the team, to ensure its learns the lessons from our COVID-19 response – for example increased flexibility and better use of staff time through online meetings.

290. Despite the COVID-19 outbreak the overall compliance rate in respect of Core Mandatory Training is 96% (at end of March 2021) which has exceeded the 95% annual trajectory target in 2020/21. The learning and development team continue to support this performance attainment at divisional and individual level.

291. The Trust Workforce Development Education & Training Group has continued to meet monthly throughout 2020/21 and have proactively faced the challenges in order to maximise funding opportunities where possible to support training and continuous professional staff development. During 2020/21 approximately £240,000 was invested in staff training and development programmes, delivered both internal and external to the Trust, in addition to statutory and regulatory training. Despite the difficulties releasing clinically / patient facing staff to attend training, at the end of March 2021 the Trust has achieved an overall compliance rate of 83% for roles specific mandatory training completion against an annual trajectory target of 90% in 2020/21.

292. The Trust continues to contribute over £1.1million annually towards the Government Apprenticeship Levy. The Workforce Development Education & Training Group provides oversight of the Levy spend and is responsible for providing governance assurance that funding is being allocated and appropriately spent. In 2020/21 the Trust continued to support over 320 of our staff through a variety of clinical and non-clinical apprenticeships with an estimated spend of approximately £450,000 over the past year.

Time Spent on Trade Union Duties

293. In line with the Trust's Partnership Agreement with its recognised staff representative bodies, in 2020/21 the Trust provided the following supported time for its recognised staff representative bodies per week;

   a) Unison – 19.5 days;

   b) the POA (The Professional Trades Union for Prison, Correctional & Secure Psychiatric Workers) –10.5 days

   c) the Royal College of Nursing – 9.5 days;

   d) Unite – 6 days;

   e) GMB – 2.5 days.

Expenditure on Consultancy

294. Reporting bodies are required to disclose the expenditure on consultancy. For the purposes of this report, 'consultancy' is defined as in the Department of Health & Social Care's *Group Accounting Manual* as "the provision to management of objective advice and assistance to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives". It includes the provision of external advice and assistance in relation to strategy; finance; organisational and

change management; IT / information services; property and construction; procurement; legal services; marketing and communications; HR; training and education programme and project management; technical and programme and one-off projects. The expenditure incurred in the period 1 April 2020 to 31 March 2021 was £3,351,000.

Off-Payroll Engagements

295. Following the *Review of the tax arrangements of public sector appointees* published by the Chief Secretary to the Treasury in 2012, public sector bodies are required to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and National Insurance arrangements, not being classed as employees).

296. **Table 14A** below shows, all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than six months

Table 14A: Off-Payroll Engagements as at 31 March 2021

	Number
Number of existing engagements as of 31 March 2021	2
Of which, the number of staff that have existed:	
• for less than one year at the time of reporting	0
• for between one and two years at the time of reporting	2
• for between 2 and 3 years at the time of reporting	0
• for between 3 and 4 years at the time of reporting	0
• for 4 or more years at the time of reporting	0

297. **Table 14B** below shows all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last longer than six months.

Table 14B: All New Off-Payroll Engagements between 1 April 2020 and 31 March 2021

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	0
Of which:	
• number assessed as caught by IR35	0
• number assessed as not caught by IR35	0
• number engaged directly (via PSC contracted to department) and are on the departmental payroll	0
• number of engagements reassessed for consistency / assurance purposes during the year	0
• number of engagements that saw a change to IR35 status following the consistency review	0

298. **Table 14C** below shows any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021.

Table 14C: Off-Payroll Engagements for Board Members / Senior Officials between 1 April 2020 and 31 March 2021

	Number
Number of off-payroll engagements of board members, and / or senior officers with significant financial responsibility, during the financial year	0
The total number of individuals on payroll and off-payroll that have been deemed “board members and / or senior officials with significant financial responsibility”, during the financial year. This figure must include both on payroll and off-payroll engagements.	7

Reporting of Other Compensation Schemes – Exit Packages

299. NHS Foundation Trusts are required to disclose summary information of their use if exit packages in the year. To avoid duplication this information has been provided in the Remuneration Report included in this Annual Report (see Chapter 13, specifically paragraphs 234 – 241).

CHAPTER 15 – NHS OVERSIGHT FRAMEWORK

NHS Oversight Framework

300. NHS England and NHS Improvement’s NHS Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:
    a) quality of care;
    b) finance and use of resources;
    c) operational performance;
    d) strategic change;
    e) leadership and improvement capability (well-led).

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

Segmentation

302. As at 31 March 2021, Mersey Care has been assessed as being **SEGMENT 2** (i.e., a provider who is offered targeted support by NHS Improvement as there are concerns in relation to one of more of the themes. Providers are not obliged to take up the support that is offered).

303. Current segmentation information for all NHS trusts and foundation trusts is published on NHS Improvement’s website

Finance and Use of Resources

304. The use of resources metrics have been suspended for 2020/21 due to the new finance regime resulting from the COVID-19 pandemic, therefore there is no Finance and Use of Resources Score for 31 March 2021.

NHS Oversight Framework

Table 15: NHS Oversight Framework (Other Indicators)

Theme	Type	Measure	Freq-uency	Threshold /National Median	Latest Data	Date of Latest data	Position Compared to 2019/20	Source
Quality of Care	Caring	Written Complaints - Rate	Quarterly	National Median: 15.2	3.88	Q2 2020		NHS Digital
Quality of Care	Caring	Staff FFT % Recommended	Quarterly	Not Applicable	Submission suspended for 2020/21	Not Applicable		NHS England
Quality of Care	Caring	Mental health scores from Friends and Family Test - % positive	Monthly	National Median 89%	91.28%	March 2021	Not Applicable	Unify Return
Quality of Care	Caring	Community scores from Friends and Family Test - % positive	Monthly	National Median 96%	98.28%	March 2021	Not Applicable	Unify Return
Quality of Care	Safe	Occurrence of Never Events	Monthly (6-month rolling)	Green = 0, Red = 1 or more	0	March 2021		Mersey Care Internal Reporting
Quality of Care	Safe	Patient Safety Alerts not completed by deadline	Monthly	Green = 0, Red = 1 or more	0	March 2021		Mersey Care Internal Reporting
Quality of Care	Safe	Admissions to adult facilities of patients under 16 years old	Monthly	Green = 0, Red = 1 or more	0	March 2021		Mersey Care Internal Reporting
Quality of Care	Safe	Potential under-reporting of patient safety incidents	Monthly	Within -2 Standard Deviation	-1.11	March 2020		NHS Improvement
Quality of Care	Organis-ational Health	CQC Community Mental Health Survey	Annual	Lower Limit Range – 6.58 Upper Limit Range - 7.52	6.99%	2020		Care Quality Commission
Quality of Care	Effective	Care Programme approach follow up within 7 days	Monthly	Green =>95% Red <95%	100%	March 2021		Mersey Care Internal Reporting

Theme	Type	Measure	Freq-uency	Threshold /National Median	Latest Data	Date of Latest data	Position Compared to 2019/20	Source
Quality of Care	Effective	% clients in settled accommodation	Monthly	National Median: 59%	66.27%	March 2021		Mersey Care Internal Reporting
Quality of Care	Effective	% clients in employment	Monthly	National Median: 8%	5.23%	March 2021		Mersey Care Internal Reporting
Operational Performance		People with a first episode of psychosis begin treatment with a NICE recommended care package within 2 weeks of referral (Part B)	Monthly (3-month rolling)	Green =>60% Red <60%	83% (Provisional)	February 2021		Mental Health Services Data Set Return
Operational Performance		IAPT – waiting time to begin treatment (from IAPT minimum data set) within six weeks	Monthly	Benchmark 75%	98.50%	March 2021		NHS Digital
Operational Performance		IAPT – waiting time to begin treatment (from IAPT minimum data set) within 18 weeks	Monthly	Benchmark 95%	100%	March 2021		NHS Digital
Operational Performance		Inappropriate out-of-area placements for adult mental health services (OBDS) - External only	Monthly	Q4 2020-21: 0	0	March 2021		Clinical Audit Platform – NHS Digital
Operational Performance		IAPT - proportion of people completing treatment who move to recovery (IAPT minimum dataset)	Quarterly	Benchmark 50%	50.42%	Q4 2020-21		NHS Digital
Operational Performance		Data Quality Maturity Index (DQMI) - MHSDS Dataset Score	Quarterly	Green =>95% Red <95%	90.40%	December 2020		NHS Digital
Operational Performance		Accident and Emergency Maximum waiting time of four hours from arrival to admission/ transfer/ discharge	Monthly	Green =>95% Red <95%	100%	March 2021		NHS England
Leadership & Improvement		NHS Staff Survey	Annual	National Median: 7.2	7.2	2020		NHS England

Theme	Type	Measure	Freq-uency	Threshold /National Median	Latest Data	Date of Latest data	Position Compared to 2019/20	Source
Leadership & Improvement		Support and Compassion – Average % *(Internal Interpretation of Metric)*. In the last 12 months how many times have you personally experienced harassment, bullying or abuse at work from (i) Patients/Service Users, their relatives or members of the public (ii) Managers (iii) Other Colleagues *(Note – Lower is better)*	Annual	National Meridian: 17.2%	18.19%	2020	▲	NHS England
Leadership & Improvement		Team Work – Average % *(Internal Interpretation of the Metric)*. To what extent do you agree or disagree with the following statements about your work? (i) The team I work in has a set of shared objectives (ii)The team I work in often meets to discuss the team's effectiveness *(Note – Higher is better)*	Annual	National Median: 71.88%	72.67%	2020	▲	NHS England
Leadership & Improvement		Inclusion. Does your organisation act fairly with regard to career progression / promotion, regardless of ethnic background, gender, religion, sexual orientation, disability or age? *(Note – Higher is better)*	Annual	National Median: 84.82%	88.21%	2020	▲	NHS England
Leadership & Improvement		Inclusion. In the last 12 months have you personally experienced discrimination in work from one of the following? Manager / team leader or other colleagues *(Note – Lower is better)*	Annual	National Median: 7.61%	6.82%	2020	▲	NHS England
Leadership & Improvement		Inclusion. The BME Leaderships ambition (WRES) re Executive Appointments. A query has been raised with NHS England / Improvement in relation to the construction of this metric. *Internal Interpretation of the Metric has been applied using the latest WRES submission (Note – Higher is better)*	Annual	National Median: 5.20%	7%	2020	▲	NHS England
Leadership & Improvement		Proportion of Temporary Staff	Monthly	National Median: 4.01%	3.83%	March 2021	▲	Provider Return
Leadership & Improvement		Staff Sickness	Monthly	National Median: 3.96%	7.57%	March 2021	▲	Mersey Care Internal Reporting
Leadership & Improvement		Turnover	Monthly	National Median: 0.93%	0.91%	March 2021	▲	Mersey Care Internal Reporting

CHAPTER 16 – ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

306. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of policies, aims and objectives of Mersey Care NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mersey Care NHS Foundation Trust for the period ending 31 March 2021 and up to the date of approval of the annual report and accounts.

CAPACITY TO HANDLE RISK

Leadership

307. The Board of Directors is ultimately accountable for the management of all risks in the organisation. The Chief Executive, supported by Board Members, has responsibility for the implementation of the Risk Management Strategy. These responsibilities are met in a variety of ways, with the advice of the Executive Lead for risk management, the Executive Medical Director, who is supported by the Risk Management Group.

308. I, as Chief Executive, with overall responsibility for risk within the Trust, ensure the work of the Board Committees, including specialist groups, is reviewed by the Board of Directors. The Chief Executive has overall responsibility for having effective risk management systems in place within the Trust, and for meeting all statutory requirements and adhering to guidance issued by NHS Improvement and other regulatory bodies in respect of risk and governance.

309. The Board of Directors has overall responsibility for consideration of the Board Assurance Framework and resource allocation relating to the 'significant risks' of the Trust. The recommendations from Board Committees, taking account of advice from the Risk Management Group and relevant working groups, are made to the Board of Directors where competing priorities are debated and agreed or accepted.

310. The capacity of the Trust to handle risk is achieved through delegated responsibilities in place as defined in the Scheme of Reservation and Delegation of Powers and the Risk Management Strategy, both documents being approved by the Board of Directors. The Strategy outlines the Trust's approach to risk, accountability arrangements and the risk management process including identification, analysis, evaluation and approval of the risk appetite.

311. The accountability arrangements for risk management in 2020/21 involved the following:

a) the Board of Directors has overall responsibility for ensuring robust systems of internal control, encouraging a culture of risk management, routinely considering risks and defining its appetite for risk;

b) the Resource Committee, the People Committee and the Quality Committee undertake the detailed scrutiny of those risks that fall within their terms of reference on behalf of the Board of Directors, recommending new or revised risks to the Board as appropriate;

c) the Audit Committee on behalf of the Board of Directors ensures that the Trust's risk management systems and processes are robust;

d) the Risk Management Group, advises all Board Committees on potential / existing strategically significant risks, as well as liaising with the Operational Management Groups to ensure the consistency of risk reporting and also overseeing the Trust's Risk Register;

e) the Chief Executive, as the Trust's Accountable Officer, has overall responsibility for the risk management processes and Risk Management Strategy;

f) the Executive Medical Director, as the Lead Executive Director, has responsibility on behalf of the Chief Executive for managing the Trust's risk management processes;

g) each member of the Executive Team has responsibility for the identification and management of risks within their executive portfolios;

h) the Executive Director of Finance (Deputy Chief Executive) has responsibility for ensuring that the Trust had sound financial arrangements that were controlled and monitored through financial regulations and policies;

i) the Deputy Director of Nursing, as Director for the Prevention and Control of Infection (DIPC), is accountable for the management and prevention of health care associated infection;

j) the Deputy Director of Nursing and Quality is the Nominated Individual with the Care Quality Commission (CQC);

k) the Executive Director of Nursing and Operations is accountable for CQC registration.

312. The Board Assurance Framework and Risk Register have been regularly scrutinised and reviewed through the Trust's governance structure and have been subject to various internal and external reviews. The Trust's strategic intentions, policies,

procedures, Board Assurance Framework and supporting documentation are openly accessible via the Mersey Care website to internal and external stakeholders for comment, scrutiny and reference.

Learning and Training

313. Learning from risks is embedded into the safety agenda of the Trust and is a standing item in the Safety Huddles. "What we learned and how was it shared?" is asked of each risk. For example at the weekly Executive Safety Huddle a number of the strategic risks are scheduled for discussion on the meeting's agenda throughout the year, to give assurance that controls are being implemented and effective. Identified good practice is referenced and triangulated through a number of governance reports, including the Board Assurance Framework, Monthly Risk Report and Patient Safety Report.

314. Risks are triangulated and reviewed with other patient safety indicators in the Strategic Patient Safety and Improvement Group to identify emerging concerns, as well as opportunities for improvement and sharing of best practice.

315. Trust policies are available on the Trust's intranet and internet and relevant staff are encouraged to participate in the consultation of new and updated policies. Newly approved policies are published through a network of policy leads and also in the monthly briefing issued to staff.

316. To ensure that the Trust's approach to risk management is successfully implemented and maintained, staff of all levels, are appropriately trained in key elements of risk management. All staff are required to regularly update their knowledge and skills and maintain their personal awareness of their responsibilities for risk management via an on-going training programme which includes adverse incidents, Health and Safety, Fire Safety, Infection Control and Prevention, Safeguarding Children and Vulnerable Adults, Information Governance, Moving and Handling, Conflict Resolution, Complaints Handing, Care, Suicide Prevention, Fraud Awareness, and Equality and Inclusion. This training is mandatory for all staff and is identified via a training needs analysis that is reflected in the Trust's Induction and Mandatory Training Policy.

317. All new employees of the Trust are required to attend a corporate induction programme that covers key aspects of risk management. During the COVID-19 outbreak the Trust has moved many aspects of its corporate induction programme (including risk management) from face-to-face delivery to virtual delivery. Since April 2020 this has include a "Welcome to the Trust" video from the Executive Director of Workforce and a comprehensive package of electronic resources to orientate new staff members to the Trust. This is in addition to e-learning statutory training and an enhanced locally revised induction programme bespoke to each Division.

318. In addition, to ensure a consistent approach to root cause analysis and investigation, focussed training sessions are provided to relevant members of staff. Emergency resilience training is also delivered to all senior managers who undertake on call duties and table top exercises are conducted to test robustness of the Trust's Major Incident Plan.

319. Compliance with mandatory training continues to be reported to the Board of Directors (in addition to the People, Quality and Resources Committees) on a bi-monthly basis and monthly reports informing managers of staff who require update training are sent to all Divisional and Departmental Managers.

320. To further encourage a positive safety culture and to ensure learning, the Trust's internal weekly newsletter, 'Your News', features regular articles on the learning arising from the analysis of claims, incidents and complaints. The newsletter also features regular articles highlighting key risk management areas and promoting the update training that staff are required to complete. In addition, the Trust regularly holds Oxford Model 'Dare to Share' events which focus on the learning from specific incidents across divisions.

321. The Risk Management Group have been subject to bespoke, externally led training on risk management processes and are champions for risk management across the organisation, ensuring consistent risk management approaches are utilised.

THE RISK AND CONTROL FRAMEWORK

The Risk Management Framework

322. The development of effective risk management across the organisation is underpinned by clear processes and procedures which include:

    a) overarching strategic aims for risk management;

    b) the Trust's Risk Management Strategy;

    c) the Trust's Risk Management Policy;

    d) organisational risk management objectives;

    e) the organisational process for risk identification and analysis;

    f) a definition of significant risk and acceptable risk within the organisation;

    g) organisational risk management structures;

    h) the development and application of risk registers within the organisation;

    i) incident reporting;

    j) the accountability and responsibility arrangements for risk management;

    k) the Board Assurance Framework.

323. Throughout the reporting period the People Committee, the Quality Committee, the Resources Committee and the Audit Committee were the Board's overarching committees responsible for scrutinising the arrangements in place for managing risk. These committees are supported by the a number of groups, including:

    a) Remuneration and Terms of Reference Committee;

    b) Mental Health Act Managers Group;

    c) Operational Management Groups;

    d) Health & Safety Group;

e) Infection Control Group;

f) Mortality Group;

g) Drugs & Therapeutics Group;

h) Digital Board;

i) Joint SIRO and Information Governance Group;

j) Safeguarding Group;

k) Strategic Patient Safety & Improvement Group;

l) Risk Management Group;

m) Weekly Divisional Safety Huddle meetings;

n) Weekly Executive Safety Huddle meetings.

Risk Management Strategy

324. The Trust's Risk Management Strategy provides a framework for managing risk within the Trust and outlined the objectives of risk management; the structure in place to support the management of risk across the organisations; and the systems and processes to ensure identification, management and control of risk. The current Risk Management Strategy includes a number of key components and changes, including:

a) a clear commitment of the Board of Directors in respect of risk management, including a plan to achieve this from 2020 to 2021[6];

b) a system of risk classification and risk stratification that makes clear who and where risks are to be escalated and reviewed;

c) the Trust's appetite for risk, which is regularly reviewed by the Board of Directors;

d) a single Trust-wide Risk Register,

e) a combined risk report and Board Assurance Framework;

f) a process to moderate and standardised the approach to assessing risk (coordinated by the Risk Management Group);

g) the requirement for all risks to have three risks scores – an initial score, a current score and a target risk score;

h) greater alignment between risk identification and quality improvement;

i) greater alignment between risks and the assurance in respect of the controls / mitigation that has been put in place.

325. Mersey Care NHS Foundation Trust recognises the need for significant and robust focus on the identification and management of risks and therefore places risk within

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[6] The Board of Directors approved an updated Risk Management Strategy, including an action plan for 2020/21, at the March 2020 Board Meeting.

an integral part of our overall approach to quality. Therefore, risk management is an explicit process in every activity the Trust and its employees take part in.

326. The Director of Patient Safety who has overall operational responsibility for risk management, is responsible for implementing the effective systems and processes of risk management across the organisation, the identification, management and monitoring of risks; providing reports, information and training as appropriate. As well as the Executive Team and Non-Executive Directors, managers and individual staff members are responsible for ensuring that they engage with risk management objectives in order to ensure that their clinical and managerial responsibilities for risk management are met.

327. All members of the Executive Team and managers are responsible for ensuring that within their designated area(s) and scope of responsibility:

a) there are appropriate and effective risk management processes in place and that all staff are made aware of the risks within their work environment and of their personal responsibilities;

b) there are effective systems in place for the identification, control, monitoring and review of risks and that risks are evaluated using the Trust framework for the grading of risks and that the appropriate level of management action is initiated and completed appropriately;

c) they, and all their staff, receive the necessary information, instruction and training to enable them to work safely and comply with appropriate Trust procedures, including incident reporting, risk assessments, fire arrangements and all health and safety procedures;

d) staff are identified and released to attend mandatory training and other appropriate training, adequate attendance records are kept and non-attendance is monitored and followed up;

e) staff know and understand their responsibilities and duties under the Trust health and safety policy and have appropriate arrangements to ensure that these are met.

328. Each Division has governance arrangements in place with a governance lead responsible for implementing the corporate risk management processes locally and in addition facilitating the sharing of best practice co-ordinated by the relevant Operational Management Group.

329. Embedding risk management as a core activity within the organisation is achieved through many systems and processes. 2020/21 has seen:

a) establishment of a Datix Users Group to run along side the Risk Management Group to provide oversight and sign off for prosed changes and improvements to the risk management system;

b) increased use of visual indicators, such has heat maps and dashboards to indicate the movement of risks in the Trust;

c) improved monitored of risks through data and trend analysis;

d) tagging and monitoring of risks directly or indirectly impacted by the COVID-19 outbreak;

e) alignment of the Board Assurance Framework risks for 2021/21 against the Trust objectives noted in the Operational Plan and reference to associated risks on the register;

f) development of electronic systems and processes to monitor emerging risk in the clinical and corporate teams during the pandemic against the STEEP domains (Safe, Timely, Effective, Equitable, Person Centred);

g) continued standardisation of the Safety Huddle Model across the Trust, based on a "deep dive" review of risks;

h) The Risk Management Group continuing to meet on a monthly basis, considering risks from teams / divisions, liaising with them and reporting to the Board Committees on these risks (and through these Board Committees to the Board of Directors).

330. The continued development of the Board Assurance Framework has enabled the Trust to systematically identify, record and action the key risks it faces in relation to the achievement of its overarching strategic objectives. An opinion on the assurance framework has been provided by the Head of Internal Audit at Mersey Internal Audit Agency that provides ***substantial assurance***, which means that:

a) *"structure – the organisation's Assurance Framework is structured to meet the NHS requirements*

b) *engagement – the Assurance Framework is visibly used by the organisation*

c) *quality and alignment – the Assurance Framework clearly reflects the risks discussed by the Board*".

Risk Appetite

331. Risk Appetite is the level at which the Board of Directors determines whether an individual risk, or a specific category of risks, is deemed acceptable or unacceptable based upon the circumstances / situation facing the Trust. This determination may well impact on the prioritisation of resources necessary to mitigate or reduce the impact of a particular risk and / or the time the timeframe required to mitigate a risk.

332. The Board of Directors considers its ***Risk Appetite Statement*** as part of the regular review of the Trust's Risk Management Strategy, a Board approved document:

> Mersey Care NHS Foundation Trust recognises that its long-term sustainability depends upon the delivery of its strategic objectives and its relationships with its patients, staff the public and strategic partners. As such, Mersey Care will not accept risks that materially provide a negative impact on patient safety. However, Mersey Care has a greater appetite to take considered risks in terms of their impact on organisational issues. Mersey Care has greatest appetite to pursue innovation and challenge current working practices and reputational risk in terms of its willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

Further detail on the statement is provided below. The risk appetite is shown in **BOLD** text	
Compliance and Regulatory	• There is a **LOW** risk appetite for risk, which may compromise the Trust's compliance with its statutory duties and regulatory requirements.
Financial	• Mersey Care has a **LOW** risk appetite to financial risk in respect of meeting its statutory duties. • Mersey Care has a **MODERATE** appetite for risk to support investments for return and minimise the possibility of financial loss by managing associated risks to a tolerable level. • Mersey Care has a **MODERATE** appetite for investments which may grow the size of the organisation
Quality, Innovation and Outcomes	• Mersey Care has **NO** appetite for risk that compromises patient safety. • Mersey Care has a **LOW** risk appetite for risk that may compromise the delivery of outcomes, that does not comprise the quality of care • Mersey Care has a **SIGNIFICANT** risk appetite to innovation that does not compromise the quality of care.
Reputation	• Mersey Care has a **LOW** risk appetite for actions and decisions that whilst taken in the interest of ensuring quality and sustainability of the patient in our care may affect the reputation of the organisation.

Risk Assessment

333. As has been outlined above, although it is recognised that the Trust had robust arrangements for the management of risks, the trust's risk management processes have been further reviewed and refined with the adoption of a revised Risk Management Strategy, taking account of good practice guidance and external reviews. In the reporting period, the Trust has:

a) refined the format of its Board Assurance Framework which is reviewed and approved every two months by the Board of Directors taking account of the views of the Executive Team, the People Committee, the Quality Committee and the Resources Committee;

b) further embedded a single Trust-wide Risk Register and reporting system;

c) supporting the Board Committees in overseeing and considering different categories of risk, so they may make recommendations to the Board of Directors as to whether strategically significant risks should be added, revised or removed. All strategically significant risks are categorised as shown below, with particular Board Committee's taking the lead in reviewing these risks:
- financial risks (Resource Committee),
- innovation / quality / outcomes risks (Quality Committee),

- education / staffing risks (People Committee),

with all Board Committees also considering compliance, performance, regulatory and reputation risks (as appropriate to their terms of reference);

d) clarified the escalation process for risks from wards / teams to the Board, including via the Trust's Safety Framework;

e) embedded the arrangements for the Risk Management Group, chaired by the Trust's Risk Manager, with senior representatives from every division whose role is to:
   i) oversee the Trust's Risk Register (advising on the completeness and standardisation of risks, their controls, mitigation, action plans and assurance through the Trust's governance systems) and ensures the risks recorded take account of the Risk Appetite,
   ii) take account of the Risk Register, to advise the Board of Directors (via the Board Committees) on the strategically significant risks for inclusion, update or removal on the Trust's Board Assurance Framework (taking account of the Risk Appetite),
   iii) liaise with the Operational Management Groups on the standardisation of risk descriptions and risk scores an the robustness of the controls to mitigate those risks included in the Trust's Risk Register (and Board Assurance Framework),
   iv) assist the Executive Medical Director in providing assurance to Audit Committee on the robustness of the Trust's risk management processes;

f) ensuring that all risks include:
   v) an initial, current and target risk rating score
   vi) the date the risk was added and a date when it will be reviewed
   vii) an Action Lead, Accountable Manager and Executive Owner so as to ensure clear ownership;

334. The on-going enhancement to the Trust's risk management processes means that the Trust now has a more dynamic approach to risk management, which is reflected in the risks escalated to the Board of Directors and Board Committees to be considered as strategically significant risks by the Risk Management Group.

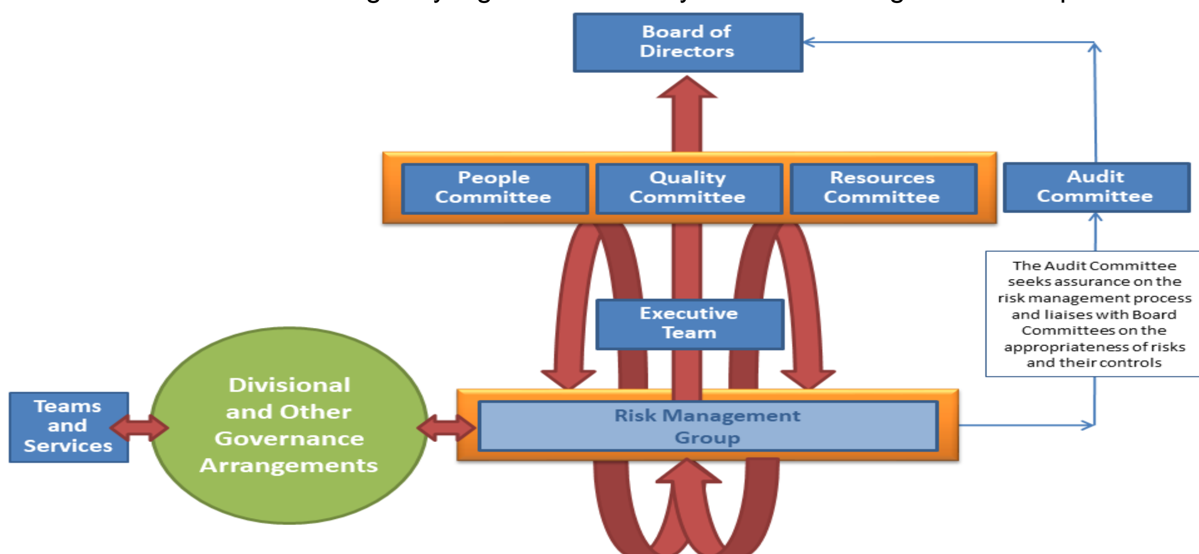

Figure 5: Risk Escalation Process

Strategically Significant Risks in 2020/21

335. On an annual basis, as part of the Trust's risk management process, the strategically significant risks facing the Trust are comprehensively reviewed, also taking into account the Trust's risk appetite statement. A revised and updated Board Assurance Framework was approved by the Board of Directors in May 2020, taking account of the priorities identified in the 2020/21 Operational Plan. The Board Assurance Framework was reviewed at every Board of Directors meeting.

336. As the approach to risk management is dynamic, it is not uncommon for risks to be regarded as strategically significant for a short time, which means that strategically significant risks may be included in the Board Assurance Framework at the request of an Executive Director outside of the normal Board / Board Committee reporting cycles.

337. **Table 16** below highlights the 32 strategically significant risks the Board considered at its meeting in March 2021, against the Trust's four main strategic objectives and listed by those risks identified:

a) by the Board (14 risks);

b) by the divisions (18 risks).

Table 16: Strategically Significant Risks on the Board Assurance Framework (March 2021)

Risk Description	Score	Exec. Lead
Strategically Significant Risks Identified by the Board of Directors		
Failure to make quality care more consistent will result in quality issues for the people we serve and sustainability issues for the organisation (Strategy Objective – Our Services)	12	Nursing & Operations Director
Failure to implement more preventative and integrated models of care means that we are unable to manage rising levels of demand, workforce and financial pressures.(Strategy Objective – Our Service)	12	Nursing & Operations Director
Failure to understand the needs in our population means that we are unable to design services to effectively meet those needs. (Strategy Objective – Our Services)	15	Strategy Director
Failure to deliver transformational change in our community services results in less efficient and effective out of hospital care. (Strategy Objective – Our Service)	12	Nursing & Operations Director
Failure to implement our People Plan and create a compelling place to work results in continued staffing pressures and impact of quality of services. (Strategy Objective – Our People)	12	Workforce Director
Failure to adopt new roles and ways of working leads to a widening gap between the needs of the population and our model of care. (Strategy Objective – Our People)	12	Workforce Director
Continued overspend in our medical staffing costs limits our ability to make more effective use of our resources. (Strategy Objective – Our People)	15	Medical Director
Failure to implement our digital strategy will affect our ability to meet future demand, workforce and financial challenges. (Strategy Objective – Our Resources)	8	Finance Director
Failure to ensure that corporate services effectively support the needs of the clinical divisions limits our effectiveness (Strategy Objective – Our Resources)	6	All
Failure to achieve the cost savings required in corporate services leads to financial pressures which limit our ability to make good use of our resources. (Strategy Objective – Our Resources)	15	Finance Director

Risk Description	Score	Exec. Lead
Lack of high quality reliable data limits our ability to take intelligence-led decisions. (Strategy Objective – Our Resources)	6	Finance Director
Failure to ensure we have 'buildings that work for us' limits our ability to deliver our new models of care. (Strategy Objective – Our Resources)	8	Comms & Corp. Gov. Director
Ineffective working with partner organisations results in failure to improve outcomes and reduce inequalities for the people we serve. (Strategy Objective – Our Future)	12	Strategy Director
Not being a good partner in integrated care systems limits our ability to make sure our service users and our communities needs are addressed. (Strategy Objective – Our Future)	9	Strategy Director
Strategically Significant Risks Identified by a Division and Considered by the Board		
There is a risk that patients will not receive the appropriate CHC funding due to a delay in CHC assessments and reviews, resulting in patients not receiving the most appropriate care in the most appropriate setting and potentially being admitted to hospital.	16	Nursing & Operations Director
If Aspergers Services are not appropriately funded then service users' clinical and social needs may not be met due to insufficient resources and delays in assessment	16	Nursing & Operations Director
If a solution to the bedroom windows at Clock View is not considered after an options appraisal then there is a risk of further absconsions of patients from the bedroom	20	Nursing & Operations Director
If there is an inability to recruit to vacancies in the 24/7 services then the current / increasing demand may result in lack of clinical capacity and skills to adequately manage the 24/7 Crisis Line and related activity which may result in abandoned calls	16	Nursing & Operations Director
If increased demand in inpatient treatment outstrips capacity and flow then this may lead to delays in treatment, pressures on community and acute services and a risk to patient safety.	16	Nursing & Operations Director
If service users gain access to an ignition source then there is an increased risk of arson incident, accidental fire occurring, damage to property and disruption to services	16	Nursing & Operations Director
If there are unfilled Consultant Psychiatrist vacancies within the Local Division then there is a risk that the quality and safety of care is being compromised.	16	Medical Director
If the ADHD Service is not appropriately funded then service users' clinical needs may not be met due to insufficient resources and delays in assessment	16	Nursing & Operations Director
If A1 keys on wards continue to break at the current rate then it could compromise the Division's ability to respond to key breakages and prevent security breaches	20	Medical Director
If the number of patients in Long Term segregation continues at current level or increases, then it will adversely impact on patients physical and psychological wellbeing and the service's ability to terminate segregation	16	Nursing & Operations Director
If the Division's nursing staff levels is insufficient, then there will be insufficient staff to meet clinical need, and maintain quality of care, safety and security requirements, and financial and management pressures arising	15	Nursing & Operations Director
If the Division's sickness absence is not controlled, then it could impact on staffing levels and competence at ward level; staff in work's health & wellbeing, the Division's financial position and consume management time.	15	Nursing & Operations Director
If during the COVID-19 outbreak, clinical staffing reduces and sickness absence increases, then there will be insufficient staff to meet clinical need, and maintain safety and security requirements, and financial and management pressures arising	15	Nursing & Operations Director
If the Division's qualified nurse vacancies continue to exceed Trust target, it could impact on staffing levels and competence at ward level	16	Nursing & Operations Director

Risk Description	Score	Exec. Lead
If long term absence, COVID-19 related sickness, isolation and shielding creates a high level of lost capacity in the Trust, leading to a reduction in operational effectiveness, quality of service and ultimately patient care.	16	Nursing & Operations Director
If the correct and timely level of care and support for a patient during a transition phase is not clearly identified, then the patient's mental health could deteriorate, leading to an increased risk of self harm and suicide.	15	Medical Director
If COVID-19, staff resourcing and increasing demands on the Occupational Health team cause an inability to maintain effective service delivery resulting in increased length of staff sickness, absenteeism and increasing staffing pressure on services.	16	Workforce Director
If a lack of training and standardisation means that clinical staff do not have sufficient competency to carry out a risk assessment this could lead to serious incidents that result in harm to patients including service users taking their own lives.	15	Medical Director

338. All risks are monitored and managed throughout the year through a series of well-embedded arrangements including:

a) monthly scrutiny of risks through the Risk Management Group, which provides reports to the People, Quality and Resource Committees and the Board of Directors;

b) regular scrutiny and challenge of relevant risks by the appropriate Board Committee;

c) receipt of changes to risk review dates and target scores by the Audit Committee on a regular basis;

d) Board of Directors' scrutiny, on a bi-monthly basis, of the Board Assurance Framework;

e) regular review of each risk by the appropriate Risk Lead to ensure appropriateness of scoring, robustness of controls and mitigations and addressing of actions and gaps in assurance identified;

f) full reviews of all strategic risks by the Board of Directors following approval of the Annual Operational Plan;

g) testing of risk controls via the Trust's Internal Auditors.

Public Stakeholders Involvement in Managing Risks

339. The Trust continually seeks to improve its risk management arrangements and Board Assurance Framework and further develop mitigations in order to assess the potential risks that threaten the achievement of the Trust's strategic objectives.

340. Mersey Care works with a multitude of partners including NHS England, Clinical Commissioning Groups, local Councils (including social care and education), Police, Prisons and the voluntary sector, together with the Trust's regulators. The Executive Team and senior managers work closely with the above partners, to provide a local integrated service to our public and stakeholders.

341. In 2020/21 the Trust continues to participate in the Cheshire and Merseyside Health and Care Partnership (the new name for the Sustainability and Transformation

Partnership), including work the Trust is doing with other mental health providers across Cheshire and Merseyside (i.e., Cheshire & Wirral Partnership NHS Foundation Trust and North West Boroughs Healthcare NHS Foundation Trust).

342. The key ways in which public stakeholders are involved in managing risks which impact on them include:

a) the Council of Governors at quarterly meetings take the opportunity to hold the Board of Directors to account on its performance, including quality and risk;

b) the Trust's commitment to the commissioners, Chief Officer and Chief Executive meetings and consultation as required with the Overview and Scrutiny Committees and Healthwatch;

c) consultation for the Quality Report involves key stakeholders, and this is evidenced in our inclusion of their feedback

d) consultation with key stakeholders regarding key change programmes, service development and capital schemes

e) Executive Team, senior management and clinician involvement in the Sustainability and Transformation Plan and associated meetings.

343. The Trust recognises that risk management is a two way process between healthcare providers across the health economy. Issues raised through the Trust's risk management processes that impact on partner organisations would be discussed in the appropriate forum, so that action can be agreed.

344. There is service user and carer representation on a wide range of key committees in the Trust, including representation on the Quality Assurance Committee, Performance, Investment and Finance Committee, Audit Committee, Operational Management Group in addition to representation in Quality Review Visits and Patient Environment Action Team (PEAT) visits.

345. In addition the Trust is involved in a range of multi-agency arrangements which assist with the management of risks across wider health and social care systems, including:

a) the Chief Executive chairing the Liverpool Provider Alliance, a meeting that brings together representatives from NHS providers in Liverpool together with local GPs, social care colleagues from Liverpool City Council and representatives of the voluntary sector to deliver the One Liverpool Strategy for the integration of health and social care across Liverpool;

b) membership of the Sefton Provider Alliance a meeting that brings together representatives from NHS providers in Sefton together with local GPs, Sefton Council, Clinical Commissioning Groups and representatives of the voluntary sector to address the integration of health and social care across Sefton;

c) membership of the Liverpool Integrated Care Partnership, reporting into the Liverpool Health and Wellbeing Board, providing leadership to drive forward implementation of the strategic vision for integrated care and addressing system challenges;

d) membership of the Transformation Strategic Partnership Board, chaired by NHS England and with representatives from Clinical Commissioning Groups across Lancashire, Cheshire & Mersey and Greater Manchester, which is looking at the future of Learning Disability Services across the north west of England;

e) the Chief Executive chairing the Cheshire and Merseyside Our of Hospital Cell in support of the COVID-19 pandemic incident response.

346. The Trust is subject to quarterly Quality Review Visits with NHS Improvement throughout the year, the process includes a formal letter outlining the conclusion and required actions from NHS Improvement in respect of the issues raised at these meetings.

347. Although the Trust hosts Informatics Merseyside (which provides IT services to a range of local NHS organizations), the Trust holds regular contract performance meeting in respect of the services Informatics Merseyside provides to the Trust.

348. In addition, the Trust has a Major Incident Plan in place which ensures involvement in system-wide emergency planning and business continuity arrangements, including the Local Resilience Forum and the Local Health Resilience Partnership.

Provider License

349. This Annual Governance Statement provides an outline of the various structures and mechanisms that the Trust has in place to maintain a sound system of governance and internal control, amongst other things, to meet the requirement of the Foundation Trust License Condition 4 (FT Governance). The Trust monitors compliance with the Provider License through a range of mechanisms, including the Executive Performance Report, the Safety Report and a range of reports to various parts of the Trust's governance mechanisms.

Corporate Governance Statement

350. The Board of Directors, as required under NHS Foundation Trust Condition 4(8)(b), assures itself of the validity of its Corporate Governance Statement. The Board considered and approved its Corporate Governance Statement for 2020/21 in April 2021. In the course of approving the Corporate Governance Statement, the Board has had regard to supporting evidence, in addition to details of the risks and mitigations the statement made.

Quality Governance

351. Over the last four years the Trust has developed a framework to oversee the quality, safety and clinical governance of the services it provides, so as to ensure:

a) standards are clearly articulated;

b) accountability for the delivery of those standards is clear;

c) structures, processes and measures are in place that ensure quality concerns can be identified and addressed promptly, including the escalation of matters from wards / teams to the Board and from the Board to wards / teams.

352. The *Safety Framework* was approved by the then Quality Assurance Committee in November 2018. It builds on the lessons the Trust has learnt from implementing these frameworks both to its original core services and the services it has acquired, as well as being updated to take account of the Trust's changing strategic direction, most notably the development of a just and learning culture approach and bring together patient safety and the improvement agenda. The *Safety Framework* is outlined in **Figure 6** below.

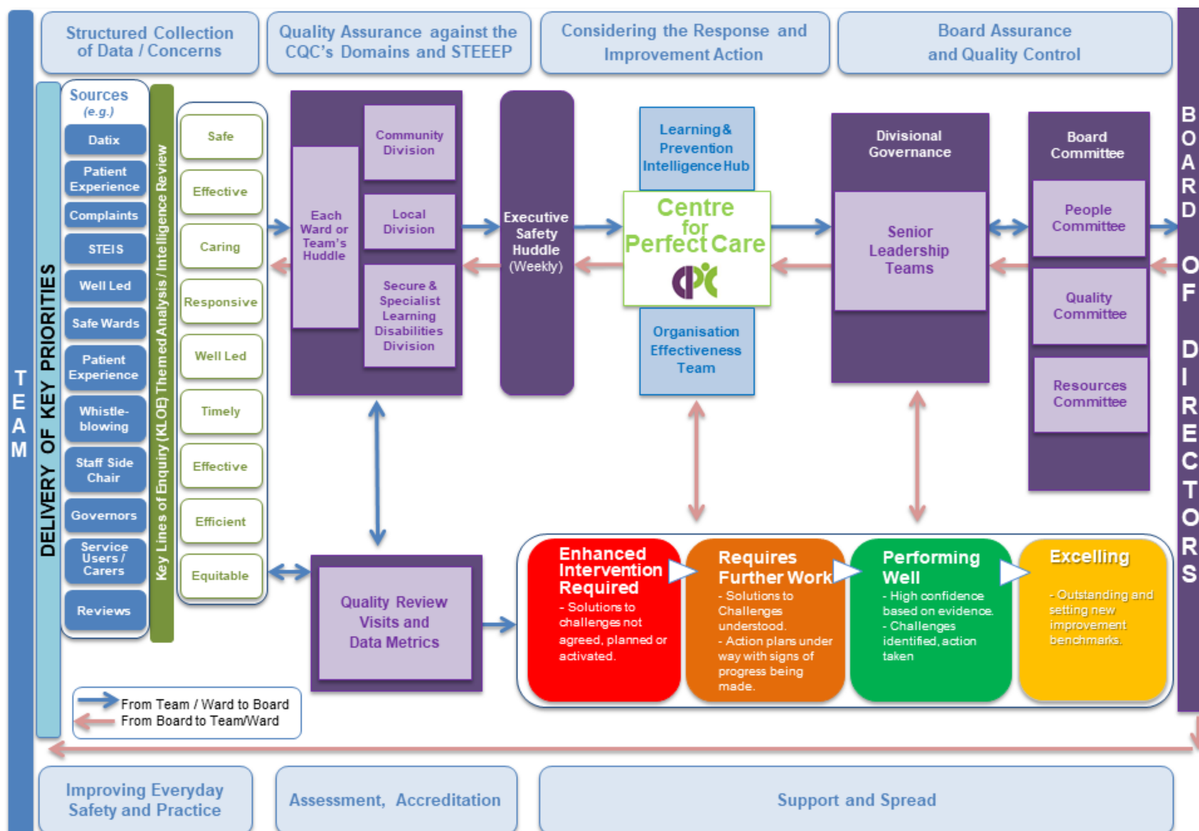

Figure 6: Safety Framework Process

CARE QUALITY COMMISSION (CQC) REGISTRATION REQUIREMENTS

Registration and CQC Ratings

353. The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC). The *Safety Framework* provides mechanism to regularly and routinely monitor compliance with CQC requirements.

354. The CQC last inspected the Trust between October and December 2018, and the report following this inspection visit was published on 5 April 2019. The current CQC rating is ***GOOD*** following that process of inspection, and the position has strengthened, with the Trust attaining the following ratings for each of the domains:

Overall rating for this trust	Good
Are services safe?	Good
Are services effective?	Good
Are services caring?	Good
Are services responsive?	Good
Are services well-led?	Outstanding

355. The CQC has not taken enforcement action against the Trust during 2019/20 and the Trust has not been subject to any in-depth enquiries or investigations by the CQC during the reporting period.

356. The CQC planned to undertake an announced well-led inspection of the Trust during April 2020 and, in preparation for this, the Trust completed and returned a comprehensive Provider Information Response. However following the COVID-19 outbreak the CQC has placed this inspection on hold and the ratings of the specific services that were published following inspection in December 2018 remain in place until any revised inspections of core services or the above ell-led inspection takes place.

357. During 2020/21 the following additions were made to the Trust's CQC registration:

a) Rowan View, the new medium secure hospital, registration was confirmed on 19 October 2020;

b) the services previously provided at Reed Lodge were relocated on 17 November 2020 and registered at the Auden Unit at Hollins Park near Warrington; and

c) the following services were moved and registered with the CQC on 21 December 2020 at:
- the Thomas Leigh unit in Liverpool (older peoples services),
- the Byron Unit at Hollins Park near Warrington (learning disabilities services.

358. The Trust has been liaising with the CQC in respect changes to registration expected in 2021/22 as a result of:

a) the transfer of community physical health services for Southport and Formby from Lancashire and South Cumbria NHS Foundation Trust on 1 May 2021,

b) the development of Seacole beds to be opened by Mersey Care at Stoddart House on the Aintree Hospitals site;

c) the proposed acquisition of North West Boroughs Healthcare NHS Foundation Trust by Mersey Care, which is expected to be approved from 1 June 2021.

Requirement Notices

359. There have been no requirement notices issued by the CQC during 2020/21

Other CQC Activity

360. Formal engagement meetings were put on hold at the start of the COVID-19 outbreak and were replaced with a weekly meeting with the Lead Inspector and nominated individual. During the weekly meeting a verbal update was provided on the Trust position which include the management of the pandemic, complaints, safeguarding, infection control, concerns and a fast response was required on all these areas. This process worked well and has offered a good level of assurance to CQC.

361. The purpose of the formal engagement meetings is to enable CQC to monitor provider performance and actions to support trusts in their quality improvement efforts. This allows CQC to discharge its formal regulatory duty through informed discussion with providers and the Trust also has the opportunity to respond formally to concerns at the earliest opportunity and submit evidence of action taken to provide formal assurance.

362. Mental Health Act visits are currently being carried out remotely. Across Mersey Care inpatient services that are registered to provide care to patients under the Mental Health Act (1983), the Trust was subject to 14 unannounced CQC / Mental Health Act remote inspections in 2020/21 of wards within local, secure and specialist learning disability services as part of their programme of inspections. These services visited were:

- Acorn Ward (16 March 2020)
- Albert Ward (5 May 2020)
- Carlyle Ward (12 May 2020)
- Woodview 3 (12 May 2020)
- Blake Ward (4 June 2020)
- West Drive Enhanced Support Services (15 July 2020)
- Heys Court (22 July 2020)
- Hawthorn Ward (27 October 2020)
- Poplar Ward (29 October 2020)
- Allerton Ward 1 (9 November 2020)
- Harrington Ward (17 November 2020)
- Childwall Ward (19 November 2020)
- Pine Ward (30 November 2020)
- Dunes Ward (8 March 2021)

363. These inspections consider the domains:

a) purpose, respect, participation and least restriction;

b) admission to the ward;

c) tribunals and hearings;

d) leave of absence;

e) general healthcare;

f) other areas such as COVID-19 response, environment, standard of food etc.

364. The CQC's Mental Health Act reports have all been responded to within agreed timescales and have shown in the vast majority of cases that previous issues raised have been acted upon appropriately. In five areas, there were no actions identified as provider requirements by CQC – this is significant, given the wide remit of these visits and due to the ongoing pressures that COVID-19 has put on services.

365. However, the inspections have highlighted the following themes:

a) access to advocacy;

b) visiting patients in the hospital;

c) safe and therapeutic responses to behavioural disturbance;

d) leave of absence;

e) care plans.

366. Completed provider action response plans have been sent to CQC for all ward areas describing the actions to be taken to address these shortfalls in practice. There were a lot of positive themes throughout the reports including how carers and patients spoke highly of staff.

SERIOUS INCIDENTS

367. The Board of Directors receives information pertaining to all serious incidents through the Safety Report, with more detailed scrutiny undertaken by the Quality Committee on behalf of the Board of Directors. In addition the Board receives, in full, all internal and external independent investigations reports into serious incidents, together with actions plans which outline how lessons are learnt and appropriate controls are either refreshed or put in place to prevent / reduce the possibility of reoccurrence. Assurance on the delivery of these action plans is overseen by the Quality Committee on behalf of the Board of Directors.

LEARNING FROM DEATHS

368. In light of the National Guidance on Learning from Deaths (published by the National Quality Board in March 2017) a Mortality Review Team was established in the early part of 2017/18 and a Mortality Review Panel meets on a weekly basis. In August 2018 the Trust updated its Learning from Deaths Policy (SA45) and has a Non-Executive Director lead for Learning from Deaths (Dr Murray Freeman). Mortality data is provided to the Quality Committee and Board of Directors every six months.

DATA QUALITY AND GOVERNANCE

Governance and Leadership

369. It is recognised that good quality information is vital to enable individual staff and the organisation to evidence they are delivering high quality / perfect care that supports people on their recovery journey, and to reach their goals and aspirations whilst keeping themselves and others safe. It also enables the efficient management of services, service planning, performance management, business planning, commissioning and partnership working.

370. The Executive Director of Finance is the Executive lead for the Trust's IT and associated information and clinical systems from which data on the Trust's activities are drawn. He is supported in this role by a Chief Information Officer, which is a joint post between the Trust and North West Boroughs Healthcare NHS Foundation Trust. The Trust also has a Clinical Chief Information Officer. Activities in respect of the Trust's information and data system, including innovations, are coordinated through the Digital Board, which reports to the Board of Directors via the Resources Committee. The Trust also has a Digital Strategy in support of its overall Strategy and Operational Plan

Policies and plans

371. The Trust had put controls in place to ensure the quality of care provided and accuracy of data used by the Trust. Key policies include, but are not limited to:

a)	SA02	Risk Management Strategy
b)	SA02a	Risk Management Policy
c)	SA03	Reporting, Management and Review of Incidents
d)	SA06	Management of Complaints / Concerns
e)	SA41	Performance Indicator Kite-Marking
f)	IT04	Policy for Records Management
g)	IT10	Confidentiality & Information Sharing
h)	IT11	Data Quality

372. All data owners and staff have access to all Trust-wide policies, procedures and guidance documents.

Systems and processes

373. Data is processed by the Business Intelligence Team, which again is a joint team with North West Boroughs Healthcare. Data is reviewed prior to inclusion in reports via the Trust's governance framework to both the Board of Directors, Council of Governors. The main report highlighting delivery of services is the Executive Performance Report which is considered by the People Committee, the Quality Committee, the Resources Committee and the Board of Directors at each of their meeting. A version of the report is also taken to the Council of Governors.

374. As part of this process the Executive Director of Finance and Chief Information Officer hold quarterly meetings which the senior leadership teams of each of the clinical divisions, together with relevant representatives from the Corporate Division, to review delivery of services against the key performance metrics / indicators identified by the Board of Directors, our commissioners (e.g., clinical commissioning groups, local authorities and NHS England) and our regulators. Commentary and recovery plans (where necessary) are then referenced in the Executive Performance Report

375. The Trust agrees a Data Quality Improvement Plan with commissioners on an annual basis, implementation of which is monitored via contract management arrangements. This will include arrangements for agreeing amendments to contract key performance indicator methodology in year (if required). Ad-hoc audits / analysis are carried out to provide assurance of good data quality and / or identify opportunities for improvement. The findings of such audits are also shared with the Audit Committee as required. Internal and external audit are commissioned to undertake audits that assess the quality of data used for internal and external performance reporting e.g. kite-mark indicator testing by Mersey Internal Audit Agency. The findings from internal and external audit are received by the Audit Committee along with any actions agreed.

Data use and reporting

376. The Trust has implemented a performance indicator kite-mark to provide visual assurance of the quality of the data reported for the performance indicators included in performance reports to the Board of Directors, its Committees and the clinical divisions. A prioritisation process and schedule for internal audit has been agreed for completion of indicator testing. Delivery of the schedule for internal audit testing of indicators and the outcomes of this are monitored through the Audit Committee on a biannual basis.

377. Mersey Care is subject to monitoring against waiting time and other access targets. These relate to Referral to Treatment (RTT) indicators in relation to its Improving Access to Psychological Therapies (IAPT) service (known locally as Talk Liverpool) Allied Health Professional service and the Early Intervention in Psychosis indicators.

People and skills

378. Through these systems, reports and policies senior leadership teams are able to highlight areas for improvement to their staff to improve the services delivered; the data capture mechanisms and the data processing tools used by the trust. Where necessary additional advice and training can be provided to staff or new investment prioritised to improve data quality, which in turn can improve services and productivity.

EMBEDDING RISK MANAGEMENT

379. Risk management is embedded within the organisation as is reflected in evidence of appropriate escalation of risk at all levels.

Just Culture

380. In December 2016 the Trust launched the development of a Just and Learning Culture in response to feedback received by staff members which aims to aid the confident use of the incident reporting and courage both accountability and learning. Learning and Just Culture Ambassadors have been identified across the organisation and meet regularly to oversee this initiative.

381. Every day in the NHS we expect our staff to deliver high quality, effective care within challenging conditions. The Trust's operating context is complex and has been even more so throughout 2020/21 as a result of the COVID-19 outbreak. It is acknowledged that staff should expect a compassionate response when things do not go as expected. The likelihood of this being the case is intrinsically linked to levels of psychological safety in the team and service. The continued embedding of the Trust's Just and Learning Culture and the development of psychological safety via the role out of the Trust's *Team Canvas* model, remains a priority for the Trust for 2021/22 and therefore will also be reflected in the Trust's annual Quality Account.

Resilience and Wellbeing

382. The impact of the COVID-19 outbreak on the Trust's staff cannot be underestimated as teams have worked tirelessly to maintain quality services whilst managing a reduced workforce, the pressures of business continuity planning and the personal strain that every one has had to navigate. The Trust has supported leaders with a dedicated series of *Leading in a Crisis* bite-sized workshops focused on resilience and wellbeing. Joined up work with health & wellbeing services, this also saw one to one coaching (*Listening Ear*) and specialist *Team Time* group sessions taking place to support individuals and teams. The quarterly Culture of Care Barometer is used to measure the impact of the above interventions and the well- being of the workforce.

Performance and Quality Risks

383. The Trust has a performance management system that measures performance monthly against the Trust's key strategic objectives, which ensures that the risk management processes are embedded. Alongside these reports and the regular quality reports, the Trust also produces regular comprehensive risk reports.

EQUALITY AND INCLUSION

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

385. Equality Impact Assessments are integrated into core business. All Trust-wide policies and procedures must be subject to the equality analysis prior to approval, publication and implementation and for any service implementation and re-design. In

addition, where available, quality data is reported by protected characteristic to allow identification and scrutiny of any equality issues.

DEVELOPING WORKFORCE SAFEGUARDS (SAFE STAFFING)

386. The Trust continues to follow the National Quality Board (NQB) requirements, endorsed by the Care Quality Commission, and is committed to review in practice against the published guidance for Safe, Sustainable and Productive Staffing.

387. Since 2018/19 the Trust has aligned its safe staffing review process against NHS Improvement *Developing Workforce Safeguarding. Supporting providers to deliver high quality care through safe and effective staffing* (October 2018) which articulates for all Trust Board's accountability in respect of Safe Sustainable and Productive Staffing and recommends that the Board should have processes in train to provide assurance that the right staff with the right skills are in the right place at the right time. **Figure 7** below refers:

Safe, Effective, Caring, Responsive and Well- Led Care		
Measure and Improve -patient outcomes, people productivity and financial sustainability- -report investigate and act on incidents (including red flags) - -patient, carer and staff feedback-		
-implement Care Hours per Patient Day (CHPPD) - develop local quality dashboard for safe sustainable staffing		
Expectation 1	**Expectation 2**	**Expectation 3**
Right Staff 1.1 evidence based workforce planning 1.2 professional judgement 1.3 compare staffing with peers	**Right Skills** 2.1 mandatory training, development and education 2.2 working as a multi-professional team 2.3 recruitment and retention	**Right Place and Time** 3.1 productive working and eliminating waste 3.2 efficient deployment and flexibility 3.3 efficient employment and minimising agency

Figure 7: Safe Staffing Overview

388. The Trust complies with recommended guidance by presenting two papers a year to the Board of Directors:

    a) the Annual Strategic Staffing Review determines the required establishment, demonstrated by a systematic approach to determining the number of staff and range of skills required to meet the needs of people using the service and keep them safe at all times; and

    b) a Comprehensive Staffing Report after six months, to confirm that the workforce plans are still appropriate for the skill mix required.

389. The annual safe staffing paper was delayed due to the COVD-19 outbreak, but was considered by the Board of Directors in January 2021.

390. All service change / role change have a Quality Impact Assessment completed and signed off from the Executive Medical Director and the Executive Director of Nursing and Operations.

391. In line with national guidance the Trust also reports via UNIFY (a reporting system to NHS England) each month the Care Hours per Patient Day (CHPPD) data.

REGISTER OF INTERESTS

392. As an employer Mersey Care requires all staff – in line with the Trust's *Standards of Business Conduct* (policy F04) - to disclose relevant interests, especially if they are involved in decision-making (i.e., normally the Board of Directors, staff in posts above Agenda for Change Band 8A and those staff working in the procurement team[7]). This policy takes account of the *Managing Conflicts of Interests in the NHS* guidance published by NHS England.

393. The Trust maintains a live Register of Interests using an online website that all members of the Board of Directors and employees are required to use and make declarations. Members of the Board and employees are regularly reminded of the need to maintain their own information on this register. Known at the *Staff Declarations Website*, this online Register of Interests is accessible to the public and staff at https://merseycare.mydeclarations.co.uk/home. If you have any problems accessing this Register of Interests please do not hesitate to contact the Corporate Governance Team at the Trust's Headquarters.

NHS PENSION SCHEME

394. 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.

CLIMATE CHANGE

395. The Trust has undertaken risk assessments and has a Sustainable Development Management Plan in place which takes account of the UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaption Reporting requirements are complied with.

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[7] A definition of decision-making staff is included in chapter 7 of the Trust's Standards of Business Conduct policy.

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

396. The COVID-19 outbreak has resulted in unprecedented financial arrangements for 2020/21.

397. To enable maximum effort and support to be given to the COVID-19 outbreak, NHS England and Improvement provided guidance to all NHS bodies to remove the 'routine burdens' of the financial regime.

398. Specific guidance on how to estimate, report against, and be reimbursed for COVID-19 costs was issued and block contract payments 'on account' were introduced. The requirement to identify and delivery a Cost Improvement Programme in 2020/21 was suspended.

399. The Trust has robust arrangements in place for setting financial objectives and targets over the short, medium and long term. These arrangements include:

    a) compliance with the terms of authorisation;

    b) co-ordination of financial objectives with corporate objectives as approved by the Board of Directors;

    c) regular reporting to the Board of Directors on the trust's financial position and its divisions, including in detail to the Resources Committee.

400. Annual budgets are approved by the Board of Directors following sign-off by delegated budget holders. There is comprehensive reporting (e.g., via the Executive Performance Report and the Safety Report) to every meeting of the Board of Directors on key performance indicators, covering quality and safety, finance, activity and human resources targets. In addition, the Executive Performance Report is scrutinised at every meeting of the People Committee, the Quality Committee and the Resources Committee. The Resources Committee also receive a regular detailed report on financial performance, which allows detailed scrutiny of financial information at a divisional level as well as delivery of the Trust's statutory financial duties, and the Quality Committee undertake detailed scrutiny of the Safety Report.

401. Cost pressures are reviewed prior to the commencement of each financial year and a prioritisation process applied to determine which pressures can be funded. In addition, details of the mitigation plans in place for those pressures which cannot be funded are reported to the Resources Committee. In year cost pressures are rigorously reviewed and challenged, and alternatives for avoiding cost pressures are always considered.

402. Value for money is an important component of the internal and external audit plans that provides assurance to the Trust regarding processes that are in place to ensure effective use of resources.

INFORMATION GOVERNANCE AND DATA SECURITY

Information Governance

403. The Trust utilises the Data Security & Protection Toolkit to identify and manage information risks and reports incidents regularly to the Board of Directors and its Committees. Data Security risks are managed through the risk register as part of a comprehensive framework of risk management concerning IM&T and Information Governance within the Trust. For its 2020/21 publication of the Toolkit, the Trust achieved ***"Standards Met"***.

404. The Executive Director of Finance is the Senior Information Risk Officer (SIRO) and the Executive Medical Director is the Caldicott Guardian. They are supported in this role by the Chief Information Officer, Chief Clinical Information Officer and teams.

405. Specific issues and risks are also raised through the Joint SIRO and Information Governance Group, which reports to Board of Directors via the Resources Committee (specifically via the Digital Board). Assurance is also provided through a comprehensive programme of internal and external audit which provides assurance on the effectiveness of security controls. Data security risks are further managed through close working with the Informatics Merseyside, hosted by Mersey Care NHS Foundation Trust, and through regular Information Security reviews.

406. The Trust had three information governance incidents occur in 2020/21 that met the Information Commissioner's Office (ICO) reporting criteria:

    a) two of the incidents related to confidential reports being sent to an incorrect recipient; and

    b) one incident related to personal information being incorrectly (and accidentally) posted onto the Trust's website.

407. In respect of these incidents, the Trust undertook appropriate internal investigations, including root cause analysis, for each of these incidents. All data loss / data breach incidents were reviewed at meetings of the Joint SIRO and Information Governance Group, with further reviews undertaken by the relevant service to provide a full report back to the Senior Information Risk Owner. The ICO was satisfied by the action taken by the Trust for each of those incidents.

Data Security

408. The Trust has completed Phase One of the Data Security and Protection Toolkit audit by Mersey Internal Audit Agency (MIAA). Phase Two of the audit will be scheduled for April / May 2021.

409. During 2020/21, the COVID-19 outbreak meant a significant change in working practices for many staff, which involved changes to Information Governance and Security practices. This involved interpreting rapidly changing national guidance and ensuring staff knew the best and safest ways of work in a timely manner. MIAA produced a Data Protection Assurance Checklist, which was completed and

presented to the Joint SIRO and Information Governance Group and the Audit Committee.

410. In May 2017 the NHS was subject to a widespread cyber attack (ransomware). Mersey Care itself was affected by this attack but the Trust also played a key role as the host organisation for Informatics Merseyside. One of the consequences is that the Audit Committee is now in receipt of regular reports so as to provide assurance to the Board of Directors on the adequacy of arrangements in place to protect the Trust's information systems. These reports are shared with the Board of Directors. This is especially important as the Trust hosts Informatics Merseyside which provides IT services to many local NHS organisations and represents the Trust on the Cheshire & Merseyside Health and Social Care Partnership's cyber security work stream. In addition, the Informatics Merseyside annual audit plan is weighted heavily towards cyber security and the work completed since the attack has provided much better levels of assurance and mitigation for the trust. The trust has recently purchased the Cyber Artificial Intelligence product Darktrace. This product delivers next generation protection from cyber threats providing further assurance and protection to organisation after the increased cyber threat due to the COVID-19 outbreak.

ANNUAL QUALITY REPORT

411. 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. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Reporting Manual.

412. Although normally the annual Quality Report is published as part of the Trust's Annual Report, due to the COVID-19 outbreak we expect regulations to laid to defer submission of the Quality Account for 2020/21 until later in the year, possible December 2021. The Quality Account will continue to be developed in accordance with national guidance under the leadership of the Executive Director of Nursing and Operations.

REVIEW OF EFFECTIVENESS

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

Committee the Charitable Funds Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

414. The systems of internal control are overseen by the Board of Directors and therefore the Board utilises a number of systems to assure itself that the systems are working effectively. The formal structure of the Committees reporting through to the Board of Directors, are remitted to maintain effective systems and identify and, where appropriate, escalate all risks emerging from the business transacted.

415. The Board of Directors, supported by the Audit Committee, the People Committee, the Quality Committee, the Resources Committee the Charitable Funds Committee have routinely reviewed the Trust's system of internal control and governance framework. The People Committee and the Quality Committee have also regularly reviewed the Trust's approach to maintaining compliance with CQC fundamental standards. As part of its annual cycles of business the Audit Committee receives assurance on the delivery of the Trust's internal and external audit plans. As with all other Board Committees, it reviews its terms of reference annually and self-assesses its performance (a session that is facilitated by the Trust's internal auditors).

416. The Audit Committee plays a key role in receiving assurance on the Trust's systems of internal control. As at the end of March 2021 the Audit Committee has three Non-Executive Director members and receives assurance from officers of the trust, the Trust's internal auditors (Mersey Internal Audit Agency) and the Trust's external auditors appointed by the Council of Governors (Grant Thornton). The Audit Committee meets regularly with both the internal and external auditors without officers present.

417. The Assurance Framework provides the Board of Directors with evidence that the effectiveness of controls that manage the risks to delivery of the Trust's strategic objectives and key strategic priorities have been reviewed.

418. At the Audit Committee in May 2021, the Head of Internal Audit Opinion and Annual Report 2020/21 from Mersey Internal Audit Agency (the Trust's internal auditor) provided *"**substantial assurance**"* for the period 2020/21 "*that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently*". This Opinion, based upon the Assurance Framework, states that:

a) *"structure – the organisation's Assurance Framework is structured to meet the NHS requirements*

b) *engagement – the Assurance Framework is visibly used by the organisation*

c) *quality and alignment – the Assurance Framework clearly reflects the risks discussed by the Board*".

419. In respect of clinical audit an annual Quality Improvement and Audit Programme is agreed by the Quality Committee and reflects national and local audit priories. A quarterly review of progress against the Programme is reported to the Quality Committee and any significant issues that emerge are escalated to the Audit Committee.

420. Internal Audit has reviewed and reported upon control, governance and risk management processes, based on the Annual Audit Plan approved by the Audit Committee. The work included identifying and evaluating controls and testing their effectiveness, in accordance with NHS internal audit standards. Where score for improvement was found, recommendations were made and appropriate actions plans agreed for management.

421. The Head of Internal Audit Opinion is that *"**substantial assurance**, can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently*".

Board Committee Structure & Corporate Governance Arrangements

422. The governance framework of the organisation is designed to manage operational and strategic risk and minimise the risk of failure to deliver the Trust's strategic framework.

423. The Board of Directors is responsible for providing strategic leadership to the organisation and ensuring that the Trust exercises its functions effectively and efficiently. The Board of Directors monitors the arrangements that are in place to maintain the quality and safety of the Trust's services, including ensuring processes are in place for the management of risk.

424. The terms of reference for all Board Committees were reviewed, updated and then approved by the Board of Directors in May 2020, as part of the annual review of terms of reference.

425. Both the Board of Directors and its Board Committees have agreed annual cycles of business in place which outlined the area of business to be considered throughout the financial year.

426. The committee structure, to support achievement of the Trust's strategic objectives, is outlined in **Table 17** below. Any Board Committee can request that a risk be considered for inclusion on the Trust's risk register in line with the Trust's risk management and risk escalation arrangements set out in the Risk Management Strategy.

Table 17: NHS Foundation Trust Board of Directors' Committee Structure

Committee	Role
Audit Committee	• acts as the central means by which the Board of Directors is assured that effective internal control arrangements are in place as part of its annual cycle of business • provides a form of independent check upon the executive arm of the Board of Directors. • provides independent verification to the Board of Directors on internal financial controls based on reports from internal and external auditors • ensures effective organisational controls and risk management

Committee	Role

Charitable Funds Committee *(since December 2020)*	• on behalf of the Board of Directors (who are the corporate trustees of the Mersey Care NHSFT Charity)
	  • applies scrutiny and constructive challenge to the Charity's financial information and systems of control, including the annual accounts
	  • provides assurance to the Board of Directors that the administration of charitable funds is distinct from its exchequer funds and compliant with legislation and Charity objectives

People Committee	• scrutinises the delivery of the key performance, financial and outcome measures in the Trust's strategy and operational plans - where they relate to workforce, organisation development and equality and inclusion activities (including any supporting strategies and plans as appropriate) – and then provide assurance to the Board on their delivery • identifies and mitigates any risks associated with the Trust's workforce, organisational development and equality and inclusion plans or activities

Quality Committee	• provides assurance to the Board of Directors that the quality of service provision across the organisation is of the highest standard. In discharging its responsibilities, the Committee will assure itself of Trust wide approaches to:
	  • planning and driving continuous improvement
	  • identifying, sharing and ensuring delivery of best-practice
	  • ensuring that required standards and quality goals are achieved
	  • investigating and taking action on substandard performance
	  • identifying risks to quality of care

Resources Committee	• provides objective scrutiny of the key performance and outcome measures in delivering the Trust's strategy • scrutinise delivery of the Trust's strategy and associated (annual) operating plans • provide assurance to the Board of Directors on the systems and processes that the Trust has in place to monitor
Remuneration and Terms of Service Committee	• determines the policy on executive and very senior manager remuneration and contracts • ensures that appropriate performance management arrangements are in place for Executive Directors and work with the Chief Executive to relate performance judgements to pay • advises on the Trust's overarching reward and benefit strategy for all staff, the arrangements in the wider NHS and any relevant guidance from the Treasury and regulators

427. The chairs of the Board Committees routinely present written and verbal reports to the Board of Directors, to highlight any key issues, risks, concerns and decisions. Approved minutes of each Board Committee are also presented at public Board

meetings (with the exception of the Remuneration & Terms of Service Committee which instead provides a highlight report to the Board).

BOARD AND ORGANISATIONAL REVIEWS

428. The Trust's governance arrangements have been subject to a series of external reviews since 2015, the findings of which have been utilised to inform the ongoing development of the Trust's governance framework. Such reviews included:

a) assessment of the Trust's application for Foundation Trust status by regulators.

b) two independent reviews of Board Skills undertaken by External Auditors (both of which have been shared with the Council of Governors in order to inform Non-Executive Director appointments and re-appointments);

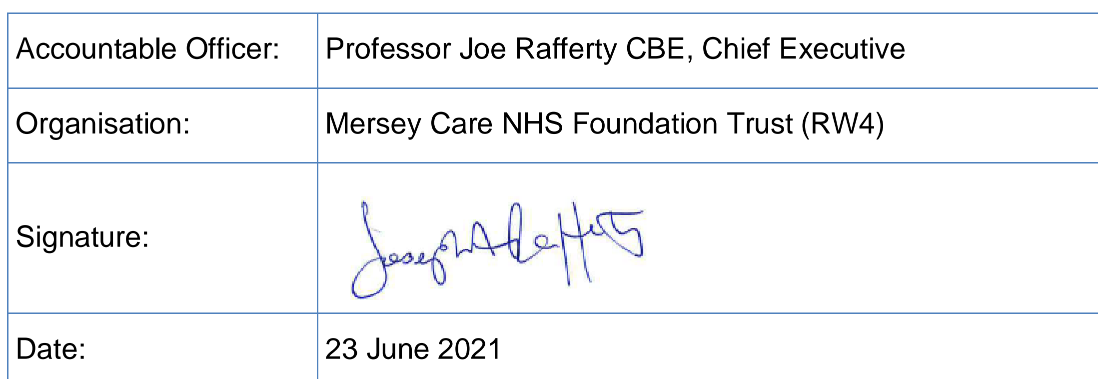
c) the Chief Inspector of Hospitals Inspections of the Mersey Care in June 2015, in March 2017 (report published in June 2017) and in November / December 2018 (report published in April 2019). The report of the 2018 inspection, which included a well-led inspection, were considered by the Board of Directors at its May 2019 meeting;

d) the NHS Improvement assessment of the Trust's proposal to acquire Calderstones Partnership NHS Foundation Trust (acquired 1 June 2016), the transfer of South Sefton community physical health services from Liverpool Community Health NHS Trust (from 1 June 2016); the acquisition of Liverpool Community Heath NHS Trust (from 1 April 2018) and the ongoing assessment of the proposed acquisition of North West Boroughs Healthcare NHS Foundation Trust (which it hoped is approved with effect from 1 June 2021);

e) independent well-led reviews undertaken by the Good Governance Institute in 2015 and the review completed in January 2020.

CONCLUSION

429. The overall opinion is that no significant internal control issues have been identified during the reporting period and therefore significant assurance can be given that there is generally a sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

Accountable Officer:	Professor Joe Rafferty CBE, Chief Executive
Organisation:	Mersey Care NHS Foundation Trust (RW4)
Signature:	
Date:	23 June 2021

APPENDICES

APPENDIX A – ATTENDANCE AT COUNCIL OF GOVERNORS MEETINGS

Governors

Governor Constituency	Notes	Name	23 Apr 2020	22 Jul 2020	11 Sep 2020	22 Oct 2020	25 Jan 2021
Staff, Medical	1	Sayed Ahmed	×	×	✓	End of Term 30 Sept-20	
Staff, Other Clinical and Clinical Support Staff	1	Paul Allen	✓	×	×	End of Term 30 Sept-20	
Public, Liverpool, Sefton and Knowsley	4	Helen Casstles	✓	×	×	✓	✓
Staff, Nursing	6	Mark Chandley					✓
Service User & Carer	4	Matthew Copple	✓	✓	✓	✓	✓
Staff, Nursing	1	Tracey Cummins	×	×	×	End of Term 30 Sept-20	
Service User & Carer	6	Marie Da Silva Bleasdale					✓
Staff, Nursing	5	Gillian Davies	×		✓	×	✓
Service User & Carer	4	Julie Dickinson	✓	✓	✓	✓	✓
Staff, Non Clinical	5	Karen Elliot	✓	✓	✓	✓	✓
Staff, Nursing	6	Nicola Gelling					✓
Staff, Other Clinical and Clinical Support Staff	6	Sam Gorst					×
Appointed, Unions and Other Staff Representative Bodies	7	Mandi Gregory	✓	✓	×	✓	
Staff, Other Clinical and Clinical Support Staff	5	Dean Hegarty		✓	×	✓	✓
Appointed, Voluntary Sector Organisations	7	Vicky Keeley	×		✓	×	×
Service User & Carer	6	Kari Kvamme					✓
Service User & Carer	5	Mark McCarthy	✓	✓	✓	✓	✓
Public, Liverpool, Sefton and Knowsley	4	Susan Martin		✓	×	✓	✓
Public Liverpool, Sefton and Knowsley	5	Jayne Moore	✓		✓	✓	✓
Governor Constituency	Notes	Name	23 Apr	22 Jul	11 Sep	22 Oct	25 Jan

			2020	2020	2020	2020	2021
Service User & Carer	3 / 5	Andrew Naylor	×	×	×	✓	Resigned 19 Jan-21
Appointed, Local Authority	7	David Peat	×	×	×	×	×
Staff, Other Clinical and Clinical Support Staff	4	Gie Peneche	✓	×	×	×	✓
Public, Rest of England and Wales	2	Garrick Prayogg	✓	×	✓	×	×
Staff, Medical	5	Natalie Rose					✓
Service User & Carer	3	Debbie Riozzie	×	×	Resigned 17 Aug-20		
Public, Liverpool, Sefton and Knowsley	4	Paul Smith	✓	✓	✓	✓	✓
Public, Liverpool, Sefton & Knowsley	4 / 8	Mary Sutton	✓	×	×	×	×
Service User & Carer	5	Hilary Tetlow	✓	✓	✓	✓	✓
Service User & Carer	5	Tashi Thornley		✓	×	✓	✓
Public, Rest of England	4	Alex Till	×	✓	✓	✓	✓
Appointed, Local Authority	7	Veronica Webster	✓	✓	✓	✓	✓
Appointed, University / Academic Partner	7	Julie Williams	✓	×	Resigned 18 Aug-20		

Notes Table shows Governors in post on 1 April 2020 and:

1 Elected Governors whose term of office ended on 30 September 2020 and either did not seek re-election or where not re-elected.
2 Elected Governors re-elected for a second term which commenced on 1 October 2020.
3 Elected Governors who stood down during 2020/21 before their term of office expired.
4 Elected Governors who took up post on 1 October 2018 and term ends 30 September 2021.
5 Elected Governors who took up post on 1 May 2019 and term ends 30 April 2022
6 Elected Governors who took up post on 1 October 2020. These Governors then undertook eligibility checks and induction and attended their first formal meeting in January 2021.
7 Appointed Governor.
8 Period of long term absence.

APPENDIX B – ATTENDANCE AT THE BOARD OF DIRECTORS AND BOARD COMMITTEE MEETINGS

Board of Directors

Constituency	Name	Apr 2020	May 2020	Jun 2020	Jul 2020	Sep 2020	Nov 2020	Jan 2021	10 Feb 2021	24 Feb 2021	Mar 2021
Chairman	Beatrice Fraenkel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Non Executive Director	Anya Ahmed					✓	✓	✓	×	✓	✓
Non Executive Director	Murray Freeman	✓	✓	✓	✓	✓	×	✓	✓	✓	✓
Non Executive Director	Gerry O'Keeffe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Non Executive Director	Gaynor Thomason	✓	✓	✓	✓	×	✓	✓	✓	✓	✓
Non Executive Director	Nick Williams	✓	✓	✓	✓	✓	✓	✓	×	✓	✓
Non Executive Director	Aislinn O'Dwyer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Non Executive Director	Pamela Williams	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chief Executive	Joe Rafferty CBE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Executive Director of Nursing & Operations	Trish Bennett	✓	✓	✓	×	✓	✓	✓	✓	✓	✓
Executive Director of Communications, Corporate Governance & Estates	Elaine Darbyshire	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Executive Medical Director	Noir Thomas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Executive Director of Workforce	Amanda Oates	✓	✓	✓	×	✓	✓	✓	✓	✓	✓
Executive Director of Finance / Deputy Chief Executive	Neil Smith	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director of Strategy and Planning	Louise Edwards	✓	✓	✓ ** became voting Board member*	✓	✓	✓	✓	✓	✓	✓

Audit Committee

Members	Apr 2020	May 2020	Jun 2020	Aug 2020	Oct 2020	Dec 2020	Feb 2021
Pam Williams (Chair)	✓	✓	✓	✓	✓	✓	✓
Gerry O'Keeffe	✓	✓	✓	✓	✓	✓	✓
Murray Freeman	✓	✓	✓	✓	✓	✓	✓

Charitable Funds Committee

Member	Dec 2020
Gerry O'Keeffe (Chair)	✓
Anya Ahmed	✓
Murray Freeman	✓
Elaine Darbyshire	✓
Amanda Oates	✓
Neil Smith	✓

People Committee

Member	Aug 2020	Oct 2020	Dec 2020	Feb 2021
Aislinn O'Dwyer (Chair)	✓	✓	✓	✓
Anya Ahmed		✓	✓	✓
Gerry O'Keeffe	✓	✓	✓	✓
Trish Bennett		✓	✓	×
Amanda Oates	✓	✓	✓	✓
Noir Thomas	✓	✓	✓	✓

Resources Committee

Member	Apr 2020	Jun 2020	Aug 2020	Oct 2020	Dec 2020	Feb 2021
Non Executive Directors						
Nick Williams (Chair)	✓	✓	✓	✓	✓	✓
Anya Ahmed				✓	✓	✓
Gaynor Thomason				×	×	×
Gerry O'Keeffe	✓	✓	✓	✓	✓	✓
Aislinn O'Dwyer	✓					
Executive Directors						
Trish Bennett				✓	×	×
Elaine Darbyshire	✓	✓	✓	×	✓	✓
Louise Edwards				✓	✓	✓
Neil Smith	✓	✓	✓	✓	✓	✓
Amanda Oates	✓	✓				

Quality Committee

Member	May 2020	Jul 2020	Sep 2020	Nov 2020	Jan 2021	Mar 2021
Non Executive Directors						
Gaynor Thomason (Chair)	✓	✓	✓	✓ *part mtg	✓	✓
Murray Freeman	✓	✓	✓	✓	✓	✓ *Chaired
Aislinn O'Dwyer	✓	✓	✓	✓ *Chaired	✓	✓
Executive Directors						
Trish Bennett	✓	✓	✓	✓	×	✓
Noir Thomas	✓	✓	✓	✓	✓	✓
Amanda Oates	✓	✓	✓	✓	✓	✓

Remuneration and Terms of Service Committee

Member	Jul 2020	Sep 2020	Oct 2020	Nov 2020	Jan 2021	Jan 2021 (Virtual)	10 Feb 2021	24 Feb 2021	Mar-21 (Virtual)
Beatrice Fraenkel	✓	✓	✓	✓	✓	✓	✓	✓	✓
Anya Ahmed		✓	✓	✓	✓	✓	×	✓	✓
Murray Freeman	✓	✓	✓	×	✓	✓	✓	✓	✓
Aislinn O'Dwyer	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gerry O'Keeffe	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gaynor Thomason	✓	×	✓	✓	✓	✓	✓	✓	✓
Nick Williams	✓	✓	✓	✓	✓	✓	×	✓	✓
Pam Williams	✓	✓	✓	✓	✓	✓	✓	✓	✓

Mersey Care
NHS Foundation Trust

Community and Mental Health Services

Mersey Care NHS Foundation Trust

Annual Accounts 2020/21

Annual Report, Annual Accounts and Quality Account 2020/21

Presented to Parliament pursuant to Schedule 7, paragraph 25(4)(a) of the National Health Service Act 2006

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External Auditors Opinion

Independent auditor's report to the Council of Governors of Mersey Care NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Mersey Care NHS Foundation Trust (the 'Trust') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2020 to 2021 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

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 at least twelve months from when the financial statements are authorised for issue.

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

The responsibilities of the Accounting Officer with respect to going concern are described in the 'Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2020/21 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material and year-end transactions along with manual journals input throughout the year with characteristics considered to be higher risk;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations, provisions and accruals;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to property, plant and equipment valuations, provisions and accruals.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS Improvement's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves 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.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in our Audit Completion Certificate. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Mersey Care NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed our work on the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Green

Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

25 June 2021

Independent auditor’s report to the Council of Governors of Mersey Care NHS Foundation Trust

In our auditor’s report issued on 25 June 2021, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2021, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had:

- Completed our work on the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor’s report for the year ended 31 March 2021 issued on 25 June 2021 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

Report on other legal and regulatory requirements - the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves 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 respect of the above matter.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor’s responsibilities for the review of the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Mersey Care NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Green

Michael Green, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

25 August 2021

Foreword to the accounts

Mersey Care NHS Foundation Trust

These accounts, for the year ended 31 March 2021, have been prepared by Mersey Care NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed

Name	**Joe Rafferty CBE**
Job title	**Chief Executive**
Date	**23 June 2021**

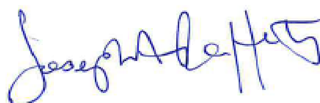
Statement of Comprehensive Income

	Note	2020/21	2019/20
		£000	£000
Operating income from patient care activities	3	409,980	381,952
Other operating income	4	38,971	26,759
Operating expenses	6, 8	(457,861)	(399,239)
Operating (deficit) / surplus from continuing operations		**(8,910)**	**9,472**
Finance income	11	12	321
Finance expenses	12	(3,133)	(3,062)
PDC dividends payable		(2,935)	(4,629)
Net finance costs		**(6,056)**	**(7,370)**
Other gains / (losses)	13	128	(142)
(Deficit) / Surplus for the year from continuing operations		**(14,838)**	**1,960**
(Deficit) / Surplus for the year		**(14,838)**	**1,960**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(12,287)	(11,306)
Revaluations	16	4,699	5,161
Total comprehensive expense for the period		**(22,426)**	**(4,185)**

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	14	7,247	6,322
Property, plant and equipment	15	242,041	254,539
Investment property	17	168	160
Receivables	20	234	240
Total non-current assets		**249,690**	**261,261**
Current assets			
Inventories	19	657	569
Receivables	20	14,928	18,219
Non-current assets for sale and assets in disposal groups	21	4,088	4,850
Cash and cash equivalents	22	67,877	50,782
Total current assets		**87,550**	**74,420**
Current liabilities			
Trade and other payables	23	(61,224)	(41,111)
Borrowings	25	(3,325)	(2,100)
Provisions	27	(8,131)	(7,858)
Other liabilities	24	(941)	(958)
Total current liabilities		**(73,621)**	**(52,027)**
Total assets less current liabilities		**263,619**	**283,654**
Non-current liabilities			
Borrowings	25	(74,684)	(76,005)
Provisions	27	(23,589)	(22,280)
Total non-current liabilities		**(98,273)**	**(98,285)**
Total assets employed		**165,346**	**185,369**
Financed by			
Taxpayers' Equity			
Public dividend capital		89,126	86,723
Revaluation reserve		39,839	49,314
Other reserves		59,907	59,907
Income and expenditure reserve		(23,526)	(10,575)
Total taxpayers' and Others' equity		**165,346**	**185,369**

The notes on pages 145 to 195 form part of these accounts.

Name 

Position Chief Executive

Date 23 June 2021

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

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**86,723**	**49,314**	**59,907**	**(10,575)**	**185,369**
Deficit for the year	-	-	-	(14,838)	**(14,838)**
Other transfers between reserves	-	(586)	-	586	**-**
Impairments	-	(12,287)	-	-	**(12,287)**
Revaluations	-	4,699	-	-	**4,699**
Transfer to retained earnings on disposal of assets	-	(1,301)	-	1,301	**-**
Public dividend capital received	2,403	-	-	-	**2,403**
Taxpayers' and others' equity at 31 March 2021	**89,126**	**39,839**	**59,907**	**(23,526)**	**165,346**

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

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**84,209**	**55,989**	**59,907**	**(13,065)**	**187,040**
Surplus for the year	-	-	-	1,960	**1,960**
Other transfers between reserves	-	(515)	-	515	**-**
Impairments	-	(11,306)	-	-	**(11,306)**
Revaluations	-	5,161	-	-	**5,161**
Transfer to retained earnings on disposal of assets	-	(15)	-	15	**-**
Public dividend capital received	2,514	-	-	-	**2,514**
Taxpayers' and others' equity at 31 March 2020	**86,723**	**49,314**	**59,907**	**(10,575)**	**185,369**

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.

Other reserves

The 'Other reserves' relate to the equity received when Ashworth Hospital Authority was transferred to the trust in April 2002.

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 (deficit) / surplus		(8,910)	9,472
Non-cash income and expense:			
Depreciation and amortisation	6.1	9,130	8,074
Net impairments	7	16,454	3,927
Decrease in receivables and other assets		3,679	13,920
Increase in inventories		(88)	(43)
Increase in payables and other liabilities		17,368	12,777
Increase in provisions		1,685	2,294
Net cash flows from operating activities		**39,318**	**50,421**
Cash flows from investing activities			
Interest received		12	321
Purchase of intangible assets		(2,195)	(3,715)
Purchase of PPE and investment property		(17,366)	(46,020)
Sales of PPE and investment property		1,571	200
Net cash flows used in investing activities		**(17,978)**	**(49,214)**
Cash flows from financing activities			
Public dividend capital received		2,403	2,514
Movement on loans from DHSC		618	27,826
Capital element of finance lease rental payments		(321)	(300)
Capital element of PFI, LIFT and other service concession payments		(418)	(385)
Interest on loans		(828)	(408)
Other interest		-	(2)
Interest paid on finance lease liabilities		(517)	(525)
Interest paid on PFI, LIFT and other service concession obligations		(1,865)	(1,878)
PDC dividend paid		(3,317)	(4,638)
Net cash flows (used in) / from financing activities		**(4,245)**	**22,204**
Increase in cash and cash equivalents		**17,095**	**23,411**
Cash and cash equivalents at 1 April - brought forward		**50,782**	**27,371**
Cash and cash equivalents at 31 March	22.1	**67,877**	**50,782**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, 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. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity’s services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

The DHSC has provided details of the financial framework for 2021/22 with block payment arrangements remaining in place for the first six months of the year. As the trust receives the majority of its income under block contract arrangements it does not consider there to be a material risk to 2021/22 income and therefore expects to meet its financial obligations for the following financial year.

The Board of Directors have found that there are no further material uncertainties that may cast significant doubt on its ability to continue as a going concern. There is a reasonable expectation that the Trust's assets and liabilities are recorded on the basis that assets will be realised and liabilities discharged in the normal course of business and there is sufficient cash resources to meet its obligations as they fall due. Therefore, these accounts have been prepared on a going concern basis.

Note 1.3 Interests in other entities

Joint ventures

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

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.

The majority of contracts with Commissioners are based on block contract values, based on agreed performance obligations. Credit terms are 30 days, therefore invoices are raised prior to the end of each reporting period and payments are made by the 15th of the following month. Therefore the impact of timing of payments has a minimal impact on contract balances.

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 a 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.

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.

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 on a receipts basis.

Provider sustainability fund (PSF) and Financial Recovery Fund (FRF)

In 2019/20 PSF and FRF enabled providers to earn income linked to the achievement of financial controls and performance targets. This income opportunity was not in place for 2020/21.

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

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

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

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

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

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

The trust has one employee who is a member of the Teachers Pension Scheme.

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 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.

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.

A proportion of the Trust's building estate is made available through lease arrangements. When the Trust commits to capital investment within such properties the value carried within the capital asset register is reflected at investment cost and depreciated over the lease term. This is deemed the most appropriate way to depreciate the cost of the asset over its useful life and to reflect the current value of the investment over the life of the lease. The value of associated assets is £3.081m at 31 March 2021 (£3.581m 2019/20).

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

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

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.

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. This basis has been applied to the trust’s Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

The valuation exercise was carried out in March 2021 with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 , the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.

"The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. Although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date." (Cushman and Wakefield - March 2021).

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

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 and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

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.

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.

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

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

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

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

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	Max life
	Years	Years
Buildings, excluding dwellings	1	54
Dwellings	30	30
Plant & machinery	10	10
Transport equipment	7	7
Information technology	5	5
Furniture & fittings	5	5

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 1.9 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**
Software licences	3	5

Note 1.10 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. Details of inventories can be found at note 19.

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 1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents can be seen at note 22.

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

Note 1.12 Financial assets and financial liabilities

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. Details of the trust's financial assets and liabilities are included in note 33.

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. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, 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).

Expected credit losses are determined, distinguishing as necessary between different methods used for different classes of financial asset and the age of the asset.

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 1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Details of finance leases held by the Trust can be seen at note 26**.**

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 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation More details on the Trust provisions can be seen at note 27. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021:

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

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

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 27.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 28 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 28, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.16 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, 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 1.17 Value added tax

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

Note 1.18 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 note 22.2 in the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.19 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments disclosed at note 34 is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.20 Early adoption of standards, amendments and interpretations

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

Note 1.21 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 implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Other standards, amendments and interpretations

The DH GAM does not require the following Standards and Interpretations to be applied in 2020/21. These standards are still subject to HM Treasury FReM adoption.

• IFRS 16 Leases – Standard, as interpreted and adapted by the FReM, is to be effective from 1 April 2022.

• IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021. Standard is not yet adopted by the FReM which is expected to be from April 2023: early adoption is not permitted.

Note 1.22 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:

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

The Board of Directors continue to evaluate the options available for the retraction of services from the Whalley site. Until a final decision has been reached, current services will continue to operate from Whalley. On this basis, the valuation of the assets at the Whalley site as at 31 March 2021 reflect their value in existing use.

Note 1.23 Sources of estimation uncertainty

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

Accounting for Impairments

The Trust accounts for impairments using an adaption of IFRS as per the *FReM* and Department of Health and Social Care Group Accounting Manual (GAM). Details of impairments are included in note 7**.**

Financial value of provisions for liabilities and charges

The Trust makes financial provision for obligations of uncertain timing or amount at the Statement of Financial Position date. These are based on estimates using as much relevant information as is available at the time the account is prepared. They are reviewed to confirm that the values included in the financial statements best reflect the current relevant information. Where this is not the case, the value of the provision is amended. Details of provisions are included in note 27.1.

Actuarial assumptions for costs relating to the NHS Pension Scheme

The Trust reports as operating expenditure, employer contributions to staff pensions. This employer contributions is based on an annual actuarial estimate of the required contribution to meet the scheme's liabilities. It is an expense that is subject to change.

Provisions

The amount recognised as a provision is the best estimate at the end of the reporting period of the expenditure required to settle a present obligation or constructive obligation, taking into account risks and uncertainties. Further clarification of the provisions accounting policy is set out in note 1.16.

PPE Valuation

The trust values land and buildings in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards - Global and UK, 7th Edition, insofar as these terms are consistent with the requirements of HM Treasury, the National Health Service and the Department of Health and Social Care. Further clarification of the PPE accounting policy is set out in note 1.8.

Note 2 Operating Segments

Under IFRS 8 'Operating Segments', the Trust is required to disclose financial information across significant operating segments which reflect the way the management runs the Trust.

The Trust has applied the aggregation criteria from IFRS 8 Operating Segments because it has only one material operating segment, that of healthcare.

The divisions report to the Chief Operating Decision Maker (CODM), and it is the CODM that ultimately makes decisions about the allocation of budgets, capital funding and other financial decisions. The Trust’s core activities fall under the remit of the CODM as defined by IFRS 8 'Operating Segments', which has been determined to be the Board of Directors. These core activities are primarily the provision of NHS healthcare, the income for which is primarily received through block contract arrangements with commissioners.

Financial information for the operating segment is available and regularly evaluated by the CODM in deciding how to allocate resources and assessing performance.

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**	**restated* 2019/20**
	£000	**£000**
Mental health services		
Block contract / system envelope income*	251,963	248,246
Clinical partnerships providing mandatory services (including S75 agreements)	334	433
Other clinical income from mandatory services	21,969	-
Community services		
Block contract / system envelope income*	119,452	116,272
Income from other sources (e.g. local authorities)	3,210	3,574
All services		
Additional pension contribution central funding**	12,751	12,078
Other clinical income	301	1,349
Total income from activities	**409,980**	**381,952**

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

**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)

	2020/21	**2019/20**
Income from patient care activities received from:	**£000**	**£000**
NHS England	131,650	117,343
Clinical commissioning groups	256,257	235,517
Department of Health and Social Care	30	21
Other NHS providers	4,335	5,706
Local authorities	5,843	6,032
Injury cost recovery scheme	301	443
Non NHS: other*	11,564	16,890
Total income from activities	**409,980**	**381,952**
Of which:		
Related to continuing operations	409,980	381,952

***Non NHS other** includes; NHS Wales SLA £11.732m, HMP Liverpool £3.500m, Northern Ireland Patients £0.317m

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	197	-	**197**	98	-	**98**
Education and training	9,537	759	**10,296**	8,316	587	**8,903**
Non-patient care services to other bodies	6,542		**6,542**	7,597		**7,597**
Provider sustainability fund (2019/20 only)			**-**	3,888		**3,888**
Reimbursement and top up funding	10,301		**10,301**			**-**
Charitable and other contributions to expenditure*		3,734	**3,734**		-	**-**
Other income**	7,901	-	**7,901**	6,273	-	**6,273**
Total other operating income	**34,478**	**4,493**	**38,971**	**26,172**	**587**	**26,759**
Of which:						
Related to continuing operations			38,971			26,759

*__Charitable and other contributions to expenditure__ includes; donated inventory for COVID response ie Personal Protective Equipment

**__Other income__ includes; Holiday Pay cost accrual (Flowers) £1.582m (2019/20 £nil), Staff Recharges £1.440m (2019/20 £1.265m), Zero Suicide Alliance DHSC Funding £1.000m (2019/20 £1.000m), Mitie Liaison & Diversion £0.855m (2019/20 £nil), IPI Income £0.710m (2019/20 £0.792m)

Note 5.1 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	-	450

Note 5.2 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2020/21	2019/20
	£000	£000
Income from services designated as commissioner requested services	363,359	317,982
Income from services not designated as commissioner requested services	48,252	63,970
Total	**411,611**	**381,952**

Note 5.3 Profits and losses on disposal of property, plant and equipment

In February 2021 the trust disposed of two properties; 56 & 58 Mitton Road, Whalley. The trust accepted an offer of £0.435m for both properties which had a book value of £0.315m giving the trust a profit on disposal of £0.120m. (£nil 2019/20).

Note 6.1 Operating expenses

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	199	110
Purchase of healthcare from non-NHS and non-DHSC bodies	2,515	2,006
Staff and executive directors costs*	341,429	305,945
Remuneration of non-executive directors	145	128
Supplies and services - clinical (excluding drugs costs)**	19,426	12,229
Supplies and services - general	6,238	5,157
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	4,856	4,871
Consultancy costs***	3,351	1,613
Establishment	8,773	8,915
Premises	28,954	28,250
Transport (including patient travel)****	1,176	505
Depreciation on property, plant and equipment	7,860	7,539
Amortisation on intangible assets	1,270	535
Net impairments	16,454	3,927
Movement in credit loss allowance: contract receivables / contract assets	299	77
Movement in credit loss allowance: all other receivables and investments	(671)	295
Change in provisions discount rate	939	1,631
Audit fees payable to the external auditor*****		
audit services- statutory audit	94	67
Internal audit costs	195	218
Clinical negligence	946	676
Legal fees	760	619
Insurance	837	734
Research and development	427	699
Education and training	1,818	1,374
Rentals under operating leases	4,292	4,173
Early retirements	51	-
Redundancy	177	2,925
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. LIFT)	601	587
Car parking & security	1,092	1,247
Hospitality	15	4
Losses, ex gratia & special payments	16	415
Other services, eg external payroll	527	657
Other******	2,800	1,111
Total	**457,861**	**399,239**
Of which:		
Related to continuing operations	457,861	399,239

***Staff and executive directors costs** have increased due to COVID response costs £13.125m and recruitment to vacancies £6.429m.

****Supplies and services - clinical** costs have increased due to COVID consumables £3.597m and Medical & Surgical equipment £2.295m.

*****Consultancy costs** have increased due to Spectrum Community Health CIC (HMP Liverpool) £0.900m, Community Services Integration £0.278m and Secure - Research Services (UCLAN) £0.246m.

******Transport (including patient travel) costs** have increased due to a change in the travel policy due to COVID response £0.438m.

*******Audit fees payable to the external auditor** are inclusive of VAT.

********Other expenditure** includes; Professional Fees £0.789m, External Recharges £0.763m, Injury Benefits £0.453m, Patients Welfare £0.685m.

Note 6.2 Limitation on auditor's liability

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

Note 7 Impairment of assets

	2020/21	2019/20
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	18,278	5,778
Other	(1,824)	(1,851)
Total net impairments charged to operating surplus / deficit	**16,454**	**3,927**
Impairments charged to the revaluation reserve	12,287	11,306
Total net impairments	**28,741**	**15,233**

The valuation of all specialised property assets is on a Modern Equivalent Asset basis taking into account functional and economic obsolescence. Non specialist assets are valued based on market value of at fair value if not in use. Assets which are held for sale are valued at the lower of the carrying value before classification or fair value.
At 31 March 2021 five of the trust's properties were classified as held for sale (see note 21), the remainder of the trust's lands and buildings were valued by Cushman & Wakefield on 31 March 2021. As a result there were net impairments of £28.741m in 2020/21

The key elements of this net impairment are:
a) impairments £33.008m
b) reversal of economic impairments £1.824m
c) reversal of market impairments £2.443m

Impairments are taken to the revaluation reserve to the extent there is a balance available (£12.287m) with the remainder (£16.454) charged to operating expenses as seen at note 6.

Note 8 Employee benefits

	2020/21	2019/20
	Total	Total
	£000	£000
Salaries and wages	264,492	237,498
Social security costs	22,999	21,106
Apprenticeship levy	1,215	1,114
Employer's contributions to NHS pensions	41,992	39,638
Pension cost - other	108	85
Temporary staff (including agency)	13,128	12,711
Total gross staff costs*	**343,934**	**312,152**
Of which		
Costs capitalised as part of assets	1,980	2,492

***Gross staff costs** have increased in 2020/21 due to COVID response costs £13.125m and recruitment to vacancies £6.429m.

Note 8.1 Retirements due to ill-health

During 2020/21 there were 5 early retirements from the trust agreed on the grounds of ill-health (5 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £107k (£187k in 2019/20).

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

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. 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%, and the Scheme Regulations were amended accordingly.

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

The Trust offers the National Employment Savings Scheme (NEST) as an additional defined contribution workplace pension scheme.

Note 10 Operating leases

Note 10.1 Mersey Care NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Mersey Care NHS Foundation Trust is the lessor.

The trust has no leasing arrangements as a lessor.

Note 10.2 Mersey Care NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Mersey Care NHS Foundation Trust is the lessee.

The trust has standard operating leases in respect of: rental buildings, photocopiers and vehicles without known restrictions.

	2020/21	2019/20
	£000	£000
Operating lease expense		
Minimum lease payments	4,292	4,173
Total	**4,292**	**4,173**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease payments due:		
- not later than one year;	3,924	4,051
- later than one year and not later than five years;	3,993	5,545
- later than five years.	2,471	1,371
Total	**10,388**	**10,967**

Note 11 Finance income

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

	2020/21	2019/20
	£000	£000
Interest on bank accounts	12	321
Total finance income	**12**	**321**

Note 12.1 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	854	600
Finance leases	517	525
Interest on late payment of commercial debt	-	2
Main finance costs on PFI and LIFT schemes obligations	1,698	1,728
Contingent finance costs on PFI and LIFT scheme obligations	167	150
Total interest expense	**3,236**	**3,005**
Unwinding of discount on provisions	(103)	57
Total finance costs	**3,133**	**3,062**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2020/21	2019/20
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	-	2
Compensation paid to cover debt recovery costs under this legislation	2	3

Note 13 Other gains / (losses)

	2020/21	2019/20
	£000	£000
Gains on disposal of assets	120	-
Losses on disposal of assets	-	(142)
Total gains / (losses) on disposal of assets	**120**	**(142)**
Fair value gains on investment properties	8	-
Total other gains / (losses)	**128**	**(142)**

Note 14.1 Intangible assets - 2020/21

	Software licences £000	Licences & trademarks £000	Total £000
Valuation / gross cost at 1 April 2020 - brought forward	**8,452**	**-**	**8,452**
Additions	2,195	-	**2,195**
Disposals / derecognition	(1,222)	-	**(1,222)**
Valuation / gross cost at 31 March 2021	**9,425**	**-**	**9,425**
Amortisation at 1 April 2020 - brought forward	**2,130**	**-**	**2,130**
Provided during the year	1,270	-	**1,270**
Disposals / derecognition	(1,222)	-	**(1,222)**
Amortisation at 31 March 2021	**2,178**	**-**	**2,178**
Net book value at 31 March 2021	**7,247**	**-**	**7,247**
Net book value at 1 April 2020	**6,322**	**-**	**6,322**

Note 14.2 Intangible assets - 2019/20

	Software licences	Licences & trademarks	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**4,926**	**-**	**4,926**
Additions	3,573	142	**3,715**
Disposals / derecognition	(47)	(142)	**(189)**
Valuation / gross cost at 31 March 2020	**8,452**	**-**	**8,452**
Amortisation at 1 April 2019 - as previously stated	**1,642**	**-**	**1,642**
Provided during the year	535	-	**535**
Disposals / derecognition	(47)	-	**(47)**
Amortisation at 31 March 2020	**2,130**	**-**	**2,130**
Net book value at 31 March 2020	**6,322**	**-**	**6,322**
Net book value at 1 April 2019	**3,284**	**-**	**3,284**

Note 15.1 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2020 - brought forward	**25,814**	**169,057**	**-**	**54,717**	**11,119**	**1,375**	**5,427**	**2,964**	**270,473**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	113	12,782	34	3,228	109	64	2,191	1,572	**20,093**
Impairments	(227)	(35,862)	(91)	-	-	-	-	-	**(36,180)**
Reversals of impairments	1,767	1,675	-	-	-	-	-	-	**3,442**
Revaluations	68	4,211	-	-	-	-	-	-	**4,279**
Reclassifications	-	51,684	214	(52,711)	-	-	697	116	**-**
Transfers to / from assets held for sale	(283)	(620)	(34)	-	-	-	-	-	**(937)**
Disposals / derecognition	-	-	-	-	(525)	-	(456)	(1,200)	**(2,181)**
Valuation/gross cost at 31 March 2021	**27,252**	**202,927**	**123**	**5,234**	**10,703**	**1,439**	**7,859**	**3,452**	**258,989**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**3,885**	**-**	**-**	**6,612**	**1,205**	**2,209**	**2,023**	**15,934**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	5,557	-	-	853	56	1,024	370	**7,860**
Impairments	-	(3,418)	-	-	-	-	-	-	**(3,418)**
Reversals of impairments	-	(825)	-	-	-	-	-	-	**(825)**
Revaluations	-	(420)	-	-	-	-	-	-	**(420)**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	(2)	-	-	-	-	-	-	**(2)**
Disposals / derecognition	-	-	-	-	(525)	-	(456)	(1,200)	**(2,181)**
Accumulated depreciation at 31 March 2021	**-**	**4,777**	**-**	**-**	**6,940**	**1,261**	**2,777**	**1,193**	**16,948**
Net book value at 31 March 2021	**27,252**	**198,150**	**123**	**5,234**	**3,763**	**178**	**5,082**	**2,259**	**242,041**
Net book value at 1 April 2020	**25,814**	**165,172**	**-**	**54,717**	**4,507**	**170**	**3,218**	**941**	**254,539**

Note 15.2 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**27,637**	**152,041**	**1,581**	**43,710**	**11,093**	**1,384**	**4,089**	**2,604**	**244,139**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2019 - restated	**27,637**	**152,041**	**1,581**	**43,710**	**11,093**	**1,384**	**4,089**	**2,604**	**244,139**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	-	10,238	-	33,075	26	-	1,288	595	**45,222**
Impairments	-	(23,420)	-	-	-	-	-	-	**(23,420)**
Reversals of impairments	-	4,313	-	-	-	-	-	-	**4,313**
Revaluations	198	4,261	-	-	-	-	-	-	**4,459**
Reclassifications	-	21,892	-	(22,068)	-	-	176	-	**-**
Transfers to / from assets held for sale	(2,021)	(268)	(1,581)	-	-	-	-	-	**(3,870)**
Disposals / derecognition	-	-	-	-	-	(9)	(126)	(235)	**(370)**
Valuation/gross cost at 31 March 2020	**25,814**	**169,057**	**-**	**54,717**	**11,119**	**1,375**	**5,427**	**2,964**	**270,473**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**3,104**	**-**	**-**	**5,689**	**1,158**	**1,620**	**1,805**	**13,376**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2019 - restated	**-**	**3,104**	**-**	**-**	**5,689**	**1,158**	**1,620**	**1,805**	**13,376**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	5,357	35	-	923	56	715	453	**7,539**
Impairments	-	(2,145)	-	-	-	-	-	-	**(2,145)**
Reversals of impairments	-	(1,729)	-	-	-	-	-	-	**(1,729)**
Revaluations	-	(702)	-	-	-	-	-	-	**(702)**
Transfers to / from assets held for sale	-	-	(35)	-	-	-	-	-	**(35)**
Disposals / derecognition	-	-	-	-	-	(9)	(126)	(235)	**(370)**
Accumulated depreciation at 31 March 2020	**-**	**3,885**	**-**	**-**	**6,612**	**1,205**	**2,209**	**2,023**	**15,934**
Net book value at 31 March 2020	**25,814**	**165,172**	**-**	**54,717**	**4,507**	**170**	**3,218**	**941**	**254,539**
Net book value at 1 April 2019	**27,637**	**148,937**	**1,581**	**43,710**	**5,404**	**226**	**2,469**	**799**	**230,763**

Note 15.3 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	27,252	176,618	123	5,234	3,763	178	5,082	2,259	**220,509**
Finance leased	-	4,310	-	-	-	-	-	-	**4,310**
On-SoFP PFI contracts and other service concession arrangements	-	17,222	-	-	-	-	-	-	**17,222**
NBV total at 31 March 2021	**27,252**	**198,150**	**123**	**5,234**	**3,763**	**178**	**5,082**	**2,259**	**242,041**

Note 15.4 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	25,814	140,066	-	54,717	4,507	170	3,218	941	**229,433**
Finance leased	-	4,979	-	-	-	-	-	-	**4,979**
On-SoFP PFI contracts and other service concession arrangements	-	20,127	-	-	-	-	-	-	**20,127**
NBV total at 31 March 2020	**25,814**	**165,172**	**-**	**54,717**	**4,507**	**170**	**3,218**	**941**	**254,539**

Note 16 Revaluations of property, plant and equipment

At 31 March 2021 five of the trust's properties have been classified as held for sale (see note 21) and valued at the lower of the carrying value before classification or fair value. This resulted in impairments of £0.301m.

The remainder of the trust's land and buildings were revalued during 2020/21 by Gian Wong (MRICS), a professionally qualified valuer of Cushman & Wakefield. These values were updated on 31 March 2021 in line with work undertaken by the valuer.

The valuation, and subsequent update, was undertaken in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards - Global and UK, 7th Edition, insofar as these terms are consistent with the requirements of HM Treasury, the National Health Service and the Department of Health and Social Care.
The valuation of all specialist property assets is on a Modern Equivalent Asset basis taking into account functional and economic obsolescence. Non-specialist assets valued based on market value for existing use.

The value of the trust estate decreased by £23.741m to £225.525m on 31 March 2021. This resulted in impairments of £28.440m and an down/upward revaluation of £4.699m.

The net impairments in the year were £28.741m (£28.440m plus £0.301m which can be seen at note 7) and upward revaluations were £4.699m.

The trust has £3.830m fully depreciated assets in use.

Note 17.1 Investment Property

	2020/21	2019/20
	£000	£000
Carrying value at 1 April - brought forward	**160**	**1,375**
Movement in fair value	8	-
Transfers to/from assets held for sale	-	(1,215)
Carrying value at 31 March	**168**	**160**

Note 17.2 Investment property income and expenses

	2020/21	2019/20
	£000	£000
Direct operating expense arising from investment property which generated rental income in the period	(3)	(5)
Total investment property expenses	**(3)**	**(5)**
Investment property income	22	47

Note 18 Disclosure of interests in other entities

In May 2012 Mersey Care NHS Trust established a subsidiary company, Mersey Care Limited. This company transferred to Mersey Care NHS Foundation Trust on its inception on 1 May 2016. The foundation trust is the sole shareholder of 100 ordinary £1 shares in Mersey Care Limited which is currently registered as a dormant company.

In August 2017 the trust agreed to enter into a formal partnership with Stanford University Medical Network Risk Authority, LLC in the form of a Limited Liability Company called Innovence Augmented Intelligence Medical Systems - Psychiatry (AIMS - Psychiatry).

The partnership was to create and research two apps - SWim and SMile, which are designed to reduce self-harm and suicide. This partnership was formally cancelled on 21 December 2020 and the Trust is in receipt of a formal "Certificate of Cancellation" signed by the Delaware Secretary of State on the same day.

Note 19 Inventories

	31 March 2021	31 March 2020
	£000	£000
Drugs	373	406
Consumables	186	72
Energy	78	67
Other	20	24
Total inventories	**657**	**569**

Inventories recognised in expenses for the year were £10,505k (2019/20: £7,151k). Write-down of inventories recognised as expenses for the year were £0k (2019/20: £0k).

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 £3,723k 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 20.1 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables*	10,667	14,702
Allowance for impaired contract receivables / assets	(1,267)	(979)
Allowance for other impaired receivables**	-	(671)
Prepayments (non-PFI)	1,963	2,236
PDC dividend receivable	679	297
VAT receivable	585	312
Other receivables***	2,301	2,322
Total current receivables	**14,928**	**18,219**
Non-current		
Other receivables	234	240
Total non-current receivables	**234**	**240**
Of which receivable from NHS and DHSC group bodies:		
Current	5,525	12,192
Non-current	26	45

***Contract receivables 2020/21** has reduced due to the block contract arrangements agreed at an Integrated Care System level in response to COVID £2.329m

In 2019/20, Contract receivables included additional mental health funding £1.399m, core Providers Sustainability Funds £1.302m, Individual Care Package £0.676m.

****Allowance for other impaired receivables** in 2019/20 included an outstanding receivable with Cumbria County Council that was settled in 2020/21.

*****Other current receivables** includes; staff salary sacrifice schemes for cars and home electronics £2.275m (£2.065m 2019/20).

Note 20.2 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	**979**	**671**	**902**	**382**
Prior period adjustments			-	-
Allowances as at 1 April - restated	**979**	**671**	**902**	**382**
New allowances arising	427	-	261	431
Changes in existing allowances	(121)	-	-	-
Reversals of allowances	(7)	(671)	(184)	(136)
Utilisation of allowances (write offs)	(11)	-	-	(6)
Allowances as at 31 Mar 2021	**1,267**	**-**	**979**	**671**

Note 20.3 Exposure to credit risk

The trust has low exposure to credit risk. The maximum exposure as at 31 March 2021 are in contract receivables invoiced to customers, as disclosed in the trade and other receivables note 20.1.

Note 21 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	**4,850**	**-**
Assets classified as available for sale in the year	935	5,050
Assets sold in year	(1,451)	(200)
Impairment of assets held for sale	(246)	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	**4,088**	**4,850**

On 31 March 2020 the trust classified four properties as held for sale,

Gisburn Lodge, Gisburn
Scott House, Rochdale - sold on 26 March 2021
Bridge Terrace, Whalley
Queen Mary Terrace, Whalley

During 2020/21 the trust classified a further five properties as held for sale, namely

141 Rufford Road, Southport - sold on 11 August 2020
56 Mitton Road, Whalley - sold on 25 February 2021
58 Mitton Road, Whalley - sold on 25 February 2021
Trentville, Whalley
Woodlands, Whalley

On 31 March 2021, the trust has five properties held for sale

Queen Mary Terrace, Whalley
Bridge Terrace, Whalley
Trentville, Whalley
Woodlands, Whalley
Gisburn Lodge, Gisburn

The trust is actively working to complete these disposals.

Note 22.1 Cash and cash equivalents movements

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

	2020/21	2019/20
	£000	£000
At 1 April	**50,782**	**27,371**
Net change in year	17,095	23,411
At 31 March	**67,877**	**50,782**
Broken down into:		
Cash at commercial banks and in hand	82	88
Cash with the Government Banking Service	67,795	50,694
Total cash and cash equivalents as in SoFP	**67,877**	**50,782**
Total cash and cash equivalents as in SoCF	**67,877**	**50,782**

Note 22.2 Third party assets held by the trust

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

	31 March 2021	31 March 2020
	£000	£000
Bank balances	1,751	1,396
Total third party assets	**1,751**	**1,396**

Note 23.1 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	3,781	3,755
Capital payables	5,876	3,149
Accruals*	39,513	23,672
Receipts in advance and payments on account	496	-
Social security costs	6,613	5,799
Other payables**	4,945	4,736
Total current trade and other payables	**61,224**	**41,111**

Of which payables from NHS and DHSC group bodies:

Current	2,919	3,318

*A**ccruals** have increased due to Annual Leave Accrual £4.532m, Overtime £1.778m, Flowers Accrual £1.582m
****Other payables** includes; NHS Pensions £4.075m (£3.695m 2019/20).

Note 23.2 Early retirements in NHS payables above

There were no outstanding payables in relation to early retirements at 31 March 2021.

Note 24 Other liabilities

	31 March 2021	31 March 2020
	£000	£000
Current		
Deferred income: contract liabilities*	941	958
Total other current liabilities	**941**	**958**

***Deferred income: contract liabilities** includes; Zero Suicide Alliance income £0.573m, Resorative Just Culture

Note 25.1 Borrowings

	31 March 2021	31 March 2020
	£000	£000
Current		
Loans from DHSC	2,538	1,361
Obligations under finance leases	342	321
Obligations under PFI, LIFT or other service concession contracts	445	418
Total current borrowings	**3,325**	**2,100**
Non-current		
Loans from DHSC	47,984	48,517
Obligations under finance leases	5,901	6,243
Obligations under PFI, LIFT or other service concession contracts	20,799	21,245
Total non-current borrowings	**74,684**	**76,005**

Note 25.2 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2020	**49,878**	**6,564**	**21,663**	**78,105**
Cash movements:				
Financing cash flows - payments and receipts of principal	618	(321)	(418)	**(121)**
Financing cash flows - payments of interest	(828)	(517)	(1,699)	**(3,044)**
Non-cash movements:				
Application of effective interest rate	854	517	1,698	**3,069**
Carrying value at 31 March 2021	**50,522**	**6,243**	**21,244**	**78,009**

Note 25.3 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019	**21,860**	**6,864**	**22,048**	**50,772**
Prior period adjustment	-	-	-	**-**
Carrying value at 1 April 2018 - restated	**21,860**	**6,864**	**22,048**	**50,772**
Cash movements:				
Financing cash flows - payments and receipts of principal	27,826	(300)	(385)	**27,141**
Financing cash flows - payments of interest	(408)	(525)	(1,728)	**(2,661)**
Non-cash movements:				
Application of effective interest rate	600	525	1,728	**2,853**
Carrying value at 31 March 2020	**49,878**	**6,564**	**21,663**	**78,105**

Note 26 Finance leases

Note 26.1 Mersey Care NHS Foundation Trust as a lessor

During 2020/21, the trust has no finance lease arrangements where Mersey Care NHS Trust is the lessor.

Note 26.2 Mersey Care NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2021	31 March 2020
	£000	£000
Gross lease liabilities	**11,981**	**12,818**
of which liabilities are due:		
- not later than one year;	853	837
- later than one year and not later than five years;	3,585	3,516
- later than five years.	7,543	8,465
Finance charges allocated to future periods	(5,738)	(6,254)
Net lease liabilities	**6,243**	**6,564**
of which payable:		
- not later than one year;	342	321
- later than one year and not later than five years;	1,591	1,503
- later than five years.	4,310	4,740
Contingent rent recognised as expense in the period	(167)	(150)

The trust has two finance leases:

- a 25 year lease with Onward Homes Ltd for the Rathbone Rehabilitation Centre, running to 2032. At the end of the lease in 2032 the property will revert to the trust's ownership. The rental amount is based upon paying the loan Contour Housing took out to build the property, plus a management charge.

- a 25 year lease with The Walton Centre NHS Foundation Trust for the Brain Injuries Rehabilitation Centre, running to 2039. At the end of this lease in 2039 the property will revert to the ownership of The Walton Centre NHS Foundation Trust.

Note 27.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2020	**4,287**	**18,289**	**363**	**6,214**	**985**	**30,138**
Change in the discount rate	81	858	-	-	-	**939**
Arising during the year	286	624	391	465	1,390	**3,156**
Utilised during the year	(415)	(820)	(154)	-	-	**(1,389)**
Reversed unused	(236)	(372)	(157)	(234)	(22)	**(1,021)**
Unwinding of discount	(18)	(85)	-	-	-	**(103)**
At 31 March 2021	**3,985**	**18,494**	**443**	**6,445**	**2,353**	**31,720**
Expected timing of cash flows:						
- not later than one year;	408	833	443	6,445	**2**	**8,131**
- later than one year and not later than five years;	1,708	3,492	-	-	**2,332**	**7,532**
- later than five years.	1,869	14,169	-	-	**19**	**16,057**
Total	**3,985**	**18,494**	**443**	**6,445**	**2,353**	**31,720**

Early Departure Costs - the amounts are pension costs based on the current payments to former staff and estimated life expectancy of the former staff. The trust uses the tables from the National Office for Statistics to estimate the life expectancy.

Injury Benefits - amounts payable by the trust under the NHS Pensions Injury Benefit Scheme. The amounts are based on the current payments and estimated life expectancy of those receiving payments. The trust uses life tables from the National Office for Statistics to estimate the life expectancy.

Legal Claims - these figures are provided by NHS Resolution and the trust's solicitors.

Redundancy - the amount relates to liabilities to staff in post that are no longer required as a result of a reduction to clinical services by the trust.

Other - £2.325m relates to dilapidations contained within property leases to return the property to its original state on vacation. £0.028m relates to amounts payable by the Trust in clinical pension tax reimbursement commitments

Note 27.2 Clinical negligence liabilities

At 31 March 2021, £5,567k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Mersey Care NHS Foundation Trust (31 March 2020: £5,709k).

Note 28 Contingent assets and liabilities

	31 March 2021	31 March 2020
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(234)	(248)
Gross value of contingent liabilities	**(234)**	**(248)**
Net value of contingent liabilities	**(234)**	**(248)**

The future contingent liabilities of £0.234m relate to potential legal claims. These figures have been provided by NHS Resolution.

The trust does not have any contingent assets.

Note 29 Contractual capital commitments

	31 March 2021	31 March 2020
	£000	£000
Property, plant and equipment	3,772	4,345
Total	**3,772**	**4,345**

Total contractual capital commitments in 2020/21 includes; £0.580m for Backlog maintenance, £0.575m for the Low Secure Unit development and £0.421m for the replacement of the High Voltage Electrical Infrastructure at the Maghull Campus.

Note 30 Defined benefit pension schemes

The Trust does not operate any material defined benefit pension schemes other that the statutory NHS Pension Scheme.

Note 31 On-SoFP LIFT or other service concession arrangements

The LIFT Scheme relates to Clock View, situated in Walton, Liverpool that treats local people for a range of mental health issues including depression, anxiety and dementia, providing 80 individual bedrooms all with ensuite bathrooms. It also provides the city's psychiatric intensive care unit for those most in distress and in need of urgent inpatient care.

The LIFT contract ends in December 2044. A monthly unitary payment will be made up to that point. The unitary payment is subject to annual increases in line with RPI. The arrangement requires the operator to deliver services to the Trust in accordance with the service delivery specification. Non delivery of quality or performance can lead to a reduction in the service charge being paid by the Trust. The Trust retains 'step in rights' should the contractor fail to meet minimum standards as set out within the contract. Under IFRIC 12 the asset is treated as an asset of the Trust. The substance of the contract is that the Trust has a finance lease and payments comprise two elements; imputed finance lease charges and service charges.

Note 31.1 On-SoFP LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2021	31 March 2020
	£000	£000
Gross LIFT or other service concession liabilities	**47,385**	**49,501**
Of which liabilities are due		
- not later than one year;	2,110	2,116
- later than one year and not later than five years;	7,867	8,143
- later than five years.	37,408	39,242
Finance charges allocated to future periods	(26,141)	(27,838)
Net LIFT or other service concession arrangement obligation	**21,244**	**21,663**
- not later than one year;	445	418
- later than one year and not later than five years;	1,548	1,692
- later than five years.	19,251	19,553

Note 31.2 Total on-SoFP LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2021	31 March 2020
	£000	£000
Total future payments committed in respect of the LIFT or other service concession arrangements	**80,180**	**83,444**
Of which payments are due:		
- not later than one year;	2,929	2,908
- later than one year and not later than five years;	12,054	11,964
- later than five years.	65,197	68,572

Note 31.3 Analysis of amounts payable to service concession operator

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

	2020/21	2019/20
	£000	£000
Unitary payment payable to service concession operator	**2,911**	**2,877**
Consisting of:		
- Interest charge	1,698	1,728
- Repayment of balance sheet obligation	418	385
- Service element and other charges to operating expenditure	519	504
- Capital lifecycle maintenance	27	27
- Revenue lifecycle maintenance	82	83
- Contingent rent	167	150
Total amount paid to service concession operator	**2,911**	**2,877**

Note 33 Financial instruments

Note 33.1 Financial risk management

Financial reporting standard IFRS7 requires disclose 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 if 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, with parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust's only overseas interest is a partnership with Stanford University Medical Network Risk Authority, LLC as disclosed in note 18. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from the government for capital expenditure, subject to affordability as confirmed by the Department of Health and Social Care. The borrowing are for 1 - 25 years, in line with the life of the associated assets, and interest is charged at the National Loan Funds rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

As 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 disclose in the trade and other receivables note.

The Trust has loans and LIFT/PFI schemes, with the public and private sector respectively. All financial arrangements are subject to clauses within each individual agreement. The Trust does not consider these arrangements to carry any credit risk.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups (CCG) 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.

Fair Value

IFRS 7 requires the Trust to disclose the fair value of financial liabilities. The LIFT scheme is a non current financial liability where the fair value is likely to differ from the carrying value. The Trust has reviewed the current interest rates available on the market and if these were used as the implicit interest rate for the scheme the fair value of the liability would range from £21.246m to £40.924m.

Note 33.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	11,918	**11,918**
Cash and cash equivalents	67,877	**67,877**
Total at 31 March 2021	**79,795**	**79,795**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	15,614	**15,614**
Cash and cash equivalents	50,782	**50,782**
Total at 31 March 2020	**66,396**	**66,396**

Note 33.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	50,522	**50,522**
Obligations under finance leases	6,243	**6,243**
Obligations under LIFT and other service concession contracts	21,244	**21,244**
Trade and other payables excluding non financial liabilities	47,969	**47,969**
Total at 31 March 2021	**125,978**	**125,978**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	49,878	**49,878**
Obligations under finance leases	6,564	**6,564**
Obligations under LIFT and other service concession contracts	21,663	**21,663**
Trade and other payables excluding non financial liabilities	35,312	**35,312**
Total at 31 March 2020	**113,417**	**113,417**

Note 33.4 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	31 March 2020 restated*
	£000	£000
In one year or less	56,053	40,162
In more than one year but not more than five years	20,442	23,313
In more than five years	92,939	94,077
Total	**169,434**	**157,552**

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

Note 34 Losses and special payments

	2020/21		2019/20	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	12	10	16	15
Bad debts and claims abandoned	9	1	28	2
Total losses	**21**	**11**	**44**	**17**
Special payments				
Ex-gratia payments	31	5	46	31
Total special payments	**31**	**5**	**46**	**31**
Total losses and special payments	**52**	**16**	**90**	**48**

Note 35 Related parties

During the accounting period none of the Department of Health and Social Care Ministers, Board of Directors or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Mersey Care NHS Foundation Trust.

The Department of Health and Social Care is regarded as the Trust's parent department. During the accounting period Mersey Care NHS Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as a parent Department. For example:

- The Department of Health and Social Care
- Other NHS Providers
- CCGs and NHS England
- Other Health bodies
- Other Government Departments
- Local Authorities
- NHS Charitable Funds

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies.

Note 36 Events after the reporting date

Subject to final approval by NHS England/Improvement, the Trust will formally acquire the vast majority of clinical and corporate services currently provided by North West Boroughs Healthcare NHS Foundation Trust, on 1 June 2021.