NHS
Pennine Care
NHS Foundation Trust

2020/21

# Annual report and accounts

Pennine Care NHS Foundation Trust

Annual Report and Accounts 2020/2021

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

# Contents

# Welcome from the Chair and Chief Executive

This year was like no other.

The pandemic was, and is, a once-in-a-century health, social and economic challenge which has impacted everyone.

People and families have lost loved ones too early and suffered previously unthinkable restrictions to their lives. We tragically lost one of our colleagues to Covid-19, as well as many patients, family members and friends, which has been heart-breaking.

We can only imagine how painful it must be for those who are mourning or struggling with the lingering effects of this illness.

This devastating virus has also shone a harsh light on existing inequalities and, in many cases, exacerbated the damage wrought to the social fabric and the life chances and health of the most vulnerable in our societies. It has demonstrated the fragility of our world.

Behind all of this, like a silent pandemic, has been a mental health crisis sweeping across our communities. There is a wide spread consensus that the psychological impact of the pandemic has created a surge in mental ill health demand and we need to manage this.

We started the financial year in lockdown and suspect that there were few who fully anticipated the imminence of the scenes we have witnessed in health and care, or the effect that the pandemic would have, and continues to have, on all of us.

We have continued the delivery of all our services throughout this challenging time and it has been tough for everyone. However, the way we have united to support one another, continued to provide high-quality care in a new and complex landscape, and demonstrated real resilience and fortitude throughout this extremely stressful and frightening time has been remarkable.

We would like to pay tribute and thank you all for the courage, commitment, ingenuity, kindness and determination you have shown.

Working in these extraordinarily difficult circumstances has re-emphasised the importance of strong supportive teams. We have also seen brilliance in innovation; redesigning aspects of our services and rethinking the way we work.

The can-do attitude has characterised our response to the pandemic, across our teams. Our Covid-19 vaccine clinic, for example, was set up in weeks, running every day to help protect thousands of staff.

This virus has forced more distance, but also more connection, as we have found new ways to engage and communicate with people. We know that we will be living in the shadow of this pandemic for some considerable time, and have therefore reimagined a different future featuring many of the positive changes that have been made.

Our ‘Great Big Thank You’ week in September 2020 was just one way to express our gratitude and admiration to staff. We must however continue to do everything we can to look after their resilience and wellbeing.

We know that many NHS colleagues across the country have been adversely affected by the colossal strain and stress that the virus has put on services, and so are proud that our Manchester resilience hub has played a central role in providing specialist emotional support to all health and care workers, and their families, living or working in the region.

The pandemic turned this year upside down, but there were still developments and achievements. Some programmes and projects were understandably paused and delayed as we grappled with the crisis, but they all now back up and running.

We are progressing with our mental health and learning disability transformation programme, focussing on four priority areas; acute care pathway, new community mental health team model, Trust-wide access model, and single gender accommodation.

The pandemic has resulted in the rapid adoption of digital technology, enabling remote working as well as reducing the risk of infection transmission. These changes have happened at an incredible pace, but even before Covid-19, the better use of digital technology had already started to take centre stage.

We are therefore delighted that, alongside the digital advances as a direct result of Covid-19, our electronic patient record went live across inpatient and outpatient services. The ability to quickly access up-to-date, accurate and complete information about patients all in one place will bring a host of benefits to clinical teams and patients.

Our new leadership structure, which was put in place this year, will mean more visible medical, nursing, allied health professional, social work, and quality leadership and more devolved decision making. This has been supported by an organisational development programme.

Our corporate services redesign programme is also almost complete. Following the transfer of community physical health services, we need to work within what is affordable and be as efficient and effective as possible; delivering great value to our new clinical and operational structures and teams and the wider system.

Our single gender accommodation programme is progressing well, and also the building of a new 12-bedded male psychiatric intensive care unit at Tameside Hospital which is due to

open next year. Our current male psychiatric intensive care unit in Stockport will then be re-developed into a 10-bedded female unit.

We progressed work as the lead for the child and adolescent mental health services (CAMHS) provider collaborative for Greater Manchester, working closely with partner organisations. Covid-19 has also been a catalyst for greater local partnership and system working and we have welcomed and supported that.

We were proud to launch our learning disability strategy, as these specialist services are an important and highly valued part of our organisation. The strategy includes learning disability crisis pathway development and community learning disability team action plans.

We were also pleased to be awarded £116,000 for electronic rostering software, which will give us access to better data to manage shift allocations more effectively and efficiently.

Our equality, diversity and inclusion work has remained a top priority. The disproportionate impact of the Covid-19 pandemic on Black, Asian and minority ethnic groups has highlighted that there is a long way to go. We are looking at our contribution to wider health inequalities agenda, as well as the work we need to undertake to be a truly inclusive organisation.

We publicly stated our support for the Black Lives Matter movement and launched our anti-racist statement. We will continue to do everything we can to actively stand up to racism and help tackle every form of prejudice.

We had a number of Board changes over 2020/21. Dr Henry Ticehurst, our Medical Director retired after ten years in the post in the summer. Professor Nihal Fernando, our Deputy Medical Director and Director of Medical Education, was appointed to this post following a competitive interview process.

Suzanne Robinson, our Executive Director of Finance, also left us for a new job at Greater Manchester Mental Health NHS Foundation Trust. Nicky Tamanis took up the post as our new Executive Director of Finance.

Four new Non-Executive Directors also joined us in November and December 2020 and January 2021 replacing Joan Beresford, Deputy Chair, Sandra Jowett, Senior Independent Director and John Scampion when their terms of office ended. Our decision to appoint four candidates – Claudette Elliott, Maqsood Ahmad, Liz Allen and Edward Vitalis - is because each one is exceptional in their own way and will add significant value to our Board and Trust. They bring a range of complementary knowledge and experience that will help drive forward our new strategy and our inequalities agenda. As a result, we do not anticipate appointing a replacement for Mike Livingstone when he leaves the following year.

We are proud that that these new appointments mean that six out of 17 of our Board members are now from a BAME background. This includes, Saeed Atcha, who was also appointed as our first Associate Non-Executive Director in November 2020.

Daniel Benjamin, Non-Executive Director, was appointed to the role of Deputy Chair from November 2020 and Mike Livingstone, Non-Executive Director, took on the Senior Independent Director role from December 2020.

We want to take this opportunity to thank Henry, Suzanne, Joan, Sandra and John for their tremendous contribution over the years.

There were some bright moments which gave us a ray of pride and joy within the darkness of the pandemic. These included awards and national recognition for some of our star staff.

Florance Mukurira, a senior A&E mental health liaison nurse based in Bury, received a Royal College of Nursing North West award for her outstanding contribution to equality, diversity and inclusion.

We won three categories at the SAS North West Awards run by Health Education England. Carol-Ann McArdle received a Lifetime Achievement award. Kenn Lee a Clinical Achievement Award. Kim McDowell, medical workforce and education officer won Administrator of the Year award.

And Clare Manley, a community mental health nurse in Stockport won the Student Nurse of the Year: Mental Health prize at the Student Nursing Times Awards.

The remarkable endeavours of Sir Captain Tom Moore not only brought inspiration and hope to the nation, but raised millions for the NHS. We were so grateful to benefit from his extraordinary achievement and used the NHS Charities Funds allocation to support the wellbeing of our staff as well as our patients.

The charity money helped upgrade our Stockport memory assessment team kitchen, which was then officially named ‘Captain Tom’s Galley’. It also paid for an outdoor gym for our Hope Unit at Fairfield Hospital, a garden renovation for the Saxon Suite at Tameside Hospital, as well as hundreds of comfort boxes for weary teams.

Our local communities and businesses have also demonstrated overwhelming generosity during the pandemic. Their donations, gifts, messages and support have meant so much and we are so grateful.

Finally, we want to say a heartfelt thank you to our governors, volunteers, members, partners and community groups. Our dedicated governors and members continue to play an important role in shaping our work and are always focused on what matters. Our

volunteers are now back generously giving their time, skills and expertise freely to help others.

We are all facing this challenge together and it's been heartening to see so much togetherness, not just across our Trust, but across the whole of the NHS and beyond.

As we grapple with the effects of Covid-19, we have an opportunity to build a fairer world, based on equal rights and opportunities for all.

We therefore hope that the future brings enlightened recovery and empathetic action, with leaders and citizens alike acting in a spirit of solidarity, inclusion and generosity of spirit.

Thank you to you all. Take care and stay safe.

Best wishes,

**Evelyn Asante-Mensah OBE**
Chair
25 June 2021

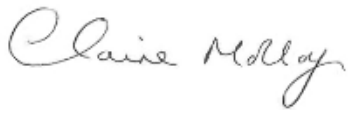
**Claire Molloy**
Chief Executive
25 June 2021

# Performance Report

The purpose of this section is to provide information for the reader to understand Pennine Care NHS Foundation Trust, including our purpose, our plans and how we have performed over the previous year.

The Board, having made appropriate enquiries, has a reasonable expectation that the Trust will still have access to adequate resources to continue its operational existence in the foreseeable future, being a period of at least twelve months from the date of the approval of the financial statements. On this basis, the Trust has adopted the going concern basis for preparing the financial statements. Full information can be found within the annual accounts, starting on page 158 of this report.

Signed



**Claire Molloy**
Chief Executive
25 June 2021

## About Pennine Care

Pennine Care NHS Foundation Trust (Pennine Care) was established in 2002 and is proud to provide mental health and learning disability services to people across Greater Manchester. We serve a population of 1.3 million and our vision is a happier and more hopeful life for everyone in our communities. Around 3,800 dedicated and skilled staff deliver care from around 100 different locations in five boroughs:

- **Bury, Oldham and Heywood, Middleton and Rochdale (HMR):** mental health and learning disability services for children and adults.
- **Tameside and Glossop:** children and adult mental health services, learning disability services, and health improvement.
- **Stockport:** mental health and learning disability services for children and adults.

Our mental health teams provide care and treatment for people with mild to moderate conditions such as depression, anxiety or dementia, or more serious mental health illness such as schizophrenia and bipolar disorder. We run Healthy Minds (psychological therapies), drug and alcohol services, psychiatric intensive care, rehabilitation services and many more. Our learning disability services are for people with a moderate to profound level of learning disability, such as those with Down's syndrome.

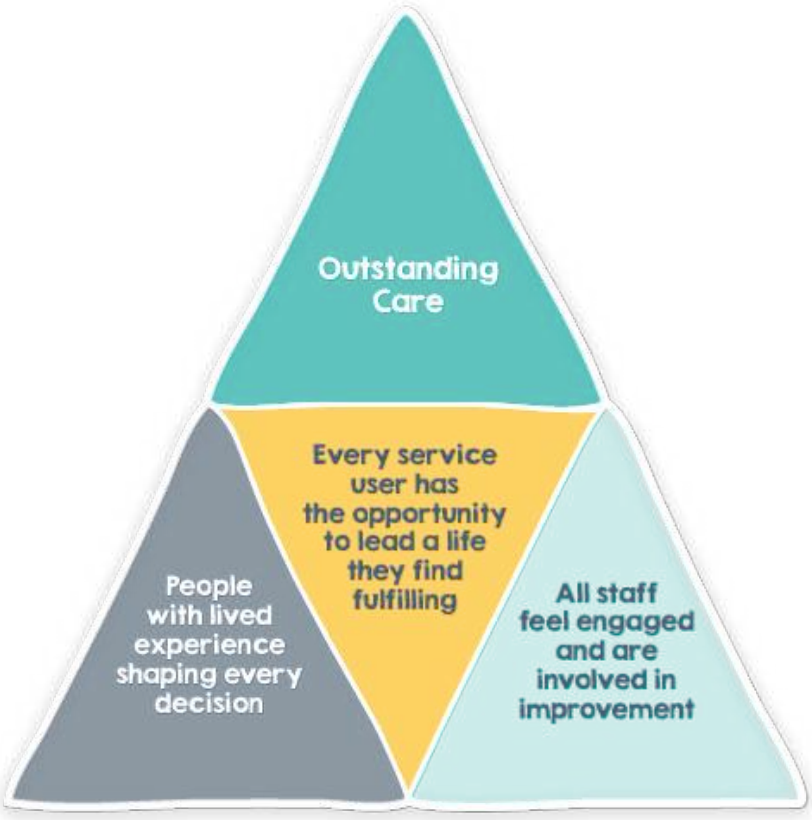
## Our strategy

Our five-year plan (2020-2025) sets out an exciting vision. Through re-shaping our organisation, focussing on what we do best and building roots in communities, we can maximise people's potential.

Our vision is for a happier and more hopeful life for everyone in our communities. Our mission is therefore to help to maximise people's potential to live healthier and more rewarding lives, while creating a great place to work.

Our values reflect who we are and how we do things:


By 2025, we want to achieve these big ambitions:



To help us deliver our big ambitions we will focus on four key areas:

- **Services:** we will develop outstanding services that are safe, compassionate, fair, consistent in quality and sustainable; using digital technology to advance our improvements
- **People:** we will nurture the development of a capable, motivated and engaged workforce which realises the potential and talent of everyone; and that values experts by experience
- **Culture:** we will create the right conditions for people to flourish by developing a just culture that is fair and inclusive; transparent, curious and outward facing, and that aims high, recognises success and creates pride and belonging
- **Partnerships:** we will make a full and meaningful contribution to our communities through our partnerships with service users and their carers, third sector, local communities and other organisations

## Performance overview

This section of the report will look in detail at the performance of the Trust during 2020/21, including service developments, achievements, updates and financial performance. It also looks ahead at future trends and challenges that may affect the Trust in the next financial year.

### Review of last years' achievements

This should have been our first year in working towards the delivery of our Big Ambitions. We were ready to launch the strategy and had exciting plans in place to drive us forward in pursuit of these new goals. We had not anticipated that a global pandemic was on the way.

As we know, the impact of Covid-19 has changed all of our plans, and all our lives. Our organisation has come together in response to the pandemic in an incredible manner and this was obviously our organisational priority during 2020/21. In the first six months, we:

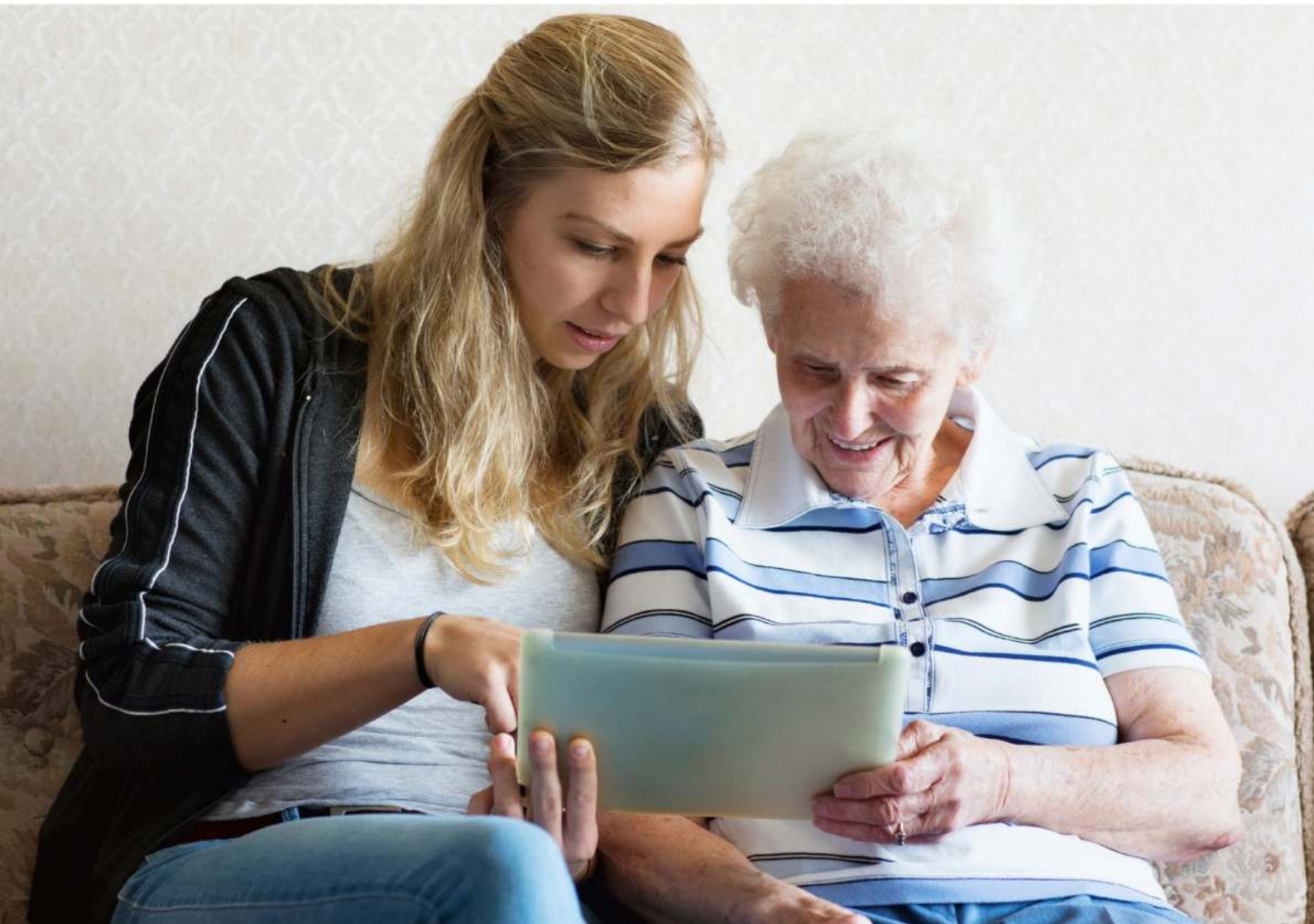
- Implemented new services, ways of working and improved partnerships with the aim of delivering outstanding care in very difficult circumstances.
- Engaged with staff in different ways and through different modes. Despite the 'command and control' context, staff have been empowered to try different things and encouraged to continue improvement approaches.
- We have continued to engage with service users and they have formed a major contributor to our Appreciative Inquiry (AI) exercise (a review of our response to the pandemic and learning we want to embed).
- We kept the vast majority of our services running, continuing to support service users in their treatment and recovery journeys.

So, whilst this was not the original plan of our journey towards our big ambitions, the key themes, and our organisational values (kindness, fairness, ingenuity and determination) have been present in the way which we have responded to the crisis.

In normal circumstances, delivery of the organisational annual business plan would have commenced in April 2020. However, due to the emergency response to Covid-19, a plan was not progressed to sign off stage.

Clearly the organisation has not stood still.  As stated in the opening comments, the priorities for the first half of the year was the emergency response to Covid-19, the safe provision of services for our staff and service users and the commencement of restoration of services.

During the year there has been a significant amount of change and learning and this is summarised over the next two pages.  This features **services** (including service and digital transformation elements), **people, culture** and **partnership** elements.  Again, not the expected route, but moving us towards the same destination.



# Learning from Covid-19 and recovery...

## Adapting our service provision

- Community provision - the emphasis on scale of delivery from home. Now offering remote consultations and access to online therapy.
- Community provision providing support to avoid admissions.
- IAPT services tailored to meet the current requirements.
- Mental health liaison teams have relocated within hospital sites, out of A&E departments.
- Inpatient services delivered via a reduced number of beds, the flexibility has enabled the transfer of workforce to move to where there is demand.
- Gatekeeping process rolled out.
- End of life care package developed for wards. This has has enabled staff to continue to care for patients supporting capacity in acute care.
- ECT consolidation.
- Increased physical health offer across services.
- Additional training provided to for staff particularly in physical health care.
- Development of a risk stratification of services.
- New physical health activities such as games events in RHSD.

## Working in partnership

- Patient support packs developed which were designed by patients.
- Delivered joint junior doctor training with Northern Care Alliance.
- Greater Manchester focus on clinical and ethical issues, able to have wider input into discussions and consistent decision making across trusts.
- Supporting mutual aid requests for PPE across Greater Manchester.
- Positive working across sector e.g. capacity and demand modelling.

## Embracing digital technology

- Remote consultations with patients via Attend Anywhere.
- Supporting over 1000 staff per day to work from home – through the roll out of laptops and microsoft teams to support remote working and virtual meetings.
- Dedicated page on the intranet where staff can access guidance, useful tips and FAQs.
- System in place for daily sitrep reporting.
- Purchasing devices for inpatient services to use so patients can still see family/friends virtually.
- Supporting quicker decision making and accelerated service development.

## New service offers

- 24/7 helpline established for service users and carers.
- Redevelopment of the resilience hub to provide support to staff across Greater Manchester.
- E-learning packages to support staff development.

## Maximising our workforce

- Established the internal staff transfer hub to support the deployment of staff across the organisation.
- PPE – staff deployed across boroughs and centrally to support stock control and distribution of PPE. Live tableau report of stock available across the boroughs.
- Infection prevention and control – raised the profile and value of this service, this is now becoming embedded into day to day working.

## Adapting our structures and governance

- Revised Board governance during a continued period of emergency management arrangement.
- New process for managing costs for coronavirus, online form developed.
- Ethics and Clinical group established that acts as sub group to Gold Command.

## Supporting our workforce

- Wellbeing apps available to all staff.
- Daily comms brief produced with latest updates.
- Process in place for staff testing.
- Care packages delivered to front line staff.
- Free parking provided for all staff and clear access to different modes of transport to support getting into work.
- Access to hotel accommodation where required.
- Increased profile and engagement with our staff networks e.g. BAME, Disability.
- Vaccinated 80% of our staff in the first 8 weeks of our Covid vaccination programme.

## Our culture

- Medical and nursing staff working more closely together, more frequent conversations taking place to support decisions.
- Joint medical training with the acute sector.
- Clinical voice in the conversation has been strengthened.
- More clinically led assessments resulting in defensible decision making.

In addition to the learning from Covid-19, there have been some major organisational developments which directly support our new direction of travel as an organisation. These include the following:

- We implemented a new integrated leadership model which is based on collective leadership principles – operational, nursing and quality leads will provide a more robust and diverse leadership approach, well connected to our locality systems.
- We placed a spotlight on equality, diversity and inclusion and our Board has developed a plan for improvement.
- We established a recovery cell, which has allowed us to plan our own internal restoration of services, support the wellbeing of our staff and undertake detailed workforce, capacity and demand planning. This was framed with the following principles:
    - No automatic return to “how things were”
    - Our approach is underpinned by improvement
    - Methodology involving service users and carers
    - Data-driven and evidence-based
    - Careful planning, scheduling and organisation of activity
    - Rigorous monitoring and surveillance.
- We said goodbye to our remaining community services when our dental services transferred to Bridgewater Community Healthcare NHS Foundation Trust on 1 September 2020.
- We signed a new contract with Civica on 30 September 2020 to support and accelerate our Electronic Patient Record (EPR) roll out, providing a good platform for digital transformation moving forward.
- We worked with partners across Greater Manchester to bring forward the launch of the shared care record with partner agencies.
- We developed a learning disability strategy with significant input from service users and carers.
- Based on the learning from Covid-19, we refreshed the programme of work for our service transformation programme, including clinical and corporate services.
- We paused and dedicated time to pay tribute to our amazing staff during the Great Big Thank You Week. This included all front line and support staff who have worked in incredibly difficult situations, some of whom who have had to navigate new personal protective equipment and strict infection control measures, those who have been redeployed and also those who have shown incredible resilience and learnt to work remotely, using new technologies.
- We launched our one small change campaign focussed on making small scale changes and enabled by an ideas hub via our new intranet.

By October 2020, we were in a position to agree a part-year business plan, based around our agreed key areas on focus:


We added ‘Living with Covid’ to our 2020/21 key areas of focus, with the following key objectives:

- Services are able to operate safely and manage predicted Covid-19 related surge demand.
- We will retain and maximise the benefits of good practice which emerged during Covid-19 response, ensuring we ‘build back better’.

Our performance against these strategic priorities is outlined below:

| **Living with Covid** | |
|---|---|
| **Priority** | **Position Statement** |
| Promoting people's **wellbeing** and maintaining energy and resilience, paying specific attention to those groups who have experienced a differential impact from Covid-19 | • Developed a significant range of wellbeing resources and psychological wellbeing support for staff and also promoted the national wellbeing offers available.<br>• Line manager resources developed to help support staff management where staff may be working remotely, redeployed or working on the front line.<br>• Regular virtual wellbeing meetings and drop in sessions held, virtual coffee mornings and Q&As.<br>• Risk assessment and wellbeing conversations have taken place and adjustments made/support available as required. |
| Ensuring **safe restoration** plans for all of our services and planning for further surges | • All services have approved working safely / Covid-19 secure interim operating plans in place that are reviewed in line with emerging government roadmap and Public Health England advice regarding personal protective equipment.<br>• Monitored via recovery cell.<br>• Engaged in the Greater Manchester (GM) recovery structure.<br>• Close collaboration with Greater Manchester Mental Health NHSFT to develop consistent recovery and surge plans.<br>• Mental health (MH) safety siren in development; sirens agreed by GM MH Executive and further developed through a GM expert reference group.<br>• Additional trainees for improving access to psychological therapies (IAPT) commissioned specifically to support workforce expansion to support Covid-19 recovery and surge. |
| Planning for **increased demand** for mental health services | • Capacity and demand modelling exercise completed across GM.<br>• Monitored via recovery cell.<br>• Demand pressure and predicted increase |

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| | shared with system via planning submission. |
| Ensuring our workforce meets current and future needs and can be **more agile** | • Agile working arrangements and new ways of working supported by technology in place during 20/21.<br>• Benefits will be carried forward as we further develop our agile working practices. |
| Ensuring **learning from Covid-19** is embedded | • Learning from appreciative inquiry exercise informed the re-launch of the service transformation programme.<br>• Learning from Covid-19 has shaped the modelling for corporate services redesign. |

| **Services** | |
|---|---|
| **Priority** | **Position Statement** |
| Developing new and redesigned services – long term plan and Greater Manchester mental health strategy | • Service transformation programme refreshed to focus on two key work streams, reflecting the key priorities of the NHS long term plan – acute, crisis and community.<br>• 24/7 helpline established for service users and carers.<br>• Redevelopment of the resilience hub to support staff across GM.<br>• Roll out of remote consultations and access to therapy online including Silvercloud.<br>• IAPT services tailored to meet current requirements.<br>• Mental health liaison relocated within hospitals, out of accident and emergency departments.<br>• Refreshed gatekeeping process and training rolled out.<br>• End of life care package developed for wards.<br>• Electroconvulsive therapy consolidation.<br>• Increased physical health offer across services.<br>• Development of risk stratification across services.<br>• Development of a learning disability strategy with significant input from service users and carers. |

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| | • Mobilisation of urgent response services in Bury and HMR.<br>• Joined the North West alliance for the mobilisation of the military veterans service.<br>• Building work commenced on the new psychiatric intensive care unit. |
| Delivering our quality priorities, including:<br><br>*single gender accommodation,*<br><br>*peer review programme (a team, including people with lived experience who visit services and measure quality indicators)*<br><br>*Develop a learning library to including learning from incidents, Freedom to Speak Up, compliments and complaints* | • Appointed to a new Head of Patient and Carer Experience and Engagement.<br>• New integrated leadership structure in place.<br>• Single gender accommodation project on track. All adult acute wards now single gender. Significant progress to eradicate dormitory accommodation.<br>• Using Ulysses to track recommendations and actions from incidents, complaints etc. |
| Undertaking a redesign of our corporate services | • Consultation process delayed due to Covid-19 – commenced in May 2021.<br>• Review of corporate leadership governance arrangements undertaken via Integrated Leadership Group.<br>• Programme of work to redesign corporate headquarters estate. |
| Implementing a programme of digital improvements, including electronic patient record | • Mobilised over 1,000 staff to work from home, implemented Microsoft teams to support remote working and implemented digital appointments (attend anywhere) for patients.<br>• Successfully upgraded all devices to windows 10 by 31 December 2020.<br>• Successfully transitioned to the new Civica infrastructure in March 2021. |
| Ensuring resources enable us to meet expectations | • Formal contracting for 2021/2022 continues to be paused until at least October 2021.<br>• Mental health investment standard met across all five boroughs.<br>• Working proactively with commissioners to agree priorities for investments. |

| **People** | |
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| **Priority** | **Position Statement** |
| Supporting the **psychological wellbeing** and **health** of our staff and ensure the resilience hub and clinical leaders network offers are promoted and available. | • Supporting the health and wellbeing of our staff has been an ongoing priority for the organisation and significant work undertaken to ensure the available support and wellbeing options were readily accessible for staff and managers.<br>• The Health and Wellbeing Guardian received assurance through the People and Workforce Committee on the range of support provided to staff and managers which included national wellbeing offers as well as staff wellbeing service, resilience hub and clinical leaders network.<br>• Excluding Covid-19 related absence, sickness absence during the year has averaged just above 5%; this is comparable to previous year's attendance.<br>• The results of the staff survey were positive including a 6% improved response rate. Significant positive change was seen in the health and wellbeing, morale and quality of care themes.<br>• Other positive results included a 6.5% increase in staff saying they would recommend the Trust as a place to work and positive increases were also seen in all five questions used to rate the effectiveness of line managers. |
| Reducing the risk of violence and aggression | • Prevention and reduction of violence and aggression towards staff is a priority area for improvement in the people and workforce strategy action plan for 2021/22.<br>• This was one of the areas in the staff survey where the Trust was below peer average, particularly in relation to violence from patients / public.<br>• We aim to improve the experience of our staff, evidenced through improvement to staff satisfaction scores, specifically around safety and the equality, diversity and inclusion agenda<br>• Work is underway using the violence prevention and reduction standard to assess |

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| | areas for development and work with staff and service users to clarity expectations and support available to bring about improvements. |
| Strengthening our approach to **equality, diversity and inclusion** and reducing inequalities | • There has been a strong focus on equality, diversity and inclusion during 2020/21 with our staff networks developing and helping shape the work of the Trust, including the development of an inclusion plan to address the findings from the workforce race and disability equality standards reports, the gender pay gap report, and feedback from the LGBT+ group to set out the areas for improvement.<br>• A number of engagement activities were held during 2020/21 with different groups to understand their experiences and help influence change. The equality mentoring scheme was also introduced in 2020/21 and the Trust's anti-racist commitment was set out in a statement with supporting actions.<br>• The staff survey findings provided some evidence of positive developments in some areas but also highlighted areas were staff experience had not improved or had worsened:<br>➢ Positive changes seen from Black, Asian and minority ethic (BAME) staff in relation to equal opportunities and BAME staff saying they had experienced discrimination at work.<br>➢ 5% increase in staff saying we have made adequate adjustments to enable them to carry out their work.<br>➢ Overall reduction in the amount of staff saying they have experienced discrimination from a manager / team leader or other colleague by 1.5% However, there has been a big increase in staff feeling they were discriminated for their disability – 7.4% increase.<br>• Work will continue in 2021/22 with a stronger focus on working within communities across our localities to address mental health and learning disability inequalities. |

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| Building an **effective** and more **flexible** workforce | • Reduction in bank and agency usage.<br>• Opportunities promoted locally to attract community groups.<br>• Improved retention of the 'retire and returners' group.<br>• Agreed frameworks for flexible / agile working, guided by feedback and learning. |
| Extending the use of **technology** for induction, education and training | • Improvements made during Covid-19 using technology for induction, education and training have been further embedded. A virtual induction package has been developed to enhance the experience of new starters.<br>• In addition, education and training events have been positively managed on-line reducing travel time for participants and still enabling a positive learning experience to be undertaken.<br>• Technology has been used to produce `how to' guides and further e-learning packages made available to staff to extend the offer available. |

| **Partnerships** | |
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| **Priority** | **Position Statement** |
| **Local care organisations** – working with partners in each of our five localities | • Active participation in a range of locality meetings to promote mental health services.<br>• Participation in locality work streams to develop new integrated system arrangements. |
| **Co-production** with service users and people with lived experience | • Appointment to a new Head of Patient and Care Engagement, commenced in January 2021.<br>• Instigated a review of the lived experience pool.<br>• Instigated scoping exercise of activity across the Trust to inform development of involvement and engagement framework. |
| **Lead provider collaboratives** – for children and young people | • Business case approved by Board and NHS England / Improvement.<br>• Arrangements in place for shadow form, including partnership agreements. |

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| | • Operating model and financial arrangements confirmed. |
| Partnership with **other providers** to support system level planning, increasing our influence in system level strategic planning and delivery | • Progressed partnership arrangements with Greater Manchester Mental Health NHSFT around key theme areas including digital; workforce; support services; and health inequalities.<br>• Significant joint working regarding phase 3 planning including capacity and demand modelling and establishment of planning priorities.<br>• Chair and Chief Executive meetings to align strategies and approach. |
| Supporting the implementation of the **Greater Manchester strategies** for mental health and learning disabilities | • Place secured on GM out of hospital cell working group and a member of GM subgroup working on 'locality construct' with wider system partners.<br>• Separate mental health (MH) proposal developed and reviewed with mental health partners via GM MH Executive. |
| Consider and review the findings of the wider **GM Health and Social Care Partnership (HSCP) review** process to develop the organisational approach to partnership working | • Key partner in collaborative work across GM to scope future arrangements for mental health within the integrated care system (ICS) at different spatial levels. GM system mental health system proposal developed collaboratively with partners. |

| **Culture** | |
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| **Priority** | **Position Statement** |
| Continuing in our journey to develop **collective leadership** and supporting new leadership teams | • Fully appointed to all roles in our new integrated leadership structure and developed an organisational development programme to support the new leadership teams.<br>• Re-established the collective leadership forum. |
| Strengthening **staff engagement** | • New approach and style to communications during the pandemic.<br>• Held virtual staff engagement sessions and executive Q&A sessions. |

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| | • 6.5% increase in staff saying they would recommend the Trust as a place to work. |
| Developing our approach to **improvement** and our improvement campaign | • Make one change campaign launched September 2020.<br>• To date 95 suggested ideas received.<br>• Suggestion of the week keeps momentum around programme.<br>• Improvement training impacted due to Covid-19 but 114 people trained in quality improvement methodologies during 2020/21. |
| Reviewing Trust **governance** and **decision making** processes | • This work was postponed to 2021/22 and is currently in progress. |
| Focussing on **Freedom to Speak Up** (FTSU)and **Just Culture** | • Recruited and trained 10 Freedom to Speak Up ambassadors.<br>• Appointed a second FTSU guardian.<br>• Strategic and oversight groups set for FTSU.<br>• Started to develop work on psychological safety. |

The above reflects our strategic performance, in terms of operational/contractual performance the below summarises our performance against key national standards during 2021/22:

| **Service Area** | **Performance** |
|---|---|
| Improving access to psychological therapies (IAPT) | Mainly positive with the exception of prevalence (the number of patients accessing the service). Due to the pandemic referrals have been significantly lower than usual; a trend seen nationwide.<br><br>Waiting times have been maintained and in some areas improved. The service has also introduced a new digital self-management pathway (Silvercloud), which has allowed patients to complete treatment, supported by a wellbeing practitioner, without the need for face to face appointments.<br><br>At the Trust level, our IAPT recovery target has also been consistently achieved each quarter. |
| Early intervention in psychosis (EIP) | We have successfully maintained our two week access standard for early intervention services during 2020/21. Results from the latest national clinical audit of psychosis audit also shows improvement across a number of the key outcome domains. |
| Out of area | Unfortunately, we saw an increase number of patients placed out of area during 2020/21. There are a number of reasons for this |

| | |
|---|---|
| treatment | including pressures on beds due to managing Covid-19 patients , temporary loss of capacity during our programme of work to support the move to single gender accommodation, and increased demand for psychiatric intensive care beds. |
| Delayed transfer of care (DTOC) | We have seen a positive reduction in the number of patients for whom discharges have been delayed during 2020/21 following focused work across the system to facilitate discharge pathways |
| 72-hour follow up | Work is progressing to implement reporting to support the new standard introduced in April 2020. |
| Healthy Young Minds (CAMHS) | The number of referrals received into our Healthy Young Minds services increased significantly during 2020/21, with sharp rises seen each time schools reopened after lockdowns. This has had an impact on waiting times across the Trust. |
| Eating disorders | Our eating disorder services have also seen a general trend of increasing in referrals over the year, however performance against the access waiting times standards have remained positive. |

## Future challenges and opportunities

The key risks and issues which could affect the delivery of the Trust's objectives and/or affect future sustainability are managed by the Board Assurance Framework (BAF). These are summarised below, and further detail is available within the Annual Governance Statement from page 115:

| Key area of focus | Key risks |
|---|---|
| Living with Covid | 1. If the Trust does not maintain a supply of appropriately skilled workforce, it will not be able to deliver services during the Covid19 pandemic.<br>2. If patients do not receive safe, effective and high quality care, this would result in patient/carer harm and non-regulatory compliance.<br>3. If the Trust does not provide strong visible leadership and engagement with the workforce during the Covid-19 pandemic then people may feel disconnected and unsupported which could impact turnover, sickness and overall culture.<br>4. If the Trust does not position itself successfully as a proactive partner during the Covid-19 pandemic then this could result in mental health services being inadequately represented and affect organisational reputation. |
| Services | 1. If patients do not receive safe, effective and high quality care, this would result in patient/carer harm, non-regulatory compliance and an adverse effect on Trust reputation.<br>2. If the Trust cannot demonstrate sustainability through its transformation programme (operational and corporate services), there is a risk of regulatory intervention which could compromise the longer term viability of the organisation.<br>3. If the Trust is unable to effectively implement the health informatics and estates enabling plans, it will be unable to deliver services in line with the quality and financial strategies. |
| People | 1. If the Trust does not recruit and retain an appropriate skilled workforce, it will not be able to deliver and develop services in line with the plan for 2021/22. |
| Partnerships | 1. If the Trust does not position itself successfully within the local care organisations, then our expertise and the value it can bring to partnerships in the interests of mental health/learning disabilities will not be adequately represented. |

| | |
|---|---|
| | 2. If the Trust cannot develop a business case for the lead provider collaborative that provides appropriate financial and quality assurance then approval at Board will not be possible and this could affect the Trust's reputation and future position in the GM system as it is currently identified as preferred lead by GMHSCP. |
| Culture | 1. If the Trust cannot effect successful organisational development and design, it will not create an environment / culture that facilitates good engagement, retention and safe provision of services. |

A range of controls, with clear risk owners, are in place to manage and mitigate these risks. These are reviewed regularly by Executive Director owners and quarterly by the Board of Directors.

In terms of opportunities for the coming year, these are summarised below:

| **Key area of focus** | **Opportunities** |
|---|---|
| Living with Covid | The Covid-19 pandemic has provided us with a unique opportunity for learning about our organisation, our people and our localities. We have tried new things and seen positive results, and are keen that this link to our 'ingenuity' value is continued, with learning consolidated and built upon. This includes continuing with new ways or working, such as the flexibilities afforded by virtual working / technology and also the gains we have seen in partnership working.<br><br>The impact of Covid-19, alongside the NHS long term plan, has seen the profile of mental health raised, which we would hope to consolidate for the future. |
| Services | The significant investment in mental health services, aligned to the NHS long term plan, offers us an exciting opportunity to enable and accelerate our transformation programme. We are exploring new roles and different ways of working to support us to manage the workforce / recruitment challenge.<br><br>Our digital strategy, including the electronic patient record will enable our staff to work more efficiently and improve patient care. |
| People | Whilst workforce issues continue to be a challenge, the response to the Covid-19 pandemic has created the opportunity to think differently and more creatively about |

| | |
|---|---|
| | how we deploy our workforce. We are also looking to enhance diversity and lived experience within our workforce, which provides an opportunity to drive continuous improvement of services.<br><br>We are also working closely with our localities and Greater Manchester colleagues to explore opportunities together, to ensure a workforce solution for our local population need. |
| Partnerships | Our refreshed service transformation programme affords us a great opportunity to work with an enhanced range of partners. This diversity will enhance the quality of the service model and ultimately the care we can provide to service users.<br><br>The Integrated Care System developments also offer us an opportunity to improve the quality of care, address health inequalities, increase the clinical voice and improve the service user experience, particularly with the proposals around provider collaboration. We are working closely with our mental health partners in Greater Manchester, including the voluntary, community and social enterprise sector, to progress these ambitions.<br><br>We will further develop our approach to service user and carer involvement in line with Big Ambitions and will refresh our lived experience pool during the coming year. |
| Culture | The coming year will see our new integrated leadership structure fully embedded, which will enhance clinical and professional leadership within the organisation. This will be supplemented by a redesign of corporate services to support the redesigned organisation.<br><br>As well as continuing with our just culture work and the profile of Freedom to Speak Up, in 2021/22 we have stated an organisational priority as the development of trauma informed care and are progressing a programme of quality improvement in support. |

## Equality, diversity and inclusion

As a Trust, fairness is one of our Trust values and our commitment to equality, diversity and inclusion is a thread throughout our work, led by visible Board commitment. Our website www.penninecare.nhs.uk/equalityanddiversity sets out our commitment and also our due regard to legislative requirements of us as an organisation, including the publishing of our annual objectives and progress report. To provide oversight of actions, we have established an Equality, Diversity and Inclusion (EDI) Group, reporting into the

Equality Diversity and Inclusion Steering Group. More detail is included within our staff report (page 72), however, a summary of our performance is outlined below. During 2020/21:

- The EDI Steering Group and staff networks have continued to drive forward improvements in equality and diversity.
- The Board held a development session involving the chairs of our staff networks; and our staff networks have supported an analysis of the outcomes of workforce race and disability standards, gender pay and annual monitoring data, which resulted in the development of an inclusion plan. The plan included Board commitments which have progressed as follows:
    - Disability Confident Employer status: in March 2021 the Trust was successful in achieving Level 2 status in the Disability Confident scheme moving from Committed to Employer status. Next steps will be to look at actions required to become a Disability Confident Leader – Level 3.
    - Anti–racist statement:signed off by Chief Executive and Chair and launched to coincide with the International Day for the Elimination of Racial Discrimination.
    - International Women's Day 8 March: Board members supported #ChooseToChallenge at the March Board meeting, plus celebrations and promotion on social media to mark the day.
    - Stonewall Diversity Champion: meeting held with Stonewall and membership application submitted to become a diversity champion.
    - LGBT+ month: Board members supported LGBT+ month at a Board meeting by displaying pronouns. Trust campaign to highlight the importance of pronouns using communications and social media.

In addition, further work has developed through 2020/21 including:

- EDI training: development of opportunities will include career coaching, opening up opportunities, targeting places for BAME staff on leadership programmes alongside an improved offer for education, development and awareness for all.
- Further session held on challenging race discrimination.
- Advancing mental health inequalities: discussions and development proposals to improve access, experience and outcomes for known mental health and learning disability inequalities.
- Learning disability strategy: approved by the Board of Directors.

We do not have any specific equality of service delivery KPIs and metrics and have been unable to provide customer satisfaction scores by protected characteristics.

## Financial performance and information

The Covid-19 pandemic affected the Trust both operationally and financially. Formal NHS contracting and performance arrangements were suspended in 2020/21 and the Trust operated under a national command and control regime.

Whilst there was a relaxation of “business as usual” arrangements to reduce the burden and release capacity for NHS organisations to manage the Covid-19 pandemic, public sector bodies are still required to abide by the stewardship requirements of managing public monies and have a statutory duty to carry out their functions effectively, efficiently and economically.

The level of funding allocated in the first six months of 2020/21 mitigated the requirement to deliver efficiency savings during the first wave of the pandemic and covered all incremental costs associated with Covid-19 to support the continued delivery of core services. Despite this the Trust delivered efficiency savings totalling £1.89m during this period, arising from the management of operational budgets.

For the second half of the year, although contracting remained suspended, the Trust negotiated additional funding with its main NHS commissioners to commence the mobilisation of new / enhanced mental health services. Financial plans were agreed at an integrated care system level, i.e. across Greater Manchester. The Trust continued to receive additional income to reimburse the incremental costs specifically in relation to Covid-19. The Trust was required to re-commence the efficiency programme and delivered savings of £1.6m across the second half of the year to achieve a full year surplus of £2.5m (£6.6m normalised)

The following table summarises the actual financial performance for the period ending 31 March 2021.

| | £000 |
|---|---|
| Income | 232,068 |
| Expenditure | (215,635) |
| **Earnings before interest, tax, depreciation and amortisation** | **16,433** |
| Non-operating costs (including depreciation, dividend and impairment) | (13,909) |
| **Net surplus / (deficit)** | **2,524** |
| | |
| Normalising adjustments: | |
| Impairment losses (reversals) net | 812 |
| Transfer by absorption | 3,245 |
| **Normalised surplus per accounts** | **6,581** |

The key headlines of financial performance for the financial year ending 31 March 2021:

- The Trust is reporting a surplus of £2.5m. This surplus includes: the impact of impairments (i.e. changes in the valuation of the Trust's fixed assets); and transfer by absorption (transfer of assets to another NHS provider associated with a transfer of services). Adjusting for the value of these items means that the normalised reported position is a surplus of £6.6m.

- During the year the Trust has invested £9.8m in capital projects.

- Overall efficiency savings released during the year totalled £4.7m of which £0.9m was released on a recurrent basis.

## Financial Sustainability

In determining the ongoing financial sustainability of the Trust, this requires an assessment of its anticipated resources in the medium term.

NHS Improvement published the Guidance on Finance and Contracting Arrangements for 2021/22 in March 2021. This guidance set out the details of the finance and contracting arrangements for the six-month period from 1 April 2021 to 30 September 2021 and confirms the Greater Manchester (GM) system funding envelopes.

Following on from this, individual block contract payments with commissioners have been agreed for 2021/22 and across the wider GM system a method of distributing all central system monies has been finalised which supports individual organisations to break-even.

In addition to the above the mental health long term plan identified service development funding (SDF) across a number of programmes, with funding to be distributed each year to 2023/24; subsequent to this the spending review (SR) announced £500m additional funding for mental health in 2021/22.

The Trust has received confirmation of an additional allocation of £10m of SDF/SR funding in 2021/22 of which £8.2m is for new services.

## Transfer of community services

The Trust continued the transfer of community services to other providers during 2020/21 and this will continue into 2021/22 with some properties still to transfer. The key changes are:

- Operating income from patient care activities and other operating income has reduced by £18.8m in 2020/21 compared to 2019/20, of which:

    - A reduction of £43.8m is due to the transfer of community services and the provision of services to the acquiring trusts through service level agreements.
    - An increase of £25.0m is due to inflation increases, investment, service changes in the remaining services and changes to funding in response to Covid-19.
- The reduction in income was accompanied by a reduction in operating expenses relating to community services. A full redesign of the corporate service functions is underway to further reduce any legacy costs arising from the transfer.
- The transfer by absorption loss of £3.2m is a technical adjustment that is required to reflect in the Trust's accounts the transfer of fixed assets to the new providers. More detail is included in Note 29 to the Accounts.

## Income

The Trust can confirm, in accordance with Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), that its income from the provision of goods and services for the purposes of the health service in England was greater than its income from the provision of goods and services for any other purposes. The work required to generate the non-health care income has had no adverse impact on the provision of goods and services for the purposes of the health service in England.

## Capital

A summary of the capital investments undertaken in the year is presented in the table below.

| | £000 |
|---|---|
| Information Technology - device replacement programme | 1,042 |
| Information Technology - data centres and networks | 758 |
| Information Technology - applications and electronic patient records | 692 |
| Information Technology - other | 1,827 |
| Estates - minor improvement works | 431 |
| Estates - single gender accommodation | 195 |
| Estates - lifecycle, estates, fire safety and equipment | 771 |
| Estates - essential works | 1,000 |
| Estates - new build - PICU | 1,335 |
| Estates - eradication of dormitories | 1,609 |
| Estates - COVID-19 | 55 |
| Other - neuromodulation therapy service | 65 |
| **Total** | **9,780** |

During 2020/21 the Trust was fortunate enough to receive capital allocations totalling £4.3m from the Department of Health and Social Care to support information technology investment, psychiatric intensive care unit new build, eradication of dormitories, estates critical infrastructure and Covid-19 estates schemes.

## Cash

The liquidity of the Trust is a measure of immediately available cash (plus easily converted assets). This is used to determine how long we can continue to pay what we owe as it becomes due.

The cash balance has increased by £17.6m during the year with a closing cash balance of £29.1m. The average daily cash balance during 2020/21 was £46.4m. The higher than average cash balances were due to financial support provided to all NHS providers in the form of accelerated income payments during the pandemic.

## Better Payment Practice Code

The Trust continues to monitor its performance against the Better Payment Practice Code, which requires payment of all trade creditor invoices within 30 days of receipt and a valid invoice (unless other terms have been specifically agreed with the supplier). The target set is 95% for both value and volume of invoices. The results for the year were 89.3% by volume and 90.1% by value, which is a drop in performance from 2019/20 (94.9% volume, 92.5% by value).

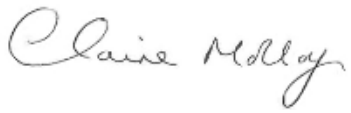
| | 2020/21 number | 2020/21 £000 | 2019/20 number | 2019/20 £000 |
|---|---|---|---|---|
| **Non-NHS** | | | | |
| Total invoices paid in the year | 34,386 | 87,841 | 51,784 | 98,792 |
| Total invoices paid within the target | 30,791 | 83,300 | 49,485 | 94,506 |
| **Percentage of invoices paid within the target** | **89.5%** | **94.8%** | **95.6%** | **95.7%** |
| | | | | |
| **NHS** | | | | |
| Total invoices paid in the year | 1,363 | 28,162 | 1,701 | 26,951 |
| Total invoices paid within the target | 1,123 | 21,184 | 1,286 | 21,786 |
| **Percentage of invoices paid within the target** | **82.4%** | **75.2%** | **75.6%** | **80.8%** |
| | | | | |
| **Total** | | | | |
| Total invoices paid in the year | 35,749 | 116,003 | 53,485 | 125,743 |
| Total invoices paid within the target | 31,914 | 104,484 | 50,771 | 116,292 |
| **Percentage of invoices paid within the target** | **89.3%** | **90.1%** | **94.9%** | **92.5%** |

# Accountability Report

The purpose of this section of the Annual Report is to meet key accountability requirements to Parliament, and includes the following sections:

- Directors' report
- Statement of compliance with the NHS Foundation Trust Code of Governance
- NHS Improvement's Single Oversight Framework
- Statement of Accounting Officer responsibilities
- Statement as to disclosure to the auditors
- Remuneration report
- Staff report
- Council of Governors and Foundation Trust membership
- Annual Governance Statement

Signed



**Claire Molloy**
Chief Executive
25 June 2021

# Directors' report

The Board of Directors is responsible for preparing the annual report and accounts and considers that, taken as a whole, they are fair, balanced and understandable. Furthermore, the Board considers that the annual report and accounts provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

In accordance with the General Companies Act (s416) the Trust is required to disclose the membership of its Board and its principal activities.

As an NHS Foundation Trust, the principal purpose of the organisation, in accordance with the principals enshrined in the NHS Constitution, is the provision of goods and services for the purposes of the health service in England. The Trust's principal activities are detailed in the performance report from page 10.

## The Board of Directors

The Trust is led by a unitary Board of Directors comprising nine independent Non-Executive Directors (including the Chair) and seven Executive Directors (including the Chief Executive). Board members each contribute to the collective skill set and wide-ranging experience of the Board, gained from a variety of professions and industry. More detailed information on the individuals who make up the Board of Directors can be found from page 38.

All members of the Board have the same general legal responsibilities to the Trust and have a collective responsibility to act with a view to promoting the success of the organisation to maximise the benefits for the members of the Trust and for the public.

The Board's structure is compliant with the Trust's constitution and provisions of the NHS Foundation Trust Code of Governance. Taking into account the wide experience of the whole Board, the Board believes that its membership is balanced, complete and appropriate.

All our Non-Executive Directors are independent as they have not been employed by the Trust and do not have any financial or other business interests in the organisation. None have close family ties with Pennine Care NHS Foundation Trust's advisers, directors or senior employees; and none of the current Non-Executive Directors have served terms of office greater than six years.

All the directors on the Board meet the 'fit and proper' persons test as described in the provider licence; and declare any potential conflicts of interest as part of the Trust's

Declaration of Interests process. The Trust maintains a register of interests for all directors, which is published on the Trust's website.

As at 31 March 2021, membership of the Board of Directors was as follows:

| | |
|---|---|
| Evelyn Asante-Mensah OBE | Chair |
| Daniel Benjamin | Non-Executive Director / Deputy Chair |
| Michael Livingstone | Non-Executive Director / Senior Independent Director |
| Dr Julia Sutton-McGough | Non-Executive Director |
| Catherine Laverty | Non-Executive Director |
| Maqsood Ahmad OBE | Non-Executive Director |
| Claudette Elliott | Non-Executive Director |
| Elizabeth Allen | Non-Executive Director |
| Edward Vitalis | Non-Executive Director |
| Saeed Atcha MBE | Associate Non-Executive Director (non-voting) |
| Claire Molloy | Chief Executive |
| Judith Crosby | Executive Director of Service Development and Delivery |
| Nicola Littler | Executive Director of Workforce |
| Keith Walker | Chief Operating Officer / Deputy Chief Executive (joint) |
| Clare Parker | Executive Director of Nursing, Healthcare Professionals and Quality Governance / Deputy Chief Executive (joint) |
| Nicola Tamanis | Executive Director of Finance |
| Professor Nihal Fernando | Medical Director |

There have been a number of changes to the composition of the Board during 2020/21.

Dr Henry Ticehurst, our Medical Director announced his retirement after ten years in the post. Professor Nihal Fernando, our Deputy Medical Director and Director of Medical Education, was appointed Medical Director following a competitive interview process and commenced in post on 3 August 2020.

Suzanne Robinson, our Executive Director of Finance, also left the Trust in the summer of 2020 for a new role at Greater Manchester Mental Health NHS Foundation Trust. Nicola Tamanis was appointed to this post following a competitive interview process and joined us on 1 September 2020. During the period between Suzanne's departure and Nicola's

commencement in post, Judith Crosby was appointed as Acting Executive Director of Finance for the period 10 August to 31 August 2020.

Due to both Suzanne and Henry leaving the organisation, a new appointment to undertake the functions of the deputy Chief Executive was required. Clare Parker, Director of Nursing, Healthcare Professionals and Quality Governance and Keith Walker, Chief Operating Officer were appointed as joint Deputy Chief Executive from 3 August 2020.

Further information regarding the appointment of Executive Directors is described within the Appointment and Remuneration Committee section below.

Joan Beresford and Sandra Jowett, Non-Executive Directors, who also served as Deputy Chair and Senior Independent Director respectively, concluded their second terms of office; and John Scampion decided to not seek reappointment following the conclusion of his first term of office. Due to both Joan and Sandra's terms of office ending, new appointments to undertake the functions of Deputy Chair and Senior Independent Director were required. The Council of Governors appointed Daniel Benjamin as the Deputy Chair with effect from 1 November 2020. Mike Livingstone was appointed by the Board of Directors (with ratification from the Council of Governors) as Senior Independent Director with effect from 1 December 2020.

The Council of Governors appointed four new Non-Executive Directors during 2020/21: Claudette Elliott, Elizabeth Allen, Maqsood Ahmad, and Edward Vitalis; all of whom bring extensive experience from voluntary, community, systems, and finance sectors. Further detail regarding their appointments can be found in the Council of Governors section of this annual report.

In November 2020, we appointed Saeed Atcha MBE into a new Associate Non-Executive Director position for a two-year term non-voting role, designed to support an individual with the potential to become a confident Non-Executive Director – by building on their competencies and supporting them to acquire the knowledge, skills and experience they need to secure a full Non-Executive Director role in Pennine Care or elsewhere in the NHS system.

During 2020/21, we also accepted a placement from Gatenby Sanderson's insight programme, which aims to give aspiring Non-Executive Directors from under-represented groups first-hand experience of how boards in the public sector work. Our first programme placement was Nigel Gloudon, who was with us from November 2020 to March 2021.

Attendance (actual/eligible) at Board of Directors meetings (held in public) and statutory committees 1 April 2020 to 31 March 2021.

| Board member | Board of Directors | Audit Committee | Appointment and Remuneration Committee | Term of appointment |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| Evelyn-Asante Mensah | 10/10 | | 5/6 | 1 November 2020 – 31 October 2023 (second term of office) |
| Daniel Benjamin | 10/10 | 5/5 | 6/6 | 4 September 2020 – 3 September 2023 (second term of office) |
| Michael Livingstone | 10/10 | | 5/6 | 21 September 2018 – 20 September 2021 (second term of office) |
| Julia Sutton-McGough | 10/10 | | 2/6 | 1 September 2020 – 31 August 2023 (second term of office) |
| Catherine Laverty | 10/10 | 5/5 | 5/6 | 28 November 2018 – 27 November 2021 |
| Claudette Elliot | 4/4 | 1/2 | 1/1 | 1 November 2020 – 31 October 2023 |
| Elizabeth Allen | 3/3 | | 1/1 | 1 November 2020 – 31 October 2023 |
| Maqsood Ahmad | 3/3 | | 1/1 | 1 December 2020 – 30 November 2023 |
| Edward Vitalis | 2/2 | 1/1 | 1/1 | 1 January 2021 – 31 December 2023 |
| Saeed Atcha (non-voting) | 3/4 | | | 1 November 2020 – 31 October 2022 |
| John Scampion | 7/8 | 4/4 | 4/5 | 19 February 2018 – 31 December 2020 |
| Sandra Jowett | 7/7 | 3/3 | 5/5 | 1 November 2017 – 31 October 2020 (second and final term of office) |

| Board member | Board of Directors | Audit Committee | Appointment and Remuneration Committee | Term of appointment |
|---|---|---|---|---|
| Joan Beresford | 5/6 | | 5/5 | 1 November 2017 – 31 October 2020 (second and final term of office) |
| **Executive Directors** | | | | |
| Claire Molloy | 10/10 | | | |
| Keith Walker | 7/10 | | | |
| Judith Crosby | 10/10 | | | |
| Clare Parker | 9/10 | | | |
| Nicola Littler | 10/10 | | | |
| Nicola Tamanis | 6/6 | | | |
| Nihal Fernando | 4/6 | | | |
| Suzanne Robinson | 4/4 | | | |
| Henry Ticehurst | 4/4 | | | |

## *Meetings of the Board of Directors*

Meetings of the Board of Directors are held in public on a monthly basis and the papers for each meeting are published on the Trust website. Additionally, the agenda is made available to the Council of Governors prior to any meeting of the Board; along with a copy of the minutes once approved at the following meeting.

With the declaration of a level 4 national incident in response to the Covid-19 pandemic and the publication of guidance from NHS England and NHS Improvement aimed at supporting organisations to reduce burden and release capacity, the Board took action to review and streamline its governance arrangements. During 2020/21, monthly Board meetings took place (with the exception of August and December 2020) and were held virtually with agendas and papers focused on the Trust's response to Covid-19, quality and safety, issues of strategic significance, organisational priorities, and assurance from committees.

Further detail regarding the governance response to the Covid-19 pandemic is described in the Annual Governance Statement from page 115.

## Formal Committees of the Board

As at 31 March 2021, the Board committee structure comprises of six formal committees of the Board of Directors, as follows:

- Audit Committee (statutory committee)
- Appointment and Remuneration Committee (statutory committee)
- Quality Committee
- Performance and Finance Committee
- People and Workforce Committee
- Charitable Funds Committee

For the period April to June 2020, the Board agreed to combine the functions of the Quality; People and Workforce; Performance and Finance Committees to consolidate the delivery of assurances during the initial response period to the Covid-19 pandemic. The Combined Assurance Committee, comprising membership of all Board members, concentrated on the impact and response to Covid-19, and wider assurance through the lens of quality, people and workforce, performance and finance.

Following each meeting, the Chair of the committee submits a report to the Board of Directors. The work of the committees is described below, and the Annual Governance Statement from page 115 provides an overview of how these arrangements support robust governance and have responded to the Covid-19 pandemic.

### *Audit Committee*

Audit Committee is a statutory committee of the Board, and the Code of Governance requires the committee membership to comprise of independent Non-Executive Directors. The Audit Committee supports the Board by critically reviewing and reporting on the relevance and robustness of governance structures, assurance process, and systems of internal control on which the Board places reliance. In particular, the Committee is responsible for:

- Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that support the achievement of the Trust's objectives. The Annual Governance Statement provides further information regarding the effectiveness of the system of internal control.
- Ensuring the establishment of an effective internal audit function in line with mandatory Public Sector Internal Audit Standards, which provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. The Trust's internal audit provider is Mersey Internal Audit Agency (MIAA). The Audit Committee agreed an internal audit plan aimed at providing assurances on the effectiveness of governance, risk and controls across key systems that support the

delivery of the Trust's objectives and functions of the organisation. Audit Committee seeks assurance regarding the delivery of the internal audit plan and the results of audit reviews. Where necessary, the Audit Committee refers the outputs of internal audit reviews to other Board committees for additional scrutiny.

- Reviewing the work, findings and opinions of the external auditor, and assuring itself of the independence of the external auditor and monitoring any non-audit work that the external auditors are asked to perform. The Audit Committee continually assesses the effectiveness of external audit through regular reports regarding delivery against agreed audit plans. Grant Thornton was initially appointed by the Council of Governors as the Trust's external auditor for a three-year term in 2015, following a procurement exercise. The contract was extended for a further two years in 2018, up to 31 May 2020. During 2019/20, the Audit Committee supported the Council of Governors to undertake a procurement exercise for the appointment of the external auditor. Grant Thornton was re-appointed as the Trust's external auditor for a three-year term commencing 1 June 2020.

During 2020/21, the Audit Committee has not identified any significant issues in relation to financial statements, operations and compliance.

The Audit Committee produces an annual report that outlines its programme of work undertaken during the year, which is formally presented to the Board of Directors and shared with the Council of Governors. Its terms of reference are reviewed on an annual basis. Ordinarily, the Committee self-assesses its effectiveness in line with best practice using the process set down in the HFMA NHS Audit Committee handbook (fourth edition); however in light of the Covid-19 emergency response, the Committee agreed to delay its next self-assessment to September 2021.

Audit Committee membership as at 31 March 2021:

- Edward Vitalis (Chair)
- Daniel Benjamin
- Catherine Laverty
- Claudette Elliott

*Statement of external auditor independence: Grant Thornton*

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the foundation trust.

## *Appointment and Remuneration Committee*

Chaired by the Trust Chair, and with a membership comprising all Non-Executive Directors, this Committee is responsible for reviewing the size, structure and composition of the Board and making recommendations regarding any changes. It also decides and reviews the terms and conditions of office of the Trust's Executive Directors in accordance with the requirements of the NHS Act 2006, the Trust constitution and all relevant Trust policies.

During 2020/21, the Committee discharges its responsibilities in relation to:

- Appointment of a Medical Director;
- Appointment of an Executive Director of Finance (plus interim acting up arrangements);
- Appointment of a Deputy Chief Executive; and
- Review of Executive Director remuneration.

### *Appointment of a Medical Director*

In light of the retirement of the previous post holder, the Committee instigated the process to appoint a Medical Director. GatenbySanderson was appointed to manage the recruitment process.

Interviews were held on 11 June 2020 with the format involving a medical stakeholder panel (comprising members of senior medics within the organisation), a stakeholder panel (comprising members of the Board, corporate heads of service, clinical leaders, lived experience pool and governor representatives), and a formal interview panel (comprising Non-Executive Directors, Chief Executive, Executive Director of Nursing Healthcare Professionals and Quality Governance and an independent Medical Director assessor).

On 15 June 2020, the Appointment and Remuneration Committee met to consider the interview panel's recommendation and resolved to approve the appointment of Professor Nihal Fernando into the post of Medical Director.

### *Appointment of an Executive Director of Finance*

In early 2020, the Committee commissioned the process to recruit an Executive Director of Finance due to the incumbent postholder, Suzanne Robinson, securing a post at a different NHS trust. GatenbySanderson was appointed to manage the recruitment process.

Interviews were held on 21 May 2020 with the format involving a stakeholder panel (comprising of members of the Board, senior finance, estates and health informatics leaders, lived experience pool and governor representatives) and a formal interview panel (comprising of the Chair of Audit Committee/Non-Executive Director, Chief Executive, Chief Operating Officer and an independent assessor).

On 22 May 2020, the Appointment and Remuneration Committee met to consider the interview panel's recommendation and resolved to approve the appointment of Nicola Tamanis into the post of Executive Director of Finance.

During the period between Suzanne Robison's departure from the Trust and Nicola Tamanis commencing in post, the Committee approved the appointment of Judith Crosby as Acting Executive Director of Finance for the period 10 August to 31 August 2020.

### *Appointment of a Deputy Chief Executive*

In summer 2020, the Chief Executive led the process for the substantive appointment of a Deputy Chief Executive in response to the retirement of Dr Henry Ticehurst and the departure of Suzanne Robinson, both of whom had performed joint Deputy Chief Executive responsibilities since June 2019. Whilst it was the responsibility of the Chief Executive to put effective deputising arrangements in place, the Appointment and Remuneration Committee welcomed involvement in the process.

Expressions of interest for the Deputy Chief Executive role were invited from Executive Directors, including the individuals newly recruited into the roles of Medical Director and Executive Director of Finance. Expressions of interest were received from Keith Walker and Clare Parker. Given that both candidates had been previously interviewed in 2019 for the Deputy Chief Executive role, it was agreed that formal interviews would not be required and, instead, an aspirational conversation took place with the Chair and Chief Executive on 27 July 2020.

The Committee met on 29 July 2020 to approve a recommendation from the Chair and Chief Executive to appoint Keith Walker and Clare Parker to undertake joint Deputy Chief Executive responsibilities from 3 August 2020.

### *Review of Executive Director remuneration*

On 13 January 2021, the Committee considered and approved a recommendation regarding Very Senior Manager (VSM) remuneration. This was in response to a recommendation from the Chief Operating Officer of NHS England / Improvement to all NHS foundation trust chairs that a pay increase relating to 2020/21 pay was set at a consolidated increase of 1.03 %, payable to all VSMs (with no exclusions applicable).

## *Quality Committee*

Chaired by a Non-Executive Director, the Quality Committee meets on a monthly basis to seek assurance that effective and appropriate systems are in place to drive quality improvements; and that the Trust is delivering high quality care.

Quality Committee membership as at 31 March 2021:

- Dr Julia Sutton-McGough (chair)
- Mike Livingstone
- Catherine Laverty
- Maqsood Ahmad
- Clare Parker
- Professor Nihal Fernando
- Keith Walker

## *Performance and Finance Committee*

Chaired by a Non-Executive Director, the Performance and Finance Committee meets on a monthly basis to oversee the performance of the Trust and to seek assurance in respect of Finance, Investment and Performance.

Performance and Finance Committee membership as at 31 March 2021:

- Daniel Benjamin (chair)
- Claudette Elliott
- Elizabeth Allen
- Edward Vitalis
- Keith Walker
- Nicky Tamanis
- Judith Crosby

### *People and Workforce Committee*

Chaired by a Non-Executive Director, the People and Workforce Committee meets on a bi-monthly basis to seek assurance in relation to the development, implementation and effectiveness of the People and Workforce Strategy.

People and Workforce Committee membership as at 31 March 2021:

- Claudette Elliott (chair)
- Dr Julia Sutton-McGough
- Maqsood Ahmad
- Elizabeth Allen
- Nicola Littler
- Keith Walker
- Judith Crosby

### *Charitable Funds Committee*

The Charitable Funds Committee is constituted by the Board of Directors, as corporate trustee, to manage the affairs of the Trust's charitable fund on its behalf and ensure statutory compliance with the Charity Commission regulations. The Committee meets on a quarterly basis and is chaired by the Trust's Chair.

## Assessing the Board's Performance

In line with the Foundation Trust Code of Governance, the Executive Directors undergo annual individual performance evaluations led by the Chief Executive and including the Trust Chair. Non-Executive Directors are appraised annually by the Chair of the Trust following a process agreed with the Council of Governors, who have the power to reappoint or remove them from post, as laid down in the Trust's constitution. Details regarding the appraisal of the Chair can be found in the Council of Governors section of this report.

To support the development of its strategy, vision and values, the Board has spent time since 2018 exploring its role and contribution to the organisation; including its governance arrangements and development needs. In early 2020, a range of proposals were developed with the aim of achieving a better balance between maintaining the existing focus on fiduciary governance (organisational stewardship, ensuring the efficient and appropriate use of resources) whilst building time and space to enhance the Board's skills and capability to work within strategic (formulating and setting strategic priorities) and generative (sense making, interrogating current reality in anticipation of future challenges) modes of governance. The proposals also set out a framework for Board development encompassing opportunities for the Board to learn and develop together; immersive

developmental events; and knowledge-based learning. The implementation of these proposals was paused in 2020/21 as a result of the emergency response to the Covid-19 pandemic. Board development sessions during 2020/21 have only been utilised for areas of discussion that were both important and urgent.

## Working with the Council of Governors

The Board of Directors and Council of Governors work closely together. The Board of Directors is responsible for running the Trust's services and developing strategies and plans for the future. It is also accountable for the organisation's compliance with national standards, performance targets and financial requirements. The Council of Governors has a statutory responsibility to hold the Non-Executive Directors of the Board individually and collectively to account for the performance of the Board of Directors. Details of how this is undertaken are reported in the Council of Governors section of this report (page 98).

The Chair of the Trust chairs the meetings of both the Board of Directors and the Council of Governors. A report on all items discussed and approved by the Council of Governors are reported to the next meeting of the Board of Directors. All Non-Executive Directors attend the Chair, NED and Governor Committee, during which governors have the opportunity to understand the views of governors and members and seek assurance the Board is addressing all matters relating to the delivery of objectives, quality and safety, workforce, finance, and operational delivery. Moreover, Non-Executive Directors are invited to attend full Council of Governors meetings and governor-led local constituency meetings. The Chief Executive (or her representative) attends each meeting of the Council of Governors to deliver an organisational update and to invite the views of members. During 2020/21, arrangements have been in place for governor representatives to observe monthly meetings of the Board of Directors.

## Board Directors' profiles

**EVELYN ASANTE-MENSAH OBE** commenced in post as Chair of the Trust in November 2017, having held senior positions in a variety of health and voluntary organisations over the last 25 years.

During this time Evelyn has contributed to the development and implementation of policy at local, regional and national level. She currently sits on the national NHS Confederation Mental Health Network board.

Among her notable roles, Evelyn was chair of Central Manchester Primary Care Trust and then NHS Manchester over a 12-year period, also holding a board-level role at Manchester Mental Health and Social Care Trust.

Evelyn is passionate about tackling inequalities in health and social care and promoting equality and diversity. She is a member of the NHS Confederation Black Leadership Network and was previously a Commissioner on the Equality and Human Rights Commission.

She is also co-chair of the BAME Advisory Group (NHS North West), alongside Bill McCarthy, executive regional director for the NHS North West; and is a member of the national race and health observatory mental health working group.

Evelyn was awarded an OBE in 2006 for services to ethnic minorities in the field of health.

**DANIEL BENJAMIN** was appointed as a Non-Executive Director in September 2017.

Daniel has over 30 years of commercial experience, including working for IBM (in the IT industry) for 25 years in a variety of commercial and advisory roles.

In his early years Daniel worked in the Manchester office of a major international firm of chartered accountants.

From 2012 to 2014, Daniel was a director of corporate services at the Information Commissioner's Office (ICO), where he had board responsibility for finance. Since leaving the ICO he became a trustee and treasurer of three charities, which range from £0.5m to £4.5m in size of turnover.

Daniel has a significant amount of health, voluntary sector and community service experience and currently serves on four sets of boards.

Daniel was appointed as Deputy Chair from 1 November 2020, and chairs the Performance and Finance Committee.

**MICHAEL LIVINGSTONE** was appointed as a Non-Executive Director in September 2015.

Up until the end of 2014 Mike was the Strategic Director of Children's Services at Manchester City Council. He has nearly 30 years' experience in local government having qualified as a social worker in 1985 and been a senior manager for over 15 years. Mike also spent five years with the national inspectorates as a lead inspector with the Social Services Inspectorate in the Department of Health and with Ofsted, working closely with other inspectorates including the CQC.

Whilst a member of the senior management team in Manchester, Mike worked with the Greater Manchester Combined Authority on public service reform including the arrangements for greater integration of health and social care and greater devolution to the region.

Mike was appointed Senior Independent Director from 1 December 2020.

**DR JULIA SUTTON-MCGOUGH** was appointed as a Non-Executive Director in September 2017. Julia has established a record of leading and delivering strategic projects in the NHS, charity and business sector.

Since 2010, Julia has run her own consultancy business. This has included support for NHSE/I Quality improvement programmes (Productive General Practice) and Clinical Pharmacist in Practice. Current work includes training and organisational development support for Primary Care Networks including population health management, workforce planning, leadership, care model re-design and estates strategy development.

Before starting her own business, Julia was an executive board member at Sue Ryder Charity. During the early part of her career Julia spent time in the pharmaceutical industry, with eight years at SmithKline Beecham, AstraZeneca and Schering Health Care. Her roles included study management, clinical quality assurance and product management.

Julia chairs the Quality Committee.

**CATHERINE LAVERTY** was appointed as Non-Executive Director in November 2018.

Cath has a strong background in mental health nursing; beginning her career on hospital wards before moving into a community-based role. She later provided mental health support to homeless people across the city of Manchester.

In addition to her clinical expertise, Cath also has significant senior management and board-level experience. She worked as a locality director in south Manchester, before managing hospital services across Manchester. She has held board-level roles in primary care commissioning and provider organisations and was the nurse board member and mental health lead for North Manchester Primary Care Trust from 2000 to 2004.

**CLAUDETTE ELLIOTT** was appointed as a Non-Executive Director in November 2020.

Claudette is an independent consultant, currently working at Kings College Hospital as the director for equality, diversity and inclusion. Prior to this, she has worked for 38 years in the Manchester system in various senior roles across health and care. Latterly, as the strategic director for integrated commissioning at Manchester Health and Care Commissioning. She was the chief operating officer/deputy chief officer at South Manchester Clinical Commissioning Group.

She originally trained as a social worker, and became the assistant director for older people's services at Manchester City Council. Claudette is committed to supporting ethical and value-based practice, working with staff, people being supported by services and connecting with communities.

**ELIZABETH ALLEN** was appointed as a Non-Executive Director in November 2020.

Liz is a partner in The Connectives, a consultancy business focused on developing partnerships and projects to deliver sustainable solutions.

She is also currently Chair of 42nd Street, the Greater Manchester young people's mental health charity and a director of Social Enterprise UK and director of the Social Audit Network.

Liz's previous roles include deputy chief executive at East Liverpool Economic and Community Trust, manager at the Healthy Living Centre at Liverpool East Area Partnership, and finance manager at The Social Partnership. She is also a member of the Mayor of Manchester's Social Enterprise Advisor Group.

**MAQSOOD AHMAD OBE** was appointed as a Non-Executive Director in December 2020.

Maqsood is currently chief executive officer of the British Muslim Heritage Centre.

Before this he was a senior manager at the Greater Manchester Health and Social Care Partnership and NHS cohort director for the Leadership Nye Bevan Programme.

His previous roles also include director for equality and inclusion at NHS England, head of equality and human rights policy at the Home Office, strategic director for diversity, equality and communications at the National Offender Management Service and assistant inspector of constabulary for equality at Her Majesty's Inspectorate of Constabulary (HMIC).

**EDWARD VITALIS FCCA, DipCG** was appointed as a Non-Executive Director in January 2021, bringing a wealth of board level experience from the charity, public and private sectors.

He is currently the chief operating officer for Bright Futures educational trust and specialises in transformational change management in education, health and social care.

Edward qualified as a chartered certified accountant and has led on organisational governance reviews for charities in West Africa, South Africa and Germany, as well as the UK.

Edward chairs the Audit Committee, and in 2021/22 will also chair a newly established CAMHS Lead Provider Collaborative Commissioning Committee.

**JOAN BERESFORD** was appointed as a Non-Executive Director in November 2014, and concluded her second and final term of office on 31 October 2020.

Joan took early retirement from Stockport Metropolitan Borough Council where, for the last eighteen months of her service, she was Head of Integrated Commissioning based in Adult Social Care working closely with health commissioners and providers.

She has 41 years' service in local government having worked for Manchester City Council for 22 years prior to joining Stockport. She has undertaken a range of roles during this time; including administration, management, project management and eight years as a qualified social worker.

During her time with Pennine Care, Joan served as Deputy Chair from 1 January 2017 to 31 October 2020.

**PROFESSOR SANDRA JOWETT** was appointed as a Non-Executive Director in December 2014 and concluded her second and final term of office on 30 November 2020.

Sandra has worked with the NHS for much of her career, through her research and strategic leadership roles in a range of public and private sector organisations. She has worked in four universities and was, until December 2015, Deputy Vice-Chancellor at the University of Cumbria.

Prior to this she was a director of the UK arm of a global research company, responsible for its public policy research. For 15 years she led research teams at the National Foundation for Educational Research, undertaking largely government-commissioned work to inform service development and national policy in health and education.

During her tenure with Pennine Care, Sandra served as Senior Independent Director from 1 January 2017 to 30 November 2020.

**JOHN SCAMPION** was appointed as a Non-Executive Director in February 2018 and left the Trust on 31 December 2020.

Qualifying as a chartered accountant in 1981, he joined the NHS in 1983, holding board level posts in Manchester, Rochdale, Oldham, Tameside, Central Manchester Hospitals and The Christie.

Since retiring from full time executive roles, he was chair, until 2013, of The Lifeline Project, a social enterprise company providing drug rehabilitation services. He was also chair of Manchester Mental Health and Social Care Trust until it merged with Greater Manchester West in 2015.

**SAEED ATCHA MBE** was appointed as an associate non-executive director in December 2020. This is a non-voting role.

He is the founding chief executive of Youth Leads UK, a charity he established aged 15 and has supported more than 7,000 disadvantaged young Greater Mancunians access volunteering opportunities and skills development programmes.

Saeed was made a recipient of an MBE in Her Majesty the Queen's New Year's Honours List, 2019, the youngest recipient that year.

He is a trustee of youth employment charity Generation: You Employed, UK, a Non-Executive Director at social housing group Bolton at Home, an Advisory Council Member to the Care Tech Foundation and Vice-Chair of Governors at his former secondary school, Ladybridge High School in Bolton.

Saeed also serves as Deputy Lieutenant of Greater Manchester.

**CLAIRE MOLLOY** commenced as Chief Executive in September 2017.

Claire has over 25 years' experience in the NHS and has worked in a variety of different roles, including director of commissioning and director of primary care. Claire has also held a number of joint posts across local government and health in regeneration, joint policy and service development.

Claire was previously chief executive at Cumbria Partnership NHS Foundation Trust, which provides mental health and community services across multiple boroughs. Prior to that she was managing director at the Heart of England NHS Foundation Trust.

Claire is passionate about creating positive workplaces and organisational cultures in order to help deliver the highest quality services to people and communities.

She is a firm believer that if we properly look after staff, we will in turn provide the best possible care to patients

**CLARE PARKER** was appointed as Executive Director of Nursing, Healthcare Professionals and Quality Governance in May 2018 and joint Deputy Chief Executive from 3 August 2020.

Clare is a learning disability nurse by background. She spent most of her early career working within learning disability and mental health services, specifically with people who have challenging behaviour, complex and forensic needs.

She gained her master's degree in management from Manchester University and then moved into management, quality and nursing roles. Clare has worked for provider organisations, commissioning organisations and a local authority.

She has achieved the Nye Bevan Award for Executive Healthcare Leadership, from the NHS Leadership Academy.

**KEITH WALKER** was appointed as Chief Operating Officer (previously Director of Operations) in August 2014.

Keith is a qualified mental health nurse and has worked in the NHS for over 25 years. Before joining Pennine Care in 2006, he worked in a number of clinical and management positions within adult and children's mental health services.

Keith is responsible for overseeing the entire operations of our services. His priorities are to ensure that services are safe and effective, that patients receive high quality care and that staff are supported in the workplace. He also oversees our transformation programme, contract performance and emergency planning.

He was appointed and joint Deputy Chief Executive from 3 August 2020.

**JUDITH CROSBY** has been Executive Director of Service Development and Delivery since September 2015, having previously held the roles of Director of Finance and Deputy Director of Finance.

Judith leads on the design and implementation of the Trust's strategy. This involves ensuring that plans are in place to deliver safe and sustainable services in line with commissioning requirements across the health and social care system.

Judith has been with Pennine Care since its creation in 2002, having previously worked in for other NHS organisations in Stockport, and Tameside and Glossop.

**NICOLA LITTLER** was appointed as Executive Director of Workforce from December 2018.

Nicky has 16 years' experience working within mental health NHS services in a senior human resources role. She started her career at Tameside Council, before joining our Trust for the first time in 2002.

Nicky held the role of deputy director of human resources and operational development in a large mental health trust from 2008 and became Associate Director of Human Resources in 2015 holding this role until the end of November 2018.

She has significant experience leading complex major workforce programmes and also supporting service transformation.

Nicky is committed to continually developing her skills and knowledge. She is a member of the Chartered Institute of Personnel and Development, which is the professional body for human resources and people development experts across the country.

**NICKY TAMANIS** was appointed as Executive Director of Finance from 1 September 2020.

Nicky was previously Deputy Chief Finance Officer at the Northern Care Alliance NHS Group and brings a wealth of experience.

Prior to this, Nicky was Director of Finance at the Bury and Rochdale Care Organisation and has also been Deputy Director of Finance at both the Royal Liverpool Hospital and Greater Manchester Mental Health Trust.

**PROFESSOR NIHAL FERNANDO** was appointed as Medical Director in August 2020.

Nihal brings a huge amount of skill and experience and is a hugely popular and highly regarded colleague, having previous been Deputy Medical Director for two years.

In addition to his Deputy Medical Director role, Nihal has also been our Director of Medical Education for five years; growing the medical education team and transforming our approach to medical education in that time.

He has been a consultant psychiatrist with us for 12 years and is also a visiting professor for Manchester Metropolitan University.

**SUZANNE ROBINSON** was appointed as Executive Director of Finance from January 2019 and left the Trust on 9 August 2020.

Suzanne has over 17 years' experience working at a senior level at a number of large acute and specialist providers as well as commissioning organisations in the North West of England. She has a passion for finance skills development and improving the visibility and understanding of finance across the NHS, leading many of her teams to succeed in national finance awards.

**DR HENRY TICEHURST** was appointed as the Medical Director from 1 June 2010 and retired on 3 August 2020.  Henry previously served as Lead Consultant in Bury, and as a Consultant Psychiatrist in several our localities.

## Statement of compliance with the NHS Foundation Trust Code of Governance

The Board of Directors and the Council of Governors of Pennine Care NHS Foundation Trust recognise the importance of good corporate governance, as described in the NHS Foundation Trust Code of Governance (originally published by Monitor).

Pennine 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 Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

As at 31 March 2021, the Trust was compliant with all the code's provisions.

The following table sets out the Trust's compliance with the disclosure requirements set out in the NHS Foundation Trust Code of Governance and the NHS Foundation Trust Annual Reporting Manual. Please refer to the director's report from page 38, council of governors and membership section from page 98, and the Annual Governance Statement from page 115 for full disclosures.

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (A.1.1) The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors. | Accountability report:<br>• Directors' report<br>• Council of Governors section | **Comply** |

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (A.1.2) The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors. | Accountability report<br>• Directors' report<br>• Board profiles<br>• Meetings of the Board of Directors | **Comply** |
| (A.5.3) The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor. | Accountability report<br>• Council of Governors section | **Comply** |
| (Requirement of FT ARM) The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors | Accountability report<br>• Council of Governors section | **Comply** |
| (B.1.1) The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary. | Accountability report<br>• Directors' report | **Comply** |
| (B.1.4) The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust. | Accountability report<br>• Directors' report<br>• Board profiles | **Comply** |
| (Requirement of FT ARM) The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated | Accountability report<br>• Directors' report<br>• Council of Governors section | **Comply** |

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (B.2.10) A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments. | Accountability report<br>• Directors' report<br>• Council of Governors section | **Comply** |
| (Requirement of FT ARM) The disclosure in the annual report on the work of the nominations committee should include an explanation if either an external search consultancy or open advertising has been used in the appointment of a chair or non-executive director. | Accountability report<br>• Council of Governors section | **Comply** |
| (B.3.1) A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report. | Accountability report<br>• Directors' report<br>• Council of Governors section | **Comply** |
| (B.5.6) Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied. | Accountability report<br>• Council of Governors section<br>• Membership section | **Comply** |

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (Requirement of FT ARM) If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012. * Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance). ** As inserted by section 151 (6) of the Health and Social Care Act 2012) | Not applicable | **Comply** |
| (B.6.1) The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted. | Accountability report<br>• Directors' report<br>• Council of Governors section | **Comply** |
| (B.6.2) Where there has been external evaluation of the board and/or governance of the trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust. | Not applicable | **Comply** |
| (C.1.1) The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement. | Accountability report<br>• Directors' report<br>• Annual Governance Statement | **Comply** |

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (C.2.1) The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls. | Accountability report<br>• Directors' report<br>• Annual Governance Statement | **Comply** |
| (C.2.2) A trust should disclose in the annual report:<br><br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br><br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | Accountability report<br>• Directors' report (Audit Committee) | **Comply** |
| (C.3.5) If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position. | Not applicable | **Comply** |

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (C.3.9) A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include:<br><br>• the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;<br><br>• an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and<br><br>• if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded. | Accountability report<br>• Directors' report (Audit Committee) | **Comply** |
| (D.1.3) Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings. | Not applicable | **Comply** |
| (E.1.4) Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report. | Accountability report<br>• Membership section | **Comply** |

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (E.1.5) The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations. | Accountability report<br>• Directors' report | **Comply** |
| (E.1.6) The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report. | Accountability report<br>• Directors' report<br>• Council of Governors section<br>• Membership section | **Comply** |
| (Requirement of FT ARM) The annual report should include:<br><br>• a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; • information on the number of members and the number of members in each constituency; and<br><br>• a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership, including progress towards any recruitment targets for members. | Accountability report<br>• Membership section | **Comply** |

| Code provision / requirement of FT ARM | Reference | Comply or Explain |
|---|---|---|
| (Requirement of FT ARM) The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report. | Accountability report<br>• Directors' report<br>• Council of Governors section | **Comply** |

## Summary of the requirements of Schedule 7 to the Regulations

| Disclosure requirement | Reference |
|---|---|
| Any important events since the end of the financial year affecting the NHS foundation trust. | Refer to the performance report from page 10 |
| An indication of likely future developments at the NHS foundation trust. | Refer to the performance report from page 10 |
| An indication of any significant activities in the field of research and development. | This will be referenced in the Trust's Quality Account, due to be published in June 2021 |
| Policies applied during the financial year for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. | Refer to the staff report from page 78 |
| Policies applied during the financial year for continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period. | Refer to the staff report from page 78 |
| Policies applied during the financial year | Refer to the staff report from |

| Disclosure requirement | Reference |
| --- | --- |
| for the training, career development and promotion of disabled employees. | page 78 |
| Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees. | Refer to the staff report from page 78 |
| Actions taken in the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. | Refer to the staff report from page 78 |

## NHS Oversight Framework

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:

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

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

### *Segmentation*

Our segmentation position as at 31 March 2021 is 3. Further information regarding the Trust's segment position and enforcement action taken by NHS Improvement can be found in the Annual Governance Statement on page 115.

Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

# Statement of Accounting Officer's responsibilities

## Statement of the chief executive's responsibilities as the accounting officer of Pennine NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Pennine 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 Pennine Care NHS foundation trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

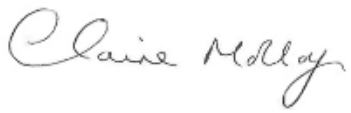
The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and

to enable him/her to ensure that the accounts comply with requirements outlined in the above-mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Signed



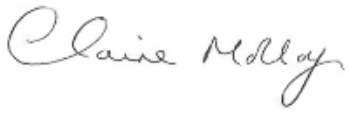
**Claire Molloy**
Chief Executive
25 June 2021

## Statement as to disclosure to the auditors

Each of the individuals who are directors at the date of approval of this report confirms that:

- They consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the NHS foundation trust's performance, business model and strategy;
- So far as the director is aware, there is no relevant audit information (which means information needed by the NHS foundation trust's auditor in connection with preparing their report) of which the NHS foundation trust's auditor is unaware; and
- The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS foundation trust's auditor is aware of that information.

For and on behalf of the Board:



**Evelyn Asante-Mensah OBE**
Chair
25 June 2021

**Claire Molloy**
Chief Executive
25 June 2021

# Remuneration report

**Annual statement 2020/21**

For the period April 2020 to March 2021 the employees involved have received a 1.03% consolidated pay increase. This was approved at the Appointment and Remuneration Committee in January 2021 but backdated to 1 April 2020 and is in line with NHS England and NHS Improvement's recommended pay increase for 2020/21 for very senior managers (VSMs).

**Senior managers' remuneration policy**

The Appointment and Remuneration Committee is responsible for setting and agreeing senior managers' remuneration, along with their terms and conditions. Read more about the committee on page 45.

Details of senior managers' remuneration are provided on page 74.

**Policy table:**

| Component | Salary | Expense payments (taxable) | Performance pay and bonuses | Long-term performance pay and bonuses | All pension-related benefits |
|---|---|---|---|---|---|
| Description | This is the basic salary | Senior manager car allowance | We do not offer these | We do not offer these | In line with the NHS Pension Scheme |
| How the component supports our long and short term strategic objectives | Recruitment and retention of senior managers | Recruitment and retention of senior managers | N/A | N/A | Recruitment and retention of senior managers |

With regards to the maximum that could be paid in relation to salary and fees and pension related benefits, we follow applicable regulatory guidance. In relation to taxable benefits, the maximum that could be paid would be determined on an individual basis by the Appointment and Remuneration Committee.

With regards to senior managers paid more than £150,000 periodic reviews are undertaken in order to satisfy that the remuneration is reasonable.

For remuneration in relation to Non-Executive Directors see page 74. The fees of Non-Executive Directors are set by the Council of Governors.

**Service contract obligations:**

There are no obligations on the Trust in relation to senior managers' contracts that have not been disclosed elsewhere.

**Policy on payment of loss of office**:

The standard notice period for all senior managers is six months, unless negotiated otherwise.

There were no payments for loss of office.

**Statement of consideration of employment conditions elsewhere in the foundation trust:**

The Appointment and Remuneration Committee takes into consideration the national Pay Review Body recommendations.

Where a change directly affects a senior manager's employment conditions, we would consult with that employee.

Benchmarking activities are undertaken where deemed appropriate.

**Annual report on remuneration**

Please refer to the Directors' report on page 38 for details of the membership and purpose of the Appointment and Remuneration Committee.

## Section A: Single total figure table 2020/21 and 2019/20 (subject to audit)

| | | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2019/20 | 2019/20 | 2019/20 | 2019/20 | 2019/20 | 2019/20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary | Expense payments (taxable) | Performance pay and bonuses | Long term performance pay and bonuses | All pension-related benefits | Total | Salary | Expense payments (taxable) | Performance pay and bonuses | Long term performance pay and bonuses | All pension-related benefits | Total |
| Name | Title | £000s (bands of £5k) | £s (nearest £100) | £000s (bands of £5k) | £000s (bands of £5k) | £000s (bands of £2.5k) | £000s (bands of £5k) | £000s (bands of £5k) | £s (nearest £100) | £000s (bands of £5k) | £000s (bands of £5k) | £000s (bands of £2.5k) | £000s (bands of £5k) |
| **Executive Directors** | | | | | | | | | | | | | |
| Ms C Molloy | Chief Executive | 140 - 145 | 3,500 | - | - | - | 145 - 150 | 135 - 140 | 3,500 | - | - | - | 140 - 145 |
| Ms S Robinson | Executive Director of Finance / Deputy Chief Executive (until 9th August 2020) | 50 - 55 | 1,300 | - | - | 17.5 - 20.0 | 70 - 75 | 140 - 145 | 3,500 | - | - | 70.0 - 72.5 | 215 - 220 |
| Dr H Ticehurst | Executive Medical Director / Deputy Chief Executive (until 3rd August 2020) | 60 - 65 | - | - | - | - | 60 - 65 | 180 - 185 | - | - | - | 102.5 - 105.0 | 285 - 290 |
| Ms N Tamanis | Executive Director of Finance (from 1st September 2020) | 75 - 80 | - | - | - | 97.5 - 100.0 | 170 - 175 | - | - | - | - | - | - |
| Prof N Fernando* | Executive Medical Director (from 3rd August 2020) | 120 - 125 | - | - | - | 7.5 - 10.0 | 130 - 135 | - | - | - | - | - | - |
| Ms C Parker | Executive Director of Nursing, Healthcare Professionals and Quality Governance / Deputy Chief Executive | 135 - 140 | 3,500 | - | - | 52.5 - 55.0 | 195 - 200 | 130 - 135 | 3,500 | - | - | - | 135 - 140 |
| Ms J Crosby | Executive Director of Service Development and Delivery (acting Executive Director of Finance from 10th August until 31st August 2020) | 125 - 130 | 3,500 | - | - | - | 130 - 135 | 125 - 130 | 3,500 | - | - | - | 130 - 135 |
| Ms N Littler | Executive Director of Workforce | 100 - 105 | 3,500 | - | - | 65.0 - 67.5 | 165 - 170 | 90 - 95 | 3,500 | - | - | 110.0 - 112.5 | 205 - 210 |
| Mr K Walker | Executive Director of Operations / Deputy Chief Executive | 130 - 135 | 3,500 | - | - | 45.0 - 47.5 | 180 - 185 | 125 - 130 | 3,500 | - | - | 70.0 - 72.5 | 200 - 205 |
| **Chair** | | | | | | | | | | | | | |
| Ms E Asante-Mensah OBE | Chair | 45 - 50 | - | - | - | - | 45 - 50 | 45 - 50 | - | - | - | - | 45 - 50 |
| **Non-Executive Directors** | | | | | | | | | | | | | |
| Mr J Scampion | Non Executive Director (until 31st December 2020) | 10 - 15 | - | - | - | - | 10 - 15 | 15 - 20 | - | - | - | - | 15 - 20 |
| Mr D Benjamin | Non Executive Director / Deputy Chair (Deputy Chair from 1st November 2020) | 15 - 20 | - | - | - | - | 15 - 20 | 15 - 20 | - | - | - | - | 15 - 20 |
| Dr J Sutton-McGough | Non Executive Director | 15 - 20 | - | - | - | - | 15 - 20 | 15 - 20 | - | - | - | - | 15 - 20 |
| Mr M Livingstone | Non Executive Director / Senior Independent Director (SID from 1st December 2020) | 15 - 20 | - | - | - | - | 15 - 20 | 15 - 20 | - | - | - | - | 15 - 20 |
| Ms J Beresford | Non Executive Director / Deputy Chair (until 31st October 2020) | 10 - 15 | - | - | - | - | 10 - 15 | 15 - 20 | - | - | - | - | 15 - 20 |
| Prof S Jowett | Non Executive Director / Senior Independent Director (until 30th November 2020) | 10 - 15 | - | - | - | - | 10 - 15 | 15 - 20 | - | - | - | - | 15 - 20 |
| Ms C Laverty | Non Executive Director | 15 - 20 | - | - | - | - | 15 - 20 | 15 - 20 | - | - | - | - | 15 - 20 |
| Ms C Elliot | Non Executive Director (from 1st November 2020) | 5 - 10 | - | - | - | - | 5 - 10 | - | - | - | - | - | - |
| Mr M Ahmad OBE | Non Executive Director (from 1st December 2020) | 0 - 5 | - | - | - | - | 0 - 5 | - | - | - | - | - | - |
| Ms L Allen | Non Executive Director (from 1st December 2020) | 0 - 5 | - | - | - | - | 0 - 5 | - | - | - | - | - | - |
| Mr E Vitalis | Non Executive Director (from 1st January 2021) | 0 - 5 | - | - | - | - | 0 - 5 | - | - | - | - | - | - |

*Prof N Fernando works two days per week in a clinical role and three days per week in the Executive Medical Director role. The figures reported above are the total remuneration for both roles.

## Section B: Pension benefits 2020/21 and 2019/20 (subject to audit)

| Name and Title | Real increase in pension at pension age<br><br>£000s (bands of £2.5k) | Real increase in pension lump sum at pension age<br><br>£000s (bands of £2.5k) | Total accrued pension at pension age at 31 March 2021<br><br>£000s (bands of £5k) | Lump sum at pension age related to accrued pension at 31 March 2021<br><br>£000s (bands of £5k) | Cash Equivalent Transfer value at 1 April 2020<br><br>£000s | Real increase in Cash Equivalent Transfer Value<br><br>£000s | Cash Equivalent Transfer Value at 31 March 2021<br><br>£000s | Employer's contribution to stakeholder pension<br><br>£000s |
|---|---|---|---|---|---|---|---|---|
| **Ms C Molloy** Chief Executive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Ms S Robinson** Executive Director of Finance / Deputy Chief Executive | 0 - 2.5 | 0 - 2.5 | 35 - 40 | 70 - 75 | 519 | 2 | 556 | 0 |
| **Dr H Ticehurst** Executive Medical Director / Deputy Chief Executive | 0 | 0 | 70 - 75 | 210 - 215 | 1,596 | 0 | 0 | 0 |
| **Ms N Tamanis** Executive Director of Finance | 2.5 - 5 | 5 - 7.5 | 40 - 45 | 85 - 90 | 625 | 49 | 739 | 0 |
| **Prof N Fernando** Executive Medical Director | 0 - 2.5 | 0 | 40 - 45 | 75 - 80 | 760 | 0 | 792 | 0 |
| **Ms C Parker** Executive Director of Nursing, Healthcare Professionals and Quality Governance / Deputy Chief Executiv | 2.5 - 5 | 0 | 60 - 65 | 0 | 677 | 39 | 748 | 0 |
| **Ms J Crosby** Executive Director of Service Development and Delivery | 0 - 2.5 | 0 - 2.5 | 50 - 55 | 160 - 165 | 1,247 | 29 | 1,316 | 0 |
| **Ms N Litter** Executive Director of Workforce | 2.5 - 5 | 5 - 7.5 | 35 - 40 | 75 - 80 | 532 | 55 | 610 | 0 |
| **Mr K Walker** Executive Director of Operations / Deputy Chief Executive | 2.5 - 5 | 0 - 2.5 | 35 - 40 | 70 - 75 | 570 | 34 | 633 | 0 |

## Section C: Pay multiples 2020/21 and 2019/20 (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median full time equivalent remuneration of the organisation's workforce. This includes estimated annual remuneration for temporary and agency staff and is based on full time equivalent annualised salary.

The mid-point banded remuneration of the highest paid director in Pennine Care in the financial year 2020/21 was £177,500 (2019/20: £182,500). This was 5.80 times (2019/20: 6.12) the median remuneration of the workforce, which was £30,615 (2019/20: £29,840).

In 2020/21, three employees (2019/20, no employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £15k to £175k (2019/20 £12k-£197k)

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

## Section D: Expenses of directors and governors (subject to audit)

| Expenses claimed 2020/21 | Number in post | Number claiming expenses | Total expenses claimed £ (rounded to nearest £100) |
|---|---|---|---|
| Executive and Non-Executive Directors | 16 | 7 | 1,800 |
| Governors | 33 | 1 | 100 |

| Expenses claimed 2019/20 | Number in post | Number claiming expenses | Total expenses claimed £ (rounded to nearest £100) |
|---|---|---|---|
| Executive and Non-Executive Directors | 15 | 13 | 17,800 |
| Governors | 33 | 13 | 2,100 |

## Section E: Notes to the remuneration report calculation

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

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

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

The basis for calculating the pension benefits associated with the NHS Pension Scheme members is determined in accordance with the 'HMRC method', which is derived from the Finance Act 2004 and modified by Statutory Instrument 2013/1981.

The calculation required is:

Pension Benefit Increase = ((20×PE) + LSE) - ((20 ×PB) + LSB) - EC

Where:

PE is the annual rate of pension that would be payable to the director if they became entitled to it at the end of the financial year;

PB is the annual rate of pension, adjusted for inflation, that would be payable to the director if they became entitled to it at the beginning of the financial year;

LSE is the amount of lump sum that would be payable to the director if they became entitled to it at the end of the financial year;

LSB is the amount of lump sum, adjusted for inflation, that would be payable to the director if they became entitled to it at the beginning of the financial year;

EC is the employee's contribution paid during the year.

***Notes on Cash Equivalent Transfer Value for section B:***

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.

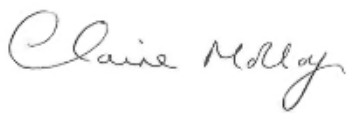
A CETV is a payment made by a pension scheme when the member leaves a scheme and chooses to transfer the benefits accrued.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures include the value of any pension benefits in another scheme or arrangement.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

Signed



**Claire Molloy**
Chief Executive
25 June 2021

# Staff report

We have a diverse workforce and employ 3589 substantive staff (headcount as at 31 March 2021). This is the head count, or number of people, who work for Pennine Care including medical consultants, nurses, therapists and specialist practitioners. Our staff work in a variety of settings including the community, hospitals and clinics.

In addition, we employ approximately 991 workers on our bank (headcount as at 31 March 2021), who work for us flexibly when we require additional staffing support. We simply would not be able to deliver high quality care to our patients without their continuing hard work, commitment and dedication.

## Workforce demographics

The following table shows our split of male and female employees.

| Category | Female | Male | Total |
|---|---|---|---|
| Employee | 2,781 | 757 | 3,538 |
| Senior manager | 22 | 13 | 35 |
| Board of Directors | 10 | 6 | 16 |
| Total | 2,813 | 776 | 3,589 |

***Notes***

The figures in the table above are a snapshot as at 31 March 2021 and are headcount, so a staff member with more than one assignment would only be counted once. The figures referenced exclude bank workers. The Board of Directors category includes the Chief Executive, Executive and Non-Executive Directors, and the senior manager category includes anyone reporting directly to a director.

## Analysis of staff costs (subject to audit)

| Staff costs | Permanent £000 | Other £000 | 2020/21 Total £000 | 2019/20 Total £000 |
|---|---|---|---|---|
| Salaries and wages | 110,244 | 22,123 | **132,367** | 145,951 |
| Social security costs | 10,586 | 1,380 | **11,966** | 13,013 |
| Apprenticeship levy | 611 | 18 | **629** | 729 |
| Employer's contributions to NHS pension scheme | 19,330 | 2,399 | **21,729** | 25,399 |
| Pension cost - other | 30 | 8 | **38** | 44 |
| Other post-employment benefits | - | - | **-** | - |
| Other employment benefits | - | - | **-** | - |
| Termination benefits | - | - | **-** | - |
| Temporary staff | - | 7,129 | **7,129** | 11,022 |
| **Total gross staff costs** | **140,801** | **33,057** | **173,858** | **196,158** |
| Recoveries in respect of seconded staff | - | - | **-** | - |
| **Total staff costs** | **140,801** | **33,057** | **173,858** | **196,158** |
| **Of which** | | | | |
| Costs capitalised as part of assets | 62 | - | **62** | 1,429 |

The above table has been subject to audit.

| Average number of employees (WTE basis) | Permanent Number | Other Number | 2020/21 Total Number | 2019/20 Total Number |
|---|---|---|---|---|
| Medical and dental | 92 | 106 | **198** | 212 |
| Ambulance staff | - | - | **-** | - |
| Administration and estates | 689 | 165 | **854** | 1,035 |
| Healthcare assistants and other support staff | 793 | 300 | **1,093** | 1,197 |
| Nursing, midwifery and health visiting staff | 809 | 245 | **1,054** | 1,342 |
| Nursing, midwifery and health visiting learners | 37 | - | **37** | 20 |
| Scientific, therapeutic and technical staff | 405 | 155 | **560** | 639 |
| Healthcare science staff | - | - | **-** | - |
| Social care staff | - | - | **-** | - |
| Other | - | 9 | **9** | 8 |
| **Total average numbers** | **2,825** | **980** | **3,805** | **4,453** |
| **Of which:** | | | | |
| Number of employees (WTE) engaged on capital projects | 1 | - | **1** | 31 |

The above table has been subject to audit.

### *Staff policies and actions applied during the financial year*

We have a range of policies in place to ensure that staff with disabilities, or who become disabled while in our employment, are fully supported to ensure they have fair access to employment, career development opportunities and training.

Our Equal Opportunities policy sets out the principles of our equality approach. This is reinforced through our other policies, for application by managers.

Our Managing Attendance (sickness absence) policy ensures that adjustments are considered as part of enabling individuals to return to work, and in sensitively working with individuals in a supportive way where disabilities may impact on health.

We continue to support the Dying to Work Charter, which is a national initiative to support employees who become terminally ill in employment and have reviewed our policies and good practice guidelines to reflect our commitment to upholding a supportive and enabling approach.

Our Occupational Health service provides advice on reasonable adjustments to support individuals to return and remain in work.

We continue to update and adjust the support we offer to ensure we are meeting best practice and legislative requirements.

The policies are described in more detail below.

### *Equal Opportunities policy*

The equal opportunities policy a key organisational policy which underpins all other policies. The policy set sets out the purpose to:

- create a working environment which, nurtures dignity and mutual respect encouraging staff to achieve their full potential.
- attract, develop and retain a diverse workforce.
- increase awareness and implementation of anti-discriminatory practice amongst all staff.
- ensure that no employee or potential employee experiences less favourable treatment as a result of personal attributes or circumstance on grounds that cannot be shown to be justifiable.
- To highlight that any form of unlawful direct and indirect discrimination, victimisation or harassment in employment practice is unacceptable

### *Supporting Staff with Additional Needs policy*

We recognise the importance of supporting staff who may have additional needs or reasonable adjustments to help them in work. This policy describes our commitment to supporting our workforce and to improve the outcomes for people with additional needs in terms of retention, achievement, success and career progression.

The policy sets out:

- employees with additional needs have the same opportunities at work that employees without those needs have;
- the Trust complies with the Equality Act 2010, the Data Protection Act and Safeguarding legislation;
- support is provided for additional needs in a manner that continues to maintain the integrity of the individuals work;
- employees with additional needs are supported in ways that promote their independence and prepare them for career progression where required.

### *Recruitment and Selection policy*

The Trust Recruitment and Selection policy is a key policy which sets out the criteria and procedures for fair, timely and effective recruitment of staff and takes account of current legislation and best practice associated with employment. This policy is designed to

ensure objectivity and equality of opportunity throughout the recruitment and selection process.

We are also a Disability Confident Employer which demonstrates our ongoing commitment to supporting fair recruitment, selection and retention of disabled candidates and employees.

***Managing Attendance policy***

Our Managing Attendance (sickness absence) policy was developed in partnership with staff side colleagues. This introduces consistent standards across the organisation for all staff, supporting the effective management of sickness and ensuring staff are appropriately supported both during their absence and in returning to work.

We review our health supportive initiatives and services to ensure that these provide the right level and area of support for staff to provide a supportive return to work; this can include making reasonable adjustments for staff that return from long term sick leave, or where an employee may have developed a disability to remain in work. In addition to this the Human Resources team provide coaching and development opportunities for our managers to improve their skills in absence management and support.

Through working with our disabled employee network, we have drafted a `health passport' to enable staff to more flexibly move around the organisation and retain agreed arrangements to support them in work.

Sickness absence data for NHS organisations in England is published by NHS Digital and is available at: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates.

***Training, Education and Development policy***

The Training, Education and Development policy set outs the fair and consistent criteria for training, education and development.

The Trust continues to review its policies and procedures by undertaking equality analysis prior to the policies being ratified and consults our staff network on key policies as appropriate.

### *Engaging with employees*

Effective employee involvement and engagement is crucial to effective service provision and the delivery of quality services through staff who are motivated, accountable and engaged. We develop all our managers to understand the importance of involving and engaging with all their staff as part of everyday good management practice.

Where there are specific decisions that may impact on employees' interests (such as organisational change) we use a range of mechanisms to engage with our staff and Trade Union colleagues. Our commitment is set out in our Organisational Change policy which outlines the importance of early engagement with staff and teams and sets out to involve them wherever possible in discussions and the formation of ideas to meet changing requirements. In addition, we work in a collaborative manner with our Partnership Officers to support the development and implementation of robust and fair formal consultation papers and processes.

Our yearly conversation (appraisal system) provides a focus on employees' contribution to the success of their team and the Trust objectives, capturing this assessment in a formal process for managers to provide direct feedback about individual performance, supporting individual's development and opportunities to contribute going forward.

We also have a range of staff engagement and communication methods in place to ensure that staff are involved in a wide range of opportunities, that they understand the organisational priorities and key issues, and can contribute to the formulation of plans and actions. During the last 12 months we have adapted to provide virtual methods to continue to engage and involve our staff.

There are a number of communication channels to ensure staff remain up to date. The Trust intranet site includes a number of `hub' information points for ease of access and provision of information and communication for staff. We have weekly e-bulletins, a dedicated staff Facebook group and ad-hoc global email updates. During periods of consultation, there are specialist intranet pages populated to inform staff of developments and share documentation. Our Chief Executive publishes a regular online blog focusing on key topics for our workforce and our quality agenda priorities. Members of the Board and governors also engage with staff via service engagement visits and through locality meetings.

Local divisional mechanisms include informal drop-in sessions with managers and specific team organisational development plans have been developed as appropriate to ensure full involvement and engagement in developments. Managers are encouraged and supported to utilise more personal and face-to-face communication channels with their teams, particularly where there is a requirement to share information about service changes.

There is a Partnership Committee and a Medical Local Negotiating Committee which are used to consult and update union representatives on a range of topics. It also provides an opportunity for our senior leadership to discuss issues, initiatives or factors affecting our workforce with Partnership Officers and Staff Side colleagues.

### *Staff networks*

During the last 12 months our staff networks have continue to meet virtually.  The staff networks play a key role to help shape and influence change to support diversity and inclusion in the Trust.  Each network has an Executive Director sponsor and Non-Executive Director linked to the group.

The groups are:

**LGBT+ Network:** the LGBT+ staff network has been running for the past four years and has made significant progress in a number of areas.  The Trust also has an LGBT+ Allies group which also influences change in workforce and patient related matters.  The network and group have supported training and development and provided advice and guidance on policy development for workforce and service.

**Race Equality Network:** the network has continued to grow in the last 12 months and has been active in raising awareness, delivering training and education, and supported the work of the Trust in the development of an anti-racist commitment statement.

**Positive Ability Network:** this network has developed over the last 12 months. The group is actively engaged in helping promote and advise on the equality, diversity and inclusion work programme, including increasing the reporting for staff with a disability in order to support and improve experience in work and developing the health passport.

Our employees are encouraged to take part in our quality improvement work whether that is through #onesmallchange campaign or through one of our many quality improvement projects.

In addition to the internal routes, our employees are also part of our foundation trust membership and as such play a key role in the organisation both as members of our workforce but also as part of the membership.

### *Freedom to Speak Up (FTSU)*

Freedom to Speak Up is one element of a wider strategic approach to positive cultural transformation and improvement. We want to create a culture of listening, where all staff feel safe and able to speak up about anything that gets in the way of delivering high quality care or affects their experience in the workplace.

Our Freedom to Speak Up Guardian is independent and impartial. All staff, governors, volunteers, students can speak to the Guardian in confidence. The FTSU Guardian works alongside the senior leadership team to ensure concerns are addressed promptly and effectively.

***Board commitment***

Quarterly reports to Board identify themes from the issues staff are speaking up about and provide assurances that staff are responded to appropriately.

Staff have spoken up about concerns relating to patient safety, staff safety and wellbeing, bullying and harassment, cultural issues and failure to follow policies.

| Time period | Numbers of staff speaking up to the FTSU Guardian |
|---|---|
| April 2020 – March 2021 | 130 |

***Policy***

Staff who had spoken up in the past contributed to the development of the Freedom to Speak Up policy, which encourages staff to speak up to their line manager if they can, but it recognises that this is not always possible. Where staff do not feel able to speak up to their line manager or they have already tried to speak up to their line manager and they have not had a satisfactory response, they are asked to go to the Freedom to Speak Up Guardian.

***Communicating the message***

The FTSU communication plan helps to ensure that the FTSU message is communicated widely to all staff groups.

***Triangulating information***

FTSU information is used together with other data relating to patient safety, complaints and friends and family test. This supports the identification of areas in need of support and improvement and helps to share lessons learnt across the Trust.

***Speak Up ambassadors***

The Trust has Freedom to Speak Up ambassadors who support the Guardian to promote a culture of openness, honesty, transparency and learning, where staff are supported to speak up.

Staff from minority groups, such as LGBT+ and Black, Asian and minority ethic (BAME), are encouraged and supported to apply.

## Health and safety and occupational health

The staff survey measures a number of questions relating to the safety of staff including the culture of safety and safety of the environment. The latest staff survey report identified areas for development include addressing bullying and harassment and safety environments.

We continue to place importance on promoting positive health and wellbeing for our staff, and a number of interventions and actions have been undertaken during 2020/21 to support staff and line managers working during Covid-19. A number of virtual staff engagement and support sessions have been held and coffee mornings scheduled for shielding staff to maintain contact with colleagues.

Risk assessments were immediately introduced at the beginning of the Covid-19 pandemic and support for staff to work from home if possible

The Trust has a contract with an external occupational health provider, as well as offering the internal staff wellbeing service.

The staff wellbeing service is a highly confidential provision that continues to be evaluated as excellent in feedback by staff. The service offers psychological help with mild to moderate difficulties and is accessed through direct or manager referral.

Group and individual sessions are provided at flexible times across the Trust footprint and provide help with a wide range of difficulties commonly including anxiety, depression, bereavement and following trauma; as well as mixed presentations such as stress alongside chronic pain. Interventions include counselling, Cognitive Behavioural Therapy, support from a Psychological Wellbeing Practitioner and mindfulness training with yoga. The team also offer Eye Movement Desensitisation Reprocessing (EMDR) as a further resource for staff following trauma.

## Information on policies and procedures with respect to countering fraud and corruption

The Trust is committed to taking all necessary steps to counter fraud, bribery and corruption. An Anti-Fraud, Bribery and Corruption policy is available on the intranet for staff. This policy relates to all forms of fraud, bribery and corruption and is intended to provide direction and help to employees who may identify suspected fraud, corruption or bribery. It provides a framework for responding to suspicions of fraud, bribery and corruption, advice and information on various aspects of fraud, bribery and corruption and implications of an investigation. Work has also continued to raise the profile of the Local Anti-Fraud Specialist through a range of initiatives. This has helped to create an anti-fraud culture, which has enabled deterrence and prevention measures to be embedded in the organisation.

## Equality, diversity and inclusion

The Trust's People and Workforce Strategy delivery plans sets equality, diversity and inclusion as a central theme that underpins all other activities. The organisational development improvement plan sets out the ambition of Pennine Care to create an inclusive culture where everyone can be their authentic self. To deliver on this ambition and to support the development and delivery of our equality, diversity and inclusion agenda, ensure actions are clearly set to deliver our objectives and provide oversight of actions, we have established an Equality, Diversity and Inclusion (EDI) Group, reporting into the Equality Diversity and Inclusion Steering Group. The steering group reports in turn to the People and Workforce Committee. This structure ensures that risks are identified, action plans monitored, data analysed, and issues addressed at all levels of organisation. It also monitors progress and reviews outcomes, including information from the NHS staff survey, workforce race and disability equality standards (WRES / WDES), and gender pay gap reporting.

Our governance framework aims to ensure that the Board receives regular assurance regarding compliance Equality legislation and the public sector duties. The Executive Director of Workforce provides Board level leadership for equality and diversity; and the equality, diversity and inclusion team is managed within the workforce directorate.

We publish an annual equality report, the last version of which is available for the public to view online at: https://www.penninecare.nhs.uk/annualequalitysummary.

In line with the Equality Act 2010 (gender pay gap information regulations 2017), we must report on our gender pay gap. Further information can be accessed here, and the Trust's 2019/20 gender pay gap report can be accessed here.

The Workforce Disability Equality Standard (WDES) standard is designed to help NHS organisations review their progress against ten WDES metrics and agree and progress actions to close any gaps in the workplace experience between disabled and non-disabled staff.

The 2020 WDES report and action plan can be accessed via the following link: https://www.penninecare.nhs.uk/wdes.

The Trust WRES report (2020) is available on our website and can be accessed via the following link: https://www.penninecare.nhs.uk/wres.

While there are pockets of good practice in recruitment, selection and retention, the findings of the WRES and WDES information show further work is required. The data from the latest WRES report shows that white candidates are 2.20 times more likely to be appointed from shortlisting compared to BAME candidates. This is only slightly improved on the data from the previous report which was 2.35 times more likely.

The WDES information shows that non-disabled candidates are 1.28 times more likely to be appointed from shortlisting compared to disabled candidates.

Findings and recommendations from the latest WRES / WDES reports have been presented to the Board and a joint development session held with staff network chairs, from which an inclusion action plan has been developed, which will be monitored through the Equality, Diversity and Inclusion Group and the People and Workforce Steering Group.

We monitor and analyse our workforce equality data by protected characteristics. We know that we can be more representative of the demographics of the communities we serve, and this continues to be an area for improvement. As part of the Workforce Race Equality Scheme we monitor recruitment information and access to training by all protected characteristics (including disability) and ensure that fair and consistent application of practice is in place.

The Trust continues to review its policies and procedures by undertaking equality analysis prior to the policies being ratified.

Pennine Care was accredited with the Disability Confident Employer Status designed to help organisations show that they are disability friendly employers. This goes on to support the recruitment and retention of disabled people and people with health conditions for their skills and talent. The equality, diversity and inclusion team work to continue to raise awareness of the scheme and to meet level 3. We have a range of policies in place to ensure that staff with disabilities, or who become disabled while in our employment, are fully supported to ensure they have fair access to employment, career development opportunities and training.

During 2020/21 the Trust published an anti-racism statement setting out our commitment to our staff, patients and communities.  Through the race equality network, challenging race discrimination sessions have been held to raise awareness and support staff.

The Chair and Chief Executive have regularly communicated about diversity and inclusion within their regular communication channels to continue to be explicit about the Trust intentional actions to improve staff experience.

The staff survey results showed improvements in the experience of staff from ethnic minorities as follows:

- 6.3% increase in BAME staff saying that the Trust provides equal opportunities for career progression
- 4.8% decrease in BAME staff saying they have experienced discrimination at work from their manager/ team leader or other colleague
- 5% increase in staff saying we have made adequate adjustments to enable them to carry out their work

## Staff turnover

Information on staff turnover is available online at https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics.

## Staff survey

In addition to the staff engagement methods set out in the report, the Trust also carries out quarterly pulse checks with staff to focus in detail on levels of staff engagement and what actions work well to increase engagement and what areas we could improve on. We continue to achieve a moderate to positive score on staff engagement and consistently identify that the levels of trust and working relationships positively influence our staff engagement score; whereas improvements could be made in how staff feel about the recognition they gain and their ability to influence the service they deliver.

We have continued to use a pulse survey three times a year with a representative third of staff each survey. The pulse surveys provide a quick turnaround of results and provide a useful monitoring mechanism to see whether changes made are impacting on the feelings of staff.  During the last 12 months the Trust also took advantage of the NHS Covid-19 pulse surveys, however, the response rate was low.

The staff survey results are used at a network / care hub level to understand particular locality priorities for improvement.

### *Staff survey results*

The NHS staff survey is conducted annually.  The survey is grouped to give a score across 10 themes. All themes use a 0-10 score where a higher rating is more positive than a lower rating

The response rate to the 2020 survey among Trust staff was 38% (2019: 32%). All substantive employees are invited to complete the survey.

Scores for each indicator together with that of the survey benchmarking/comparison group (combined mental health, learning disability and community services trusts) are presented below.

| | 2020/21 | | 2019/20 | | 2018/19 | |
|---|---|---|---|---|---|---|
| | Trust | Comparison group (av) | Trust | Comparison group (av) | Trust | Comparison group (av) |
| **Equality, diversity and inclusion** | 9.2 | 9.1 | 9.1 | 9.1 | 9.2 | 9.2 |
| **Health and wellbeing** | 6.4 | 6.4 | 6.1 | 6.1 | 6.2 | 6.1 |
| **Immediate managers** | 7.4 | 7.3 | 7.3 | 7.2 | 7.2 | 7.2 |
| **Morale** | 6.5 | 6.4 | 6.3 | 6.3 | 6.3 | 6.2 |
| **Quality of appraisals** | N/A | N/A | 5.3 | 5.7 | 5.2 | 5.5 |
| **Quality of care** | 7.6 | 7.5 | 7.3 | 7.4 | 7.4 | 7.4 |
| **Safe environment:**<br><br>**Bullying and harassment** | 8.2 | 8.3 | 8.2 | 8.2 | 8.3 | 8.2 |
| **Safe environment**<br><br>**Violence** | 9.4 | 9.5 | 9.5 | 9.5 | 9.6 | 9.5 |
| **Safety culture** | 6.8 | 6.9 | 6.8 | 6.8 | 6.7 | 6.8 |
| **Staff engagement** | 7.2 | 7.2 | 7.1 | 7.1 | 7.1 | 7.0 |
| **Team working** | 6.8 | 7.0 | 6.9 | 6.9 | 6.9 | 6.9 |

There are four themes where we are slightly lower than average compared to peer trusts. These are:

- Safe environment: bullying and harassment
- Safe environment: violence
- Safety culture
- Team working

Work is underway to triangulate the findings from the survey with other available information including employee relations cases and FTSU concerns to identify key themes and hot spot areas.

***Safe environment***

Work has been carried out since the previous survey and will continue to progress to improve the experience of staff and reduce incidents of bullying and harassment, violence and aggression. This includes the Civility Saves Lives quality improvement work that has been running for 12 months, and is aligned to the Trust's values of kindness and fairness. This initiative aims to raise awareness of the impact of poor behaviours and the need to act with compassion and kindness towards others.

Through the just culture workforce group work is being carried out to review the policy framework and training and development for line managers to support early resolution for concerns to improve relationships and reduce more formal bullying and harassment cases. This includes pilot training sessions on `confident conversations' open to all staff.

A group has also been established to review violence and aggression towards staff from patients and develop appropriate mechanisms to address with patients involved in incidents. Zero tolerance messages are also clearly communicated in service areas.

Work will be undertaken in line with the violence reduction standard and monitored through the health and safety group.

***Safety culture***

We have been working to better understand our staffs views based on their experiences in our organisation and surveyed our staff to learn how they felt about being involved in investigations and how a just culture could be achieved.

We soon developed a just culture work plan and quickly launched a just culture Trust-wide campaign.

Just applaud

Just share

Just support

Four key work streams were established to drive just culture throughout the organisation and each work stream has formed a workgroup; however the emergency response to the Covid-19 pandemic has impacted on the groups' ability to meet regularly.

- Safety, incidents and investigations
- HR and workforce
- Legal and coroners work
- Experience and complaints

Changing priorities across the organisation during the Covid-19 pandemic has stalled our plans to advance much this year. However a workshop held prior to the pandemic gave us opportunity to test revised referral processes capturing just culture, developed by the NMC (Nursing and Midwifery Council).

We have created a document demonstrating what just culture means for Pennine Care using original NHS Improvement documentation. This document, 'just culture definition', incorporates the Trust's values of kindness, fairness, ingenuity and determination, and even though we have been unable to host a second conference over the past year we aim to formally launch the document over the year ahead.

A recent refresh of the Trust's Quality Strategy captures just culture as a quality priority. A changed leadership model and an increased appetite will drive and reinvigorate the work plan. We are dedicated to re-launching the workgroups, launch the 'just culture definition' document and host a second conference.

***Team working***

We will strengthen objective setting and team effectiveness through our line management development programmes and through the organisational development support to teams. We are currently reviewing our team development offer to shape a programme that is aligned to Trust values and cultural aspirations. The programmes include the responsibilities for all line managers in good people management practices.

***Monitoring improvements***

The main priorities for improvement relate to the areas set out above. We will use the methods in place to engage staff and regular temperature checks to monitor improvements.

The health, wellbeing and engagement group is made up of workplace champions and specialists. This group has oversight of the action plan and supports implementation of changed ways of working.

In addition, the workforce strategy delivery groups are designed to oversee actions relating to staff experience, wellbeing and culture including:

- Effective and sustainable workforce
- Capable and skilled staff
- Equality, diversity and inclusion
- Health, wellbeing and engagement

## Trade Union Facility Time disclosures

From 1 Apr 2017 public sector organisations have been required to report on trade union facility time. Facility time is paid time off for union representatives to carry out trade union activities. The Trust has two Partnership Officers, comprising of a full-time chair plus one partnership officer working part-time; and part-time administrative support. The function is funded to undertake 70 hours of trade union work per week – as at 31 Mar 2021 the actual number of hours worked each week was 38.5 (total workforce headcount 3,646, figure to be finalised).

We can provide information directly relating to Partnership Officers and admin support. Pennine Care is currently working to ensure that a full disclosure, stating information relating to the percentage of time spent on facility time and percentage of pay bill spent on facility time and paid trade union activities in line with the Trade Union Regulations 2017 (Facility Time Publication Requirements) will be published on the Pennine Care website, this will include roles over and above formal Partnership Officer roles.

## Expenditure on consultancy

During 2020/21, the expenditure on consultancy was £356k.

## Off-payroll engagements

The following tables provide details of highly paid staff and off-payroll expenses.

**Table 1: Off-payroll engagements longer than 6 months**

All off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months.

| | **Number** |
|---|---|
| Number of existing engagements as of 31 March 2021 | 2 |
| *Of which, the number that have existed:* | |
| for less than one year at the time of reporting | 2 |
| for between one and two years at the time of reporting | 0 |
| 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 |

**Table 2: New Off-payroll engagements**

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.

| | **Number** |
|---|---|
| No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019 | 3 |
| *Of which...* | |
| No. assessed as caught by IR35 | 0 |
| No. assessed as not caught by IR35 | 3 |
| | |
| No. engaged directly (via PSC contracted to department) and are on the departmental payroll | 0 |
| No. of engagements reassessed for consistency / assurance purposes during the year. | 0 |
| No. of engagements that saw a change to IR35 status following the consistency review | 0 |

**Table 3: Off-payroll board member/senior official engagements**
Off-payroll payment engagements of board/Governing Body members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021.

| | |
|---|---|
| Number of off-payroll engagements of board/governing Body members and/or senior officials with significant financial responsibility during the financial year.* | 0 |
| The total number of individuals both on and off payroll that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year, (includes engagements which are on payroll as well as those off payroll). | 9 |

Any off-payroll expenditure is monitored and authorised via agreed processes. Expenditure on senior off-payroll arrangements requires approval through formal executive director meetings to agreed limits. Any expenditure on off-payroll arrangements for directors requires approval at the Trust's Appointment and Remuneration Committee.

## Exit packages (subject to audit)

**Reporting of compensation schemes - exit packages 2020/21**

| | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |
|---|---|---|---|
| | Number | Number | Number |
| **Exit package cost band (including any special payment element)** | | | |
| <£10,000 | 1 | 11 | **12** |
| £10,000 - £25,000 | - | - | **-** |
| £25,001 - 50,000 | - | 1 | **1** |
| £50,001 - £100,000 | - | - | **-** |
| £100,001 - £150,000 | - | - | **-** |
| £150,001 - £200,000 | - | - | **-** |
| >£200,000 | - | - | **-** |
| **Total number of exit packages by type** | **1** | **12** | **13** |
| Total cost (£) | £2,000 | £79,000 | **£81,000** |

**Reporting of compensation schemes - exit packages 2019/20**

| | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |
|---|---|---|---|
| | Number | Number | Number |
| **Exit package cost band (including any special payment element)** | | | |
| <£10,000 | - | 4 | **4** |
| £10,000 - £25,000 | 3 | 1 | **4** |
| £25,001 - 50,000 | - | 4 | **4** |
| £50,001 - £100,000 | 1 | - | **1** |
| £100,001 - £150,000 | - | - | **-** |
| £150,001 - £200,000 | - | - | **-** |
| >£200,000 | - | - | **-** |
| **Total number of exit packages by type** | **4** | **9** | **13** |
| Total resource cost (£) | £120,000 | £174,000 | **£294,000** |

**Exit packages: other (non-compulsory) departure payments**

| | 2020/21 | | 2019/20 | |
|---|---|---|---|---|
| | Payments agreed | Total value of agreements | Payments agreed | Total value of agreements |
| | Number | £000 | Number | £000 |
| Voluntary redundancies including early retirement contractual costs | - | - | - | - |
| Mutually agreed resignations (MARS) contractual costs | - | - | 9 | 174 |
| Early retirements in the efficiency of the service contractual costs | - | - | - | - |
| Contractual payments in lieu of notice | 10 | 33 | - | - |
| Exit payments following Employment Tribunals or court orders | 2 | 46 | - | - |
| Non-contractual payments requiring HMT approval | - | - | - | - |
| **Total** | **12** | **79** | **9** | **174** |
| **Of which:** | | | | |
| Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary | - | - | - | - |

The above exit package tables have been subject to audit.

Exit costs in this note are the full costs of departures agreed in the year. Where the NHS Foundation Trust has agreed early retirements, the additional costs are met by the NHS Foundation Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the tables above.

This disclosure reports the number and value of exit packages agreed in the year. Note that the expense associated with these departures may have been recognised in part or in full in a previous period.

## Council of Governors and Foundation Trust Membership

Foundation Trust governance structures comprise three essential elements:

- Board of Directors
- Council of Governors
- Membership

### Board of Directors

Please see directors' report on page 38

### Council of Governors

Pennine Care has a Council of Governors that comprises 33 members who represent our local communities, staff and stakeholder organisations.

The Council of Governors has a range of statutory powers and duties set out in the NHS Act 2006 and the Health and Social Care Act 2012. These include the power or duty to:

- appoint and, if appropriate, remove the Chair;
- appoint and, if appropriate, remove the other Non-Executive Directors;
- decide the remuneration and allowances and other terms and conditions of office of the chair and the other Non-Executive Directors;
- approve (or not) any new appointment of a Chief Executive;
- appoint and, if appropriate, remove the NHS Foundation Trust's Auditor;
- receive the NHS Foundation Trust's annual accounts, any report of the Auditor on them, and the annual report at a general meeting of the Council of Governors;
- hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors.
- represent the interests of the Trust's members, the public and staff in the governance of the Trust.
- Approve amendments to the Trust's constitution.

Elected governors are elected by members of their respective constituencies at regular intervals which must not exceed three years, after which time they are eligible to stand for re-election to serve further terms of office.

## *Living with Covid-19*

To ensure the Council of Governors was able to fulfil its duties during the pandemic the Trust enabled remote working and hosts all meetings via video-conferencing and provided necessary guidance/training. During the year, governors have been kept up-to-date with the Trust's response to the Covid-19 pandemic through weekly bulletins, governor development sessions, and Chief Executive updates to full Council of Governor meetings.

## *Meetings of the full Council of Governors*

The formal meeting of the Council of Governors is chaired by the Trust Chair. Meetings are also attended by Non-Executive Directors and the Chief Executive (or her representative). One of the key functions of the meeting is to provide assurance about the Trust's performance to governors and for the governors to approve recommendations made by its committees. There have been four full meetings of the Council of Governors between 1 April 2020 and 31 March 2021 and all were open to the public.

## Composition of the Council of Governors, terms of office and attendance at statutory meetings: 1 April 2020 to 31 March 2021

The table below shows the attendance (actual/eligible) of individual governors at statutory meetings during 2020/21.

| Name and Constituency | Term of Office | Attendance at Full Council of Governors | Attendance at Appointment and Remuneration Committee |
|---|---|---|---|
| **Public Governors: Bury** | | | |
| Derek Rowley | 1 July 2018 to 30 June 2021 | 4/4 | 3/5 |
| Clive Brown (Lead Governor) | 1 July 2017 to 30 June 2020 | 4/4 | 5/5 |
| Lucette Tucker | 1 July 2018 to 30 June 2021 | 4/4 | 4/5 |
| Marion Atkinson | 1 July 2019 to 30 June 2022 | 1/4 | 1/5 |
| **Public Governors: Oldham** | | | |
| John Starkey | 1 July 2018 to 30 June 2021 | 4/4 | 4/5 |
| Norma Bewley | 1 July 2018 to 30 June 2021 | 4/4 | 1/5 |
| Jim McDermott | 1 July 2019 to 26 Mar 2021 | 0/4 | 0/5 |

| Name and Constituency | Term of Office | Attendance at Full Council of Governors | Attendance at Appointment and Remuneration Committee |
|---|---|---|---|
| Kath Oldham | 1 July 2017 to 30 June 2020 | 1/1 | 0/1 |
| Karen Williams | 1 July 2020 to 30 June 2023 | 3/3 | 3/4 |
| **Public Governors: Heywood, Middleton and Rochdale** | | | |
| Sohail Ahmad | 1 July 2018 to 30 June 2020 | 3/4 | 1/5 |
| Eileen Stapleton | 1 July 2019 to 30 June 2022 | 3/4 | 0/5 |
| Des Farry | 1 July 2019 to 31 Mar 2021 | 2/4 | 0/5 |
| Kenneth Hall | 1 July 2019 to 30 June 2021 | 3/4 | 2/5 |
| **Public Governors: Stockport** | | | |
| Paul Carter | 1 July 2019 to 30 June 2022 | 4/4 | 0/5 |
| Brian Wild | 1 Feb 2019 to 30 June 2022 | 4/4 | 0/5 |
| Mary Foden (Deputy Lead Governor) | 1 July 2017 to 30 June 2020 | 4/4 | 4/5 |
| June Somekh | 1 July 2018 to 30 June 2021 | 4/4 | 5/5 |
| **Public Governors: Tameside and Glossop** | | | |
| Wendy Hartley | 1 July 2019 to 30 June 2022 | 4/4 | 4/5 |
| Joyce Howarth MBE | 1 July 2018 to 30 June 2021 | 4/4 | 5/5 |
| John Reddy | 1 July 2017 to 30 June 2020 | 4/4 | 2/5 |
| Jean Hurlston | 1 July 2019 to 30 June 2022 | 4/4 | 0/5 |
| **Public Governor: Rest of England** | | | |
| Aderonke Apata | 1 July 2020 to 30 June 2023 | 2/3 | 2/5 |
| **Staff Governor: Unregistered Nurses, Health and Social Care Professionals** | | | |
| Ellie Mackle | 1 Nov 2019 to 30 June 2022 | 0/4 | 0/5 |
| **Staff Governor: Registered Health and Social Care Professionals** | | | |
| Kirsten Barker | 1 Nov 2019 to 26 Feb 2021 | 1/4 | 0/5 |
| Lina Papista | 1 Nov 2019 to 22 Nov 2020 | 2/2 | 0/4 |
| **Staff Governor: Corporate and Support** | | | |
| Richard Cliff | 1 Nov 2019 to 30 June 2021 | 4/4 | 3/5 |

| Name and Constituency | Term of Office | Attendance at Full Council of Governors | Attendance at Appointment and Remuneration Committee |
|---|---|---|---|
| **Staff Governor: Medical** | | | |
| Dr Jaco Nel | 1 Nov 2019 to 30 June 2022 | 2/4 | 0/5 |
| **Staff Governor: Registered Nurses** | | | |
| Kim Marshall | 1 Nov 2019 to 31 Jan 2021 | 0/3 | 0/5 |
| John Stanley | 1 Nov 2019 to 30 June 2021 | 3/4 | 0/5 |
| **Appointed Governors: Bury** | | | |
| Vacant | | | |
| **Appointed Governors: Oldham** | | | |
| Cllr Norman Briggs | Appointed 22 May 2019 | 3/4 | 1/5 |
| **Appointed Governors: Rochdale** | | | |
| Cllr Peter Joinson | Appointed 10 May 2013 | 4/4 | 0/5 |
| **Appointed Governors: Stockport** | | | |
| Vacant | | | |
| **Appointed Governors: Tameside** | | | |
| Cllr Jackie Lane | Appointed 1 July 2008 | 1/4 | 0/5 |

## *Attendance by Non-Executive Directors at full Council of Governors meetings 2020/21*

All Non-Executive Directors attend the Chair, NED and Governor Committee meetings and so attend the full Council of Governors meeting on a rotational basis:

| Non-Executive Director | Attendance (actual / eligible) |
|---|---|
| Evelyn Asante-Mensah | 4/4 |
| Joan Beresford | 2/2 |
| Sandra Jowett | 3/3 |
| Daniel Benjamin | 3/4 |
| Michael Livingstone | 1/4 |

| | |
|---|---|
| Julia Sutton-McGough | 2/4 |
| John Scampion | 0/3 |
| Catherine Laverty | 2/4 |
| Claudette Elliott | 1/2 |
| Maqsood Ahmad | 1/1 |
| Elizabeth Allen | 1/1 |
| Edward Vitalis | 0/1 |

## Committees of the Council of Governors

As at 31 March 2021, the Council of Governors committee structure comprises of four formal committees, as follows:

- Appointment and Remuneration Committee
- Chair, Non-Executive Director and Governor Committee
- Membership and Engagement Committee
- External Audit Review Group

### *Appointment and Remuneration Committee*

Chaired by the Trust Chair, this Committee is responsible for making recommendations to the full Council of Governors regarding the appointment, re-appointment or removal of Non-Executive Directors, setting the remuneration and terms and conditions of, and evaluating the performance of, the Non-Executive Directors. The Committee has met five times during the period 1 April 2020 to 31 March 2021.

During the reporting period the Committee ensured appropriate oversight and made recommendations to the full Council in relation to:

#### *Non-Executive Director appointments and re-appointments*

During 2020, a number of Non-Executive Director appointments / re-appointments were held. Three Non-Executive Directors were eligible for reappointment and two Non-Executive Directors came to the end of their second three year term of office.

The Appointment and Remuneration Committee discussed and resolved to support a recommendation to the full Council of Governors to approve the reappointment of:

- Dr Julia Sutton-McGough as a Non-Executive Director from 1 September 2020 to 31 August 2023
- Daniel Benjamin as a Non-Executive Director from 4 September 2020 to 3 September 2023
- Evelyn Asante-Mensah as Chair from 1 November 2020 to 31 October 2023

During the period April to August 2020 a comprehensive recruitment campaign was conducted to appoint into the Non-Executive Director positions that would become vacant when Joan Beresford and Sandra Jowett's terms of office ended on 31 October and 30 November 2020 respectively. It was further noted that John Scampion confirmed that he would not be seeking a second term of office when his current term ended in February 2021.

The Appointment and Remuneration Committee working group used the Board Skills Assessment Matrix to evaluate the balance of skills, knowledge and experience on the Board of Directors, as a basis for the proposed role specification. The task and finish group agreed to look at three separate posts:

- individuals with Board level experience of working in large health or care systems (systems post)

- enterprise leaders - those in the voluntary or community sector who bring a deep understanding of the needs and experiences of the communities we serve (enterprise/voluntary/community post)

- qualified accountant (finance post)

An external recruitment agency was appointed to lead on the recruitment: GatenbySanderson was selected following a procurement process.

Interviews for the systems posts and enterprise/voluntary/community post were held on 25 and 26 August 2020. The Trust has a well-established candidate assessment process in place that comprises of two elements to ensure an open, transparent and inclusive process: candidates present to a stakeholder panel followed by a robust formal assessment by an interview panel with a governor majority.

The Appointment and Remuneration Committee received feedback from the interview panel and agreed to recommend that Claudette Elliott be appointed as a Non-Executive Director (systems post) from 1 November 2020 for a term of up to three years.

In relation to the enterprise/voluntary/community post, the interview panel identified two outstanding candidates who brought different but equally relevant strengths, skills and experience that would provide significant value to the Board. The Committee received a summary of the detailed feedback and agreed a recommendation to create an additional Non-Executive Director position that would allow the appointment of both Elizabeth Allen

and Maqsood Ahmed as Non-Executive Directors (enterprise/community/voluntary post) from 1 December 2020 for terms of up to three years.

At its meeting on 7 September 2021, the full Council of Governors accepted the committee's recommendations to appoint Ms Elliott, Ms Allen, and Mr Ahmad as Non-Executive Directors.

With regards to the finance Non-Executive Director post, interviews were held on 15 October 2020. The Appointment and Remuneration Committee received feedback from the interview panel and agreed to recommend that Edward Vitalis be appointed as a Non-Executive Director from 1 January 2021 for terms of up to three years.

At its meeting on 16 November 2021, the full Council of Governors accepted the committee's recommendations to appoint Mr Vitalis as a Non-Executive Director.

### *Succession planning*

The Council of Governors Appointment and Remuneration Committee reviews the Non-Executive Director terms of office and discusses succession planning at each meeting. During 2021/22, one Non-Executive Director is eligible for re-appointment (Cath Laverty); and one Non-Executive Director comes to the end of their second three year term of office (Michael Livingstone).

### *Appointment of Deputy Chair and Senior Independent Director*

The terms of office for Non-Executive Directors holding the roles of Deputy Chair and Senior Independent Director ended on 31 October and 30 November 2020 respectively. The Appointment and Remuneration Committee approved the process for appointing a new Deputy Chair and Senior Independent Director as follows:

- Daniel Benjamin into the role of Deputy Chair, with effect from 1 November 2020
- Supported a proposal by the Chair to appoint Michael Livingstone as Senior Independent Director from 1 December 2020. The Board of Directors formally ratified this appointment.

### *Chair and Non-Executive Director appraisals*

The NHS Foundation Trust Code of Governance' states that the Council of Governors should take the lead on agreeing a process for the evaluation of the Chair and the Non-Executive Directors (NEDs), with the Chair and NEDs. The outcomes of the evaluation of the NEDs should be agreed with them by the Chair. The outcomes of the evaluation of the Chair should be agreed by him/her with the Senior Independent Director (SID). The Appointment and Remuneration Committee of the Council of Governors is responsible for reviewing the results of the Chair and NEDs performance evaluation (appraisal) process and providing assurance on these matters to the full Council of Governors.

In February 2021, the Appointment and Remuneration Committee reviewed and approved the process for the Chair and Non-Executive Directors appraisals.

The Committee reflected on the 2020 appraisal process for the Chair, which was based on the guidance issued by NHS Improvement / England. Learning from the process identified a number of areas for improvement and therefore the process was updated and aligned to the Trust's 'My Yearly Conversation' appraisal documentation.

The Chair appraisal process used standardised proformas to gather feedback from a range of stakeholders, including all members of the Board of Directors, Council of Governors and a selection of external stakeholders.

The Senior Independent Director conducted the Chair's appraisal, informed by

- Self-assessment
- Internal stakeholder feedback from the Board of Directors and Governors
- External stakeholder feedback

The Non-Executive Directors' appraisal process was updated to include an element of 360º feedback aligned to a number of stakeholders.

The Chair conducted the Non-Executive Directors' appraisals informed by self-assessment and stakeholder feedback from representatives of the Board of Director and Council of Governors. To ensure impartiality and the avoidance of any potential conflicts of interest, the process for the Deputy Chair and Senior Independent Director (SID) was implemented using a triumvirate arrangement, i.e.: the SID's appraisal was undertaken by the Deputy Chair and the Deputy Chair's appraisal was undertaken by the Chair.

The appraisal outcomes for the Chair and Non-Executive Directors would be formally reported to the Council of Governors in June 2021.

For Non-Executive Directors newly appointed in late 2020, the Chair conducted objective setting meetings in early 2021. Progress against objectives would remain under review via regular discussions with the Chair.

### *Chair and Non-Executive Director remuneration*

A statutory duty of the Council of Governors is to set the terms and conditions of the Non-Executive Directors. The Council of Governors reviewed Non-Executive Director remuneration in July 2019 using benchmarking information and a pay freeze was agreed for the financial year 2018/19. In September 2019, NHSE/I issued a 'Structure to align remuneration for chairs and non-executive directors of NHS Trusts and NHS foundation trusts'. The new remuneration structure applied both to NHS trusts and foundation trusts for new appointments and future re-appointments; however, foundation trusts retained the prerogative to operate outside of the framework, on a 'comply or explain' basis. The

framework sets out the pay structure for Non-Executive Directors at a single, uniform annual rate of £13,000 per annum, with local discretion to award supplementary payments of up to £2,000 per annum in recognition of designated additional responsibilities, such as chairing principal sub-committee meetings and undertaking duties as Senior Independent Director or Deputy Chair. As a medium sized trust, Pennine Care NHS Foundation Trust was permitted to make two such supplementary payments.

The Council of Governors Appointment and Remuneration Committee considered this matter at length, noting that national benchmarking for Non-Executive Director remuneration was based on an average time commitment of 3-4 days per month. The NEDs in Pennine Care are appointed on the basis of committing an average 4-6 days per month to the role. The Appointment and Remuneration Committee recommended to the Council of Governors that the status quo remained in terms of the Non-Executive Directors' current time commitment and that pay was set at £13,000 per annum, but in recognition of the additional involvement beyond the core functions of the role, 'local discretion' was applied to award an additional payment of £2,000 per annum on the basis of approximately 1.5 - 2 days per month for all Non-Executive Directors. The Committee also recommended the award of a supplementary payment of £2,000 per annum to the roles of Deputy Chair and Senior Independent Director, to take effect from the time these posts were next appointed to; and to review the supplementary payment made to the Chair of Audit Committee until such time as that post was appointed to.

For chairs, remuneration was aligned to ranges based on trusts' size and complexity. The Committee recommended that the Chair's remuneration stayed the same with no uplift applied.

The Council of Governors accepted and approved the Committee's recommendations on 12 May 2020.

## *Chair, Non-Executive Director and Governor Committee*

The principle purpose of the Committee is to support the fulfilment of the Council of Governor's statutory role in holding the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors. This will include, but not limited to, seeking assurance on behalf of the Council of Governors that the Trust is addressing all matters relating to:

- Quality improvements against core standards
- Patient safety and experience
- Contractual requirements, risks and issues
- Financial sustainability
- Partnership working within the wider health and social care economy
- Progress against strategic goals and objectives

- Regulatory and statutory compliance
- Trust achievements and best practice

The Committee meets on a quarterly basis.

## *Membership and Engagement Committee*

The purpose of the Committee is to support the fulfilment of the Council of Governor's statutory role in representing the interests of the members of the Trust as a whole and the interests of the public. The Committee meets on a quarterly basis and chaired by the Deputy Chair to ensure there is robust feedback to the Board of Directors about the effectiveness of member engagement and the representativeness of the Trust's membership.

The Committee identifies and agrees a regular programme of work which supports member engagement aligned to broader Trust engagement and involvement. Governors are given the opportunity to report on engagement activities they have been involved within the previous quarter, either within their constituencies or Trust-wide. During the year this has included attending a virtual NHS Provider Governor Focus two-day event, a suicide prevention vigil along with established links with partner and third sector organisations.

In addition, local constituency meetings continue to take place regularly and report into the Membership and Engagement Committee. These meetings provide governors with a forum to hear from services about local developments and discuss member engagement opportunities. External partners are also invited to attend to contribute to discussions. During this year, these forums have enabled governors to hear about services and developments across a wide range of areas, including single gender accommodation; transformation schemes; leadership updates and local care organisation plans.

Governors are also given the opportunity to visit service areas so they can meet staff and learn more about the services we provide. During 2020/21, these visits have been conducted virtually and included learning disability services, community mental health and home treatment teams.

During this period Governors came together in a task and finish group to design the content of an electronic information leaflet which describes who they are, what they do and how they can be contacted as an opportunity to reach out to members and organisations.

Please see the Membership section for more information about how governors seek the views of Trust's members and public.

## Governor development

The Board of Directors has a duty to ensure that governors are equipped with the skills and knowledge they need to discharge their duties appropriately. The Trust facilitates an on-going Governor development programme, commencing with a welcome and induction for all new governors in July each year. The Chair holds individual introductory meetings as part of the induction process. Existing governors are invited to participate in the induction process to refresh their own skills and knowledge, and to share their learning with new incumbents.

Governor development sessions are scheduled on a monthly basis; incorporating sessions linked to the Council of Governors statutory duties and knowledge-based sessions on Trust services or areas of training. Additionally, governors are given the opportunity to attend a range of external events, such as the NHS Providers Governwell programme, the North West Governors' Forum, and the national NHS Providers Annual Governor Focus conference.

Due to the pandemic it was not possible to facilitate joint Board of Directors and Council of Governors development sessions, however it was noted that the Chief Executive or representative was invited to each meeting of the Council of Governors.

Throughout the course of the year the Trust has continued to run regular virtual development sessions for all our governors on a wide range of subjects, including:

- LGBTQ+ rainbow badge training
- Equality, diversity and inclusion training
- Freedom to speak up
- Quality account 2019/20
- Suicide prevention strategy
- Social media training
- NHS finances / digital update

To support the Governors in relation to Non-Executive Director appointments during 2020/21, the Trust commissioned NHS Providers to provide a training programme on the governor role in Non-Executive Director appointments. Several governors have also taken up the opportunity to attend the NHS Providers effective chairing of meetings training day, which aims to help governors plan, structure and manage meetings effectively.

## Governor involvement in preparing the forward plan

Directors must take account of governors' views when setting forward plans for the Trust; giving governors the opportunity to feed in the views of Trust members and the public and to question the Non-Executive Directors if these views do not appear to be reflected in agreed plans. Governors are regularly consulted on the Trust's strategy and operational

plans as the Chief Executive (or her representative) attends each full Council of Governors meetings to offer updates and invites views that can be communicated to the Board of Directors.

Whilst the regular cycle of business planning process were impacted by the Covid-19 pandemic, development sessions have been facilitated throughout the year where governors had an opportunity to feed into forward plans:

- Operational plan : Phase three plan submission
- Care Hub update : High level overview
- Service transformation programme

## Nominated Lead Governor

The Lead Governor role was established in 2009 to meet the requirements of the NHS Foundation Trust regulator, Monitor (now NHS England / Improvement). In Pennine Care, the decision was also taken at that time to appoint a Deputy Lead Governor, to provide support, as well as to allow for succession planning and cover should the Lead Governor be indisposed.

Over time the Lead and Deputy Lead Governor roles expanded to take on additional duties. In April 2018, Governors received feedback from the external well-led review undertaken by Deloitte. One of the immediate recommendations in relation to the Council of Governors was to realign the Lead Governor role to bring it back in line with the original Monitor expectation.

A task and finish group was established to review the role, the Council of Governors approved a recommendation to realign the Lead Governor role to the original guidance, to disestablish the Deputy Lead Governor role and to introduce a new election process from September 2018, with agreement to keep the effectiveness of the revised role and process under review.

In 2020 a task and finish group reviewed the revised role and all participants agreed that whilst there were some benefits to reducing the role of the lead governor and should therefore remain, there was a sense that something had been lost. Therefore the group agreed to some elements of the existing arrangements to remain, whilst proposals were agreed to introduce further changes as follows:

- Deputy Lead governor role reinstated to provide support, cover and succession planning opportunities.
- From time to time, situations might arise unexpectedly that require governor input so to support the Trust in mobilising quickly it would be appropriate under these circumstances for the lead (and/or deputy lead) governor to be the first contact point

The existing Lead Governor is Clive Brown, who was elected for the period 1 October 2020 to 30 September 2021. The Deputy Lead Governor is Mary Foden, elected for the period 13 October 2020 for the period up to 30 September 2021.

## Register of interests

The Trust maintains a full register of Governor interests, which can viewed on the Trust website at www.penninecare.nhs.uk or by contacting the Trust Secretary. This register details disclosure of any company directorships or other material interests in companies or related parties that are likely to do business, or are possibly seeking to do business, with the Trust.

## Membership

Membership of the Trust gives staff, patients, partners and the public a real stake in the Trust and the organisation has been set the challenge of transforming itself into an outward facing, locally owned organisation, which can deliver better services to its communities as a result.

Membership is free and provides individuals with the opportunity to:

- Become actively involved in the work of the Trust and shape future plans
- Get a better understanding of mental health services, substance misuse services and community health services
- Help reinforce the Trust's vision to provide high quality health and social care that improves an individual's opportunity for social inclusion and recovery
- Elect governors
- Stand for election as a governor
- Make sure that their views and those of their communities are heard
- Receive information about the Trust and how it is performing.

As at the end of March 2021, the Trust has 19,260 members, 15,569 of whom are public members living, in the main, in the local areas receiving services from Pennine Care. The remainder of our membership comprises our staff across all disciplines and services, and across all geographical areas served by the organisation.

## Membership eligibility

### *Public*

Members of the public, aged 16 and above and residing in one of the identified public constituencies are eligible to become members of Pennine Care NHS Foundation Trust. At the end of March 2021, there were six public constituency areas, as listed below:

- Bury
- Heywood, Middleton and Rochdale
- Oldham
- Stockport
- Tameside and Glossop
- Rest of England

### *Staff*

To maximise staff involvement in the organisation, staff automatically become members of the Foundation Trust, with the possibility of 'opting out' if they so wish. Membership is open to all permanent members of staff and any fixed-term staff who have been in post for 12 months or more. Members of staff who do not meet the criteria for staff membership may join the public constituency, where eligible.

The staff constituency composition was reviewed during 2019, and now comprises five classes, as follows:

- Medical
- Registered health and social care professionals
- Registered nurses
- Unregistered nurses, health and social care professionals
- Corporate and support

## How to get in touch

Further information on how to become a member of the Foundation Trust may be obtained from the Trust website at www.penninecare.nhs.uk or alternatively from:

Corporate Governance Office
Pennine Care NHS Trust
Trust HQ
225 Old Street
Ashton-under-Lyne
Lancashire
OL6 7SR

Telephone: 0161 716 3374

Members wishing to contact governors or directors of the Trust are asked to do so via the corporate governance office in the first instance, as detailed above.

## Membership and engagement

As at 31 March 2021, the breakdown of members by public constituency was as follows:

| Constituency | Number of members |
|---|---|
| Bury | 2,070 |
| Heywood, Middleton and Rochdale | 2,681 |
| Oldham | 2,388 |
| Stockport | 2,250 |
| Tameside and Glossop | 2,664 |
| Rest of England: | 3,516 |
| Total | 15,569 |

During 2020/21, the Trust recruited 113 new public members; 156 members were removed from the membership database, largely as a result of regular data cleansing of the database system. The Trust continues to work on more meaningful engagement with members rather than aim for mass recruitment.

The Trust monitors its membership by ethnicity, age and gender. The total number of members of non-white British has grown by almost 2% and there has been an increase in 'Asian or Asian British – Pakistani' during this reporting period by 2.5%. In terms of the age category, the highest membership rate is from aged 60 - 64, and the largest increase this year was aged 75+ at 5.49%. We have almost twice as many female members as we do male.

The Trust strives to engage meaningfully with its membership across the whole of the Trust footprint and participates in a range of events in order to link with existing and potential new members; however during this period activity was reduced due to the Covid-19 pandemic. The Trust continues with its series of virtual public engagement events to reach into the communities, which are aimed at promoting the governor role, health and wellbeing messages, signposting to services, and linking to partner and third sector organisations.

The corporate governance team places ongoing importance on promoting the role of governor throughout the year – this has included internal forums such as the Trust's corporate welcome and team leader programme to highlight the benefits of being a staff governor; along with presenting to internal, external groups and meeting with members interested in the role of public governor.

In order to increase awareness of the governor role and the membership scheme within the Trust, the corporate governance team has made additional efforts to target various communities and groups which have been previously under-represented including people of working age, younger people and ethnic minorities. As a result of this we were pleased that we had nominations from a wide range of diverse backgrounds in the 2020 elections to the Council of Governors.

Governors and the Non-Executive Directors linked to each borough continue to work closely with service leads within their local constituency areas to ensure there is a route by which they can communicate and engage with our members to ensure it is reflective of local communities. The corporate governance team uses information collected from local meetings to inform where they need to focus any engagement opportunities to develop awareness of the Trust and its services. Please see the Council of Governors sections for more information about the work of the Membership and Engagement Committee.

Governors have the opportunity to raise any issues/concerns on behalf of members and the wider public. In conjunction with the governors, the corporate governance team produced a form to capture members / public / governor views and queries. This is supported by a four-stage process that ensures responses are provided in a timely manner. The response is sent directly to the governor who raised the comment and is reported into the Chair, Non-Executive Director and Governor Committee for discussion, on a quarterly basis. The Committee is responsible for deciding whether the comment has been responded to appropriately and can be closed, or whether further assurance is required. If necessary and appropriate, items may be escalated or referred onto other forums. Please see the Council of Governors section for more information on the Chair, Non-Executive Director and Governor Committee.

During normal times the corporate governance team, often supported by our governors, would arrange and attend various health-related events across the Trust footprint, including those run by local user and carer groups, Healthwatch organisations, third sector, charity and community groups to ensure governors have the opportunity to meet with, and seek views from, members and the public across different communities, however during the pandemic this engagement has been limited. In order to reach out to members, we co-produced with governors an electronic leaflet to distribute through these various organisations. The leaflet describes who the governors are and what they do with information on how to contact them.

The corporate governance team continues to work collaboratively with various departments to increase recruitment and engagement with members of the public and staff; for example, involvement, volunteering, organisational development and communications.

We continue to shift towards more digital forms of engagement, providing the benefits of technological advancements and social media, whilst at the same time attempting to reduce costs. During this period a decision was made to communicate to members electronic only making a considerable amount of savings. All members were given an opportunity to submit an email address in order to continue to engage. The corporate governance team also records videos by governors to provide information and feedback for a more interactive approach to engagement.

# Annual Governance Statement 2020/21

## a) Scope of responsibility

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

## b) The purpose of the system of internal control

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

## c) Capacity to handle risk

As Chief Executive, I have overall responsibility for ensuring arrangements exist to allow the effective management of risk, with the Board of Directors ensuring that robust systems of internal control and management are in place. The responsibility for leading the management of risk throughout the organisation is delegated to the Executive Directors and strategic risks are aligned to their respective areas of responsibility.

The Executive Director of Service Development and Delivery is responsible for the overarching risk management systems and processes, whilst the processes for ensuring appropriate management of clinical risks rests with the Executive Director of Nursing, Healthcare Professionals and Quality Governance.

The Risk Management Framework provides a clear, structured and systematic approach to the management of risks from 'ward to Board' and ensures that risk assessment is an integral part of clinical, organisational and financial processes across the organisation.

During 2020/21, the Trust implemented a new integrated leadership model, moving from divisional business units to three networks and eight care hubs. The networks and care hubs are responsible for the operational management of risks. An escalation process is in operation to ensure that, where necessary, risks are referred / escalated through the Trust's governance structures, as detailed in the Risk Management Framework.

The Trust promotes and encourages staff at all levels to assess risk and escalate their concerns via the agreed processes, recognising the need to promote a culture of reporting risks.

Staff employed within the Trust receive mandatory training and role specific training, in line with policy and targets, ranging from basic risk awareness to more specific training to support clinical delivery e.g. STORM training (skills training in suicide prevention and self-harm).

Compliance is monitored both internally and externally. The suite of training courses ensures staff are able to identify, assess, report and escalate areas of concern/risk relating to service delivery, finance, information governance and clinical activities.

Public stakeholders are involved in identifying risks and providing assurance that they are mitigated in a variety of ways, including the Council of Governors; Joint Health Overview and Scrutiny Committee; Healthwatch meetings; patient satisfaction surveys; complaints; claims and Patient Advice and Liaison (PALS) concerns.

## d) The risk and control framework

The Trust uses an integrated approach to managing risk across the organisation, which is consistent with best practice and set out in the Trust's Risk Management Framework. The overarching risk management framework features within the portfolio of the Executive Director of Service Development and Delivery, however all Executive Directors are responsible for monitoring, managing and mitigating the risks aligned to their respective areas.

The Trust has robust arrangements in place for the identification, assessment and prioritisation of risks across and at all levels of the organisation, with the impact on patient safety always considered. Strategically significant risks are aligned to the relevant Board committees and ultimately to the Board Assurance Framework (BAF), where they inform the setting and prioritisation of their respective agendas.

An efficient and effective BAF is a fundamental component of good governance, providing a tool for boards to identify and ensure that there is sufficient, continuous and reliable assurance, organisational stewardship and the management of the major risks to organisational success.

The BAF reflects strategic level risks that could impact on the achievement of the Trust's overarching objectives, along with controls to mitigate these. The performance overview within our annual report describes how we performed against our objectives through our service developments, achievements, updates and financial performance.

Risks within the BAF are each assigned to an Executive Director lead and aligned to the relevant governance committees and Board committees to support the commissioning and reporting of assurances.

In March 2020, to support the Board's focus and oversight, the BAF was further updated to reflect the impact of the response to the Covid-19 pandemic within a separate section, aligned to each of the four strategic areas of focus.

Under usual circumstances, the BAF risks would be shared with the individual Board committees to which they are assigned, and a consolidated BAF would then form part of the quarterly strategic performance report to the Board. Due to the impact of the Covid-19 pandemic and changes to usual working practices, this process was suspended and the BAF was submitted independently to Board. The Board received the 'Covid-19 BAF' on a monthly basis until November 2020, at which point Covid-specific risks were amalgamated into the overarching BAF under a new section heading 'Living with Covid'. Quarterly reporting of the full BAF recommenced from quarter 3 2020/21.

In addition to a specific Covid section, the BAF sets out the key strategic risks in the context of the organisation's strategic goals, which are identified as four key areas of focus, as follows:

- Services
- People
- Culture
- Partnerships

The key high level risks facing the Trust are contained within the Board Assurance Framework and include:

**LIVING WITH COVID:**

**LC1:** risk arising from not being able to deliver services or additional service pressures during the Covid-19 pandemic due to issues with maintaining a supply of appropriately skilled workforce. With lives being significantly disrupted, staff may suffer reduced

wellbeing and sickness levels may rise. The requirement for many staff to work from home may impact on psychological and physical wellbeing of staff and productivity. Living with impact of Covid-19 for greater than 12 months may cause burn-out and increase staff absence. Future school / class closures may impact on staff availability as a result of childcare responsibilities. Staff may not be able to maintain compliance with mandatory training requirements.

This risk is being mitigated through undertaking risk assessments / wellbeing conversations for all staff; ensuring Trust, regional and national NHS wellbeing offers are communicated and accessible to staff; implementing NHS People Plan and Greater Manchester (GM) priorities focusing on attracting and retaining staff recruited as a consequence of Covid-19; issuing guidance on health and safety, information governance, personal protective equipment, and flexible working; online training offers; and offering lateral flow testing kits to all staff.

**LC2:** risk that patients do not receive safe, effective and high quality care, resulting in patient / carer harm and non-regulatory compliance. Safe staffing levels and sufficient clinical leadership may be impacted as a result of the pandemic. Insufficient technology and required infrastructure, including cyber security, could affect the ability of staff to work remotely for both clinical areas and corporate functions. There is a risk that some safeguarding issues may not be identified due the focus on Covid-19. Infection prevention and control measures may not be robustly applied. Risks arising from staff and patients not being vaccinated, as well as staff not routinely undertaking and recorded twice weekly lateral flow testing.

This risk is being mitigated through gold command governance structures at Trust and GM level, supported by clinical and ethics forums; daily sitrep reporting; instigation and monitoring of a surge plan; regular mutual aid discussions with other trusts; plus risk assessments and risk stratification processes for community-based teams to ensure patients receive a service offer appropriate for their needs.

There are also robust infection prevention and control (IPC) measures in place, in line with NHS England / Improvement's (NHSE/I) IPC assurance framework, including training and issuing of guidance.

Technology deployment and the supporting infrastructure have been strengthened to enable remote working and the utilisation of Microsoft Teams and other authorised online platforms.

**LC3:** risk the Trust does not provide strong visible leadership and engagement with the workforce during Covid-19 resulting in people feeling disconnected and unsupported, and in turn impacting on turnover, sickness absence and culture. Relevant factors include failing to provide regular staff briefings or ensuring that managers are undertaking wellbeing checks; not responding to concerns raised regarding equipment or managerial

behaviours; a lack of understanding about the issues faced within staff groups; failing to recognise and reward staff efforts; and insufficient engagement with staff regarding the corporate services redesign.

This risk is being mitigated regular communication briefings and blogs; dedicated sections on the intranet with guidance and staff information regarding the response to Covid-19 / corporate redesign etc.; online staff network meetings along with wellbeing support sessions and listening events for staff and managers.

**LC4:** Risk for the Trust not positioning itself as a proactive partner during the Covid-19 pandemic and contributing to resilience management arrangements within each locality, which could result in mental health services being inadequately represented and affect organisational reputation. This will be affected if there is limited capacity to attend relevant meetings. If the Trust does not provide support requested by GM or other partners, there could be reputational damage in the long-term; plus there could be inconsistent quality standards for the population of GM if the Trust does not work closely with Greater Manchester Mental Health NHSFT (GMMH).

This risk is being mitigated through Trust representation within locality silver command structures; senior representation within relevant GM forums including recovery / community cell groups; collaborative working arrangements with GMMH on a range of issues including estates, emergency planning, and research and innovation); and collaborative working with mental health system partners to support the development of a system-wide view of Covid-19 related pressures.

**SERVICES:**

**S1:** risk to the provision of our services that could result in patient/carer harm, non-regulatory compliance and an adverse effect on the Trust's reputation such as failure to provide single gender accommodation; a risk averse culture; inability to embed quality improvement across the organisation; failure to capture and utilise patient experience, engagement and co-production; failure to meet safe staffing levels; plus insufficient capacity and ability to learn from incidents.

This risk is being mitigated through the continued delivery of priorities within our quality strategy; the development of a focus on quality improvement; the implementation of the integrated leadership structure (including the appointment of a Head of Patient and Carer Experience and Engagement); and delivery of our single gender accommodation implementation plan.

Additionally, the Trust continued to hold regular engagement meetings with Care Quality Commission (CQC) inspectors, which enabled us to highlight positive areas of service development, care and treatment as well as any areas of challenge. These meetings

facilitated the development of good relationships through the principles of openness and transparency.

**S2:** risk the Trust cannot demonstrate sustainability through its transformation programmes, leading to regulatory intervention and compromise the longer-term viability of the organisation. Relevant factors included stranded costs following the transfer of community services and failure to reduce corporate overheads proportionate to the organisation; as well as the failure to implement a value improvement programme to support the delivery of financial plans.

This risk is being mitigated through delivery of a surplus outturn for 2020/21 and the delivery of the 2021/22 financial plan. In addition, there has been a refresh of priorities within the quality improvement programme and the recurrent delivery of the efficiency programme will be a key focus, including savings through the corporate services redesign.

A prioritisation framework has been developed to support the negotiation of mental health investment standard monies with commissioners and an internal contract management group has been established. The Trust also continued to strengthen its approach to benefits realisation and return on investment.

**S3:** risk of being unable to effectively implement the health informatics and estates enabling plans, which will impact on the delivery of services in line with quality and financial strategies. This will be affected by progress with the redesign of the health informatics function; staff capabilities; limited capital resources; ongoing legacy service level agreements with other organisations; and the delivery of complex digital programmes including the electronic patient record (EPR).

This risk is being mitigated through the delivery of priorities described within the digital infrastructure strategy and work with NHS system partners to improve infrastructure; the implementation of the capital programme (including external funding for the new psychiatric intensive care unit and eradication of dormitories); the partnership with Civica to support the delivery of the EPR; and the redesign of the health informatics function including a transition plan that supports the development of the EPR.

**PEOPLE:**

If we are unable to recruit and retain an appropriate skilled workforce, we will not be able to deliver and develop services in line with the plan for 2021/22. Factors impacting on this include national supply shortages around certain professional groups; recruitment and retention challenges; competition from other organisations in terms of their offer; workforce profiling issues such as an aging workforce; plus changes to funding for continuing professional development and challenges in releasing staff for education, training and development.

This risk being mitigated through targeted recruitment initiatives within localities and hot spot areas; supporting retention through the promotion of flexible working opportunities; apprenticeship offers aimed at local communities; development of a strategic workforce plan; improved process around annual appraisals, retire and return etc.; and collaborative working with partners to promote careers in mental health and learning disability services.

**CULTURE:**

If we are unable to effect successful organisational development and design, we will not create an environment that facilitates good engagement, retention and safe provision of services. Factors that may influence the delivery of our culture goals include inadequate engagement with our staff groups on our delivery priorities; failure to understand staff experience and act on areas of improvement; a lack of engagement across our local communities and insufficient equality, diversity and inclusion.

This risk is being mitigated through the implementation of the new integrated leadership structure; embedding just culture principles and approaches, focused actions on equality, diversity and inclusion including the development a strategy document; a review of the organisational development plan; and delivery of priorities within the people and workforce strategy.

**PARTNERSHIPS:**

**P1:** If we are unable to position ourselves successfully within local care organisations, there is a risk that our expertise and the value it can bring to partnerships in the interests of mental health and learning disabilities will not be adequately represented.

**P2:** If, as the identified lead provider, we cannot develop a business case for the child and adolescent mental health service (CAMHS) lead provider collaborative that provides appropriate financial and quality assurance then approval at Board will not be possible and this could affect the Trust reputation and future position in the GM system.

These risks could be realised if we do not develop a high enough profile for mental health and learning disability services; fail to develop links with other organisations; and do not sufficiently engage with our local communities to understand their needs.

We are therefore developing a partnership framework that will drive our approach to engagement with staff, service users and carers and the public. We are working with our stakeholders to support system transformation through locality plans and an improved clinical offer to our local populations; plus the Trust is represented in system-wide discussion regarding integrated care system governance, and is actively involved in a specific mental health workstream.

In addition, we are progressing the business case for the lead provider collaborative by working with partners and NHS E/I to complete due diligence, develop partnership agreements, understand the budget and associated risks.

During 2020/21, the Trust's internal auditor reviewed the assurance framework over three stages:

- *Stage one:* to review whether governance processes are in place for the assurance framework and they have been reviewed and updated where appropriate in response to the Covid-19 pandemic; robust processes were in place to update the 2019/20 assurance framework for 2020/21; the organisation's strategic objectives are subject to review for appropriateness and considered in light of the Covid-19 pandemic; and the organisation considers risk appetite and this is used to inform management of the assurance framework.

  The review found that governance, reporting and scrutiny arrangements for the assurance framework were clearly defined, were subject to review and updated in light of Covid-19. Changes to assurance framework governance and reporting arrangements were formally agreed. There was clear evidence of consideration of the impact of Covid-19 on the organisation's objectives and risk position, plus processes for the review of the organisation's risk appetite were evidenced.

- *Stage two:* involved a survey of Board members to collate views on the utilisation and effectiveness of the assurance framework within the organisation.

  The survey results were positive, with respondents overall confirming there are clear strategic objectives which are reflected in the assurance framework along with effective reporting and Board engagement. Survey responses identify the consideration and effective utilisation of risk appetite in the management of the organisation's assurance framework, and assurance mechanisms for the management and mitigation of risks in the assurance framework as areas for ongoing consideration.

- *Stage three:* to review whether the structure of the framework meets NHS requirements; there has been Board engagement on the review and use of the assurance framework; and the quality of the content of the assurance framework demonstrates clear connectivity with the Board's agenda and external environment.

  The review concluded that the structure of the assurance framework requires improvement to meet NHS requirements. The assurance framework was visibly used by the organisation and clearly reflected the risks discussed by the Board.

The Board received and discussed the findings of the audit in May 2021 with plans in place to further review and strengthen the assurance framework as part of business planning processes, including a refreshed assessment of risk appetite.

Risk reporting forms an inherent part of the Trust's performance reporting mechanisms, drawing out key current risks, and highlighting potential risks based on a range of performance indicators.

Risk management requires participation, commitment and collaboration from all staff. Risks are identified and assessed proactively at corporate or network / care hub level, to identify actual or potential threats and to ensure that adequate control measures are in place to either eliminate or reduce any potential consequences of the risk.

Proactive risk assessment is informed by inspection processes, e.g. the Care Quality Commission (CQC) and other regulatory or compliance measures. Risks are also identified and assessed reactively in response to incidents, complaints, claims and the ability to deliver business as usual activity. The risk management framework includes a standardised risk assessment form and scoring system to support consistency.

All risks are scored using the risk matrix that considers the likelihood of occurrence and the impact of it; actions taken and on-going review. The escalation process ensures that all identified risks are either eliminated or controlled to the best manageable and acceptable level. The level of scrutiny is proportionate to the significance of the risk.

| | |
|---|---|
| High | (15-25) |
| Moderate | (8-12) |
| Low | (4-6) |
| Very Low | (1-3) |

New risks are recorded onto the Ulysses Safeguard system (our electronic risk and incident reporting system) by staff. The system allows information to be extracted in many ways, for example network / care hub level, Trust-wide and corporate.

Risks on the register are reviewed and scrutinised at team, service, care hub, network and Trust-wide forums. Strategically significant risks rated 15 and above are reviewed monthly by Executive Directors. On a quarterly basis, these risks are presented to the appropriate Board committee for assurance and monitoring, along with those sections of the BAF assigned to each committee for oversight.

The Trust is fully compliant with the registration requirements of the CQC. We have not had an inspection since 2018 due the current pandemic status within the UK, whereby the CQC have not undertaken any formal inspections. The Trust therefore continues to have an overall rating of 'Requires Improvement'.

Engagement meetings with the CQC have continued throughout the pandemic, although these were moved to virtual meetings. Over the last two years, the Trust has progressed with actions outlined in its CQC improvement plan. During 2020, sufficient progress had been made implementing the actions in the improvement plan and the Board was assured any outstanding areas could be disaggregated into wider governance workstreams. Large scale pieces of work, for example single gender accommodation and the roll out of electronic patient records, continue to be implemented as part of longer-term programmes, although some timelines have been impacted due to the pandemic. Other areas were reliant on investment from local CCGs / local authorities.

Clinical risks are routinely assessed, recorded, reviewed and updated on the Trust's risk register. Current significant risks, which remain relevant in 2021/22, include:

Recruitment and retention: key risks recorded, impact on organisational capacity and service quality, delivering workforce requirements of transformation programmes, and staff wellbeing and welfare. A workforce plan has been developed to address the challenges faced by clinical vacancies within services; however progress during 2020/21 was impacted by the pandemic.

Health Informatics/Electronic Patient Record: the Trust's digital infrastructure strategy sets out how we will improve, but clinical risks remain in relation to access to electronic clinical records (in/out of hours) and the risks associated with potential failure of clinical systems. The Trust was on track to go live for PARIS, our electronic patient record, from May 2021.

Impact of the Covid-19 pandemic: key risks recorded through risk management processes, monitored within gold command and reviewed as part of Board Assurance Framework processes.

Underpinning all of the Board's discussions about risk is work to address health inequalities within mental health and learning disability services along with working as an anchor organisation to play a key role with other partners in each of our localities to support improvements linked to the wider inequalities agenda.

Patient Safety incidents are uploaded to the National Reporting and Learning System (NRLS) by our risk team. Our organisation remains in a positive position when benchmarked against similar trusts.

The Trust utilises the Data Protection and Security Toolkit as the basis of its risk and assurance programme. Identified gaps to compliance, or areas of risk are escalated to the appropriate committee.

Data security incidents and breaches are recorded as part of the Trust's incident management processes, and are investigated either by the Head of Information Governance or the Information Security Officer. The Trust Data Protection Officer and/or

Senior Information Risk Owner (SIRO) will be consulted if the initial investigation of a data incident identifies causes for concern.

The Trust is part of the NHS CareCert programme which provides alerts to the Trust regarding potential or active cyber security threats; and is working towards the Cyber Essential Plus accreditation.

The Trust operates a Change Control Board, where new systems or processes, or amendments to existing systems or processes are approved. Data security and the assessment of risk form part of that control approval process; and the Trust has an established Data Protection Impact Assessment (DPIA) process. Areas of unmitigated risk are escalated onto the departmental or corporate risk register, as appropriate, and reported via the appropriate committee. Serious concerns or risks are escalated to the Board of Directors via the appropriate Board committee.

*Enforcement undertakings*

During 2017/18, the Trust faced unprecedented financial and quality challenges and negotiated a series of enforcement undertakings with NHSE/I in relation to finance and quality based on a forecast deficit for 2017/18 and the likelihood of requiring distress funding during 2018/19. The Trust also received an overall CQC rating of 'Requires Improvement'. At the same time, the Trust commissioned an external review of its governance arrangements using the well-led framework.

During 2018/19 and 2019/20, the Trust actively discharged the undertakings and provided regular updates to NHSE/I on the steps taken to improve our position. All the actions required by the undertakings have been completed; these included:

- A comprehensive review of all services and their sustainability, undertaken in collaboration with commissioners, which in turn informed a decision approved by the Board of Directors in December 2018 to refocus its service portfolio and concentrate on the provision of mental health and learning disability services.
- A review of our structure, capacity and capability, overseen by a transformation programme board, to inform the development of a sustainability plan and long-term strategy, for approval by the Board of Directors and finalised in line with national timescales.
- The Trust was rated 'Requires Improvement' by the CQC in 2018 and participated in the 'moving to good' programme, paired with Tees, Esk and Wear Valley NHS Foundation Trust.
- In April 2020, the Board of Directors approved the organisation's new five-year strategic plan, which will drive our future focus on the delivery of an enhanced offer around mental health and learning disabilities, in line with our redefined service portfolio.

With the onset of the Covid-19 pandemic, the existing NHS financial and performance reporting framework was suspended. The Trust therefore formally remains under enforcement undertakings although all of the actions had been completed. This would only be revisited once the new NHS financial framework was clarified.

*Governance during Covid: management response*

During March 2020, the Trust updated its business continuity plans across all services to enable a rapid and appropriate response to managing the Covid-19 pandemic. A gold command was established to lead day-to-day planning, delivery and tactical coordination of the Trust's response, which reported into a Chief Executive-led response oversight team. The structure was supported by robust governance arrangements that included an operational response (silver) group, business support and corporate group, and a clinical and ethics group. All groups had action and decision logs. The high level functions of each element of the structure is summarised below:

- Response oversight team: responsible for the Trust's overall strategic response to the Covid-19 pandemic, providing oversight and assurance on behalf of the Trust and Board of Directors; manage engagement with national and Greater Manchester (GM) structures; provide oversight and review of significant operational issues and critical risks in support of gold command.
- Gold command: responsible for the Trust's overall response including day-to-day planning and coordination Trust-wide; defining and communicating the overarching objectives and framework for the organisation including policy and guidance, monitoring the prevailing context, risks, impact and progress.
- Silver tiers:
    - Operational response (silver): coordination of plans within each borough and links with the borough system, review of actions and emergent pressures from services, updates on staffing pressures, and review of latest guidance.
    - Business support and corporate group: ensuring continued delivery of essential corporate functions to coordinate and deliver plans relating to workforce wellbeing and support, digital response to Covid-19, financial governance, working from home arrangements and support, PPE situation and supplies.
    - Clinical and ethics group: clinical guidance, mental health law, visiting, end of life care, IPC guidance, clinical training, restrictive practice, and Public Health England guidance.

Risks arising as a result of the pandemic have all been recorded on the Trust's Ulysses system and are managed by individual risk owners. They also form a standard agenda item on each gold command meeting.

The Trust undertook a 28-day review of the emergency response to Covid-19 to consider the effectiveness of supporting systems and processes. The review resulted in

improvements to documentation and decision logging arrangements, plus the terms of reference for groups within the command and control structure were revised in line with an extended period of operation linked to the Covid-19 response. In autumn 2020, internal audit undertook a review of Covid-19 decision making and action logging – at the time of the audit, the Trust's command and control structure had been operating for a number of months. The review delivered a rating of 'moderate assurance' and confirmed that the majority of decisions were logged, however the completeness and consistency of decision logging needed to be continual area of focus to ensure that the rationale for decisions and the completion of actions could be fully demonstrated. The recommendations arising from the review have since been addressed.

A surge plan has been developed that informs the Trust's response level, in conjunction with the national alert system, which is reviewed on a weekly basis. A surge 'plan on a page' is shared with the GM system to update on the Trust's response.

As at the end of March 2021, the emergency response structure remains largely unchanged with the exception of the responsibilities of the Response Oversight Team, which were subsumed into Executive Director meeting arrangements; and the business support and corporate group was stood down with workstreams absorbed into business as usual corporate functions.

*Governance during Covid: Board response*

Following guidance from NHS England / Improvement issued at the end of March 2020, the Board of Directors approved an updated scheme of delegation and governance structure to release capacity and enable the required focus on responding to the emergency. These arrangements were approved up to the end of September 2020 but with a monthly review by the Board of Directors to ensure they remained necessary and appropriate.

The guidance suggested trusts should streamline their Board and committee meetings to focus agendas and meet virtually, not face-to-face, and while under normal circumstances the public can attend at least part of the Board meetings, Government social distancing requirements constitute 'special reasons' to avoid face to face gatherings as permitted by legislation. It was therefore agreed that Board meetings would take place via videoconferencing and public access would be restricted for the immediate future until it was appropriate and operationally possible to open the meetings up again, which was subsequently achieved by allowing the public to access the meetings remotely from June 2020. During 2020/21, Board agendas and papers focused on the Trust's response to Covid-19, quality and safety, issues of strategic significance, organisational priorities, and assurance from committees.

At the beginning of 2020/21, all Board committee meetings were suspended with the exception of Audit Committee. Committee meetings were instead converted into a

Combined Assurance Committee, which met from April to June 2020. The Committee's membership comprised all Board members and combined the functions of the Quality; People and Workforce; Performance and Finance Committees. This arrangement enabled Board members to receive mid-month updates and assurances during this period and consider the impact and response to Covid-19 through the lens of quality and safety; people and workforce; and performance and finance. This arrangement reflected the Board's response to the seriousness of the challenge posed on the entire healthcare system by Covid-19. Streamlining committee work freed up senior leaders, and not least senior clinicians, to focus on the overwhelming burden that the virus placed on Trust services, especially at its peak. The refined arrangements retained a proportionate level of assurance emanating from the structured and regular discussions between the Committee Chair and the Lead Executive. The Trust's auditors were kept fully briefed on these updated arrangements.

Established committee arrangements resumed from July 2020 although agendas continued to focus on priority workstreams and assurance seeking. Board development sessions were planned only when the proposed topic was considered both important and urgent.

The Audit Committee continued to meet as scheduled during 2020/21 to seek assurance on the robustness of our systems and processes during this period and to deal with any statutory functions delegated to it from the Board of Directors. In June 2020, the Audit Committee approved a revised internal audit plan, which had been reviewed in light of the impact of Covid-19 on the organisation. The plan was updated to support independent oversight in respect of the Trust's response to Covid-19, particularly in the areas of the assurance framework, command and control decision making, gifts and donations, and financial governance.

There have been a number of changes to the composition of the Board during 2020/21 as several non-executive directors concluded their terms of office and two executive directors left the organisation. These changes are captured in detail within the directors' report of the annual report. Recruitment processes were undertaken during the year to successfully recruit to all vacant posts, meaning the Board is fully constituted with members representing a diverse range of backgrounds, skills and experience.

The Council of Governors has continued to function effectively during 2020/21 in order to fulfil its statutory duties, and has been kept fully informed by the Board about the organisation's response to the pandemic.

*Infection Prevention and Control (IPC) Board Assurance Framework (BAF)*

During 2020, NHSE/I recommended that all organisations complete the new Infection Prevention and Control (IPC) Board Assurance Framework (BAF). This enables organisations to confirm compliance with IPC systems and processes, as well as identify

gaps and mitigate risks accordingly. The IPC BAF was updated in February 2021 to incorporate NHSE/I's 10 IPC key actions.

During the pandemic the IPC BAF has supported the Quality Committee and Board of Directors with assurance that appropriate measures are in place to support both staff and patients in the management of Covid-19. It has also provided assurance to the CQC and Health and Safety Executive that the Trust has robust governance in place regarding the systems and processes underpinning the management and delivery of IPC.

The BAF has been populated with evidence in partnership with a range of departments across the organisation. The majority of the key lines of enquiry were completed prior to the new version in February 2021, with any outstanding areas in the process of being completed. The IPC BAF has also supported additional resource for the IPC team to strengthen visibility across the five boroughs in promoting IPC standards.

The Trust's internal auditor, MIAA, undertook an independent review of the design and operation of systems and processes supporting the IPC BAF. The review provided 'substantial assurance' that the Trust overall had implemented a robust process for updating and monitoring the IPC BAF.

*Workforce*

The Trust's People and Workforce Strategy was approved by the Board of Directors in 2018. The five-year strategy focuses on the national context and challenges, Greater Manchester position and local workforce challenges. Underpinning the strategy is the People and Workforce delivery plan, which supports the implementation of short, medium and long term workforce strategies that seek to address having the right people, with the right skills, at the right place and time. Outputs from the strategy and delivery plan are monitored and governed by the People and Workforce Committee, which is a formal Board committee; updates on progress are reported to Board on a bi-monthly basis.

In line with the NHSE/I 'Developing Workforce Safeguards' recommendations the Trust is committed to implementing these standards. During 2020/21, the Trust's workforce plans and business continuity plans have been implemented in response to the impact of the Covid-19 which has resulted in movement of staff to essential service areas.

### *Effective Workforce Plan that is updated annually*

To ensure progression of the People and Workforce Strategy delivery plan at an operational level, a Trust-wide People and Workforce Steering Group is well attended and chaired by the Executive Director of Workforce. The purpose of this group is to focus on the four key domains set out in the strategy, which is also underpinned by our approach to Equality, Diversity and Inclusion.

Working groups have been established for each key workstream, each group membership includes key stakeholders from across both clinical and corporate services. This allows for a multi-disciplinary informed approach to decision making to develop a sustainable future workforce. Activity against the delivery plan is reported through the People and Workforce Steering Group on a monthly basis with regular reports to the People and Workforce Committee.

The four domains are:

### I. Effective and sustainable workforce

(Expectation 1/2/3: evidenced based workforce planning/professional judgement/compare staffing with peers, working as a multi professional team, recruitment and retention, efficient employment and minimising agency)

The group's focus is on ensuring that we have the right staff, with the right skills to support services, whilst simultaneously looking at the gaps in services relating to clinical roles, developing new models / ways of working to address this challenge. There is also a strong emphasis on addressing the challenges with recruitment and retention.

During the Covid-19 pandemic, immediate planning was required to ensure staffing requirements were met whilst recognising the pandemic had a significant impact on absence levels. The Trust supported national programmes including:

- Bringing back nurses.
- Nursing and Allied Health Professional students stepping off training into paid employment.
- Supporting Trainee Nurse Associates into employment.

The Trust also increased the temporary workforce and accelerated recruitment into vacant posts.

A workforce modelling group was established along with an internal transfer team to manage the emerging workforce planning requirements.

### II. Capable and Skilled Staff

(Expectation 2: mandatory training development, and education, working as a multi professional team)

The group focuses on implementing and continually improving interventions to ensure we meet Health Education England (HEE) quality standards required for learners through:

- The development of proposals to make effective use of the apprenticeship levy, reviewing current provision and future proposals.
- Developing proposals for the implementation of technological solutions for learning activity and the development of digital skills.

- Ensuring that work to embed service improvement skills and knowledge development is aligned to the provision of education, learning and development in the Trust. Frameworks for the recording of education, learning and development activity both at Trust and individual level, including monitoring and reporting for inclusion purposes and systems for recording.
- Agreeing standards for the provision of and commissioning of education, learning and development to ensure quality.

In order to support the movement of staff in line with the emerging workforce plans the learning, development and training requirements for staff were reviewed. Additional training was offered as required and movements to virtual training put in place to ensure staff were skilled and capable to deliver in their role (including those who were redeployed).

Training to support flu immunisation programmes and other essential training was added to the training programme.

### III. Effective Leadership

The Organisational Development team continually reviews the leadership development strategy to ensure the programmes reflect the organisational culture and take into account the emerging system developments.

The Trust's values shape how we develop and equip our leaders with the skills, behaviours and competencies to model our values.

As part of our commitment to delivering on the duties as set out in the Equality Act 2010, our leaders are challenged to demonstrate fairness and transparency in their decision making, planning and implementation of changes.

During 2020/21, measures were put in place to continue to develop leaders and managers and to support leading and managing others through the pandemic. A range of virtual sessions were held for line managers and toolkits, guidance and intranet hub developed.

The Board of Directors remained committed to ensuring the diversity and inclusion agenda was integral to decision making during the pandemic.

### IV. Health, Wellbeing and Staff Engagement

(Expectation 2: retention)

The Trust has a health and wellbeing steering group comprising key individuals within the Trust. The group continually review the wellbeing offer for staff, review the themes from the staff survey, data from occupational health and the staff wellbeing service to ensure services are available to address need.

The group has responded quickly during the pandemic to develop resources and support for staff and line managers, and has promoted the national offers available.

During 2020/21, a significant number of staff engagement events have been held virtually to ensure staff are involved, engaged and communicated with on key matters. The executive team have carried out a number of Q&A sessions to listen and answer questions.

Engagement activity is supported by staff networks which have developed significantly over the last 12 months and have continued to meet virtually. The networks are able to shape and influence improvements based on learning from staff experience.

### *Measure and Improve*

The organisation has agreed local quality dashboards that cross-check comparative data.

Pennine Care has a governance structure that includes a Quality Committee that reports directly to the Board. This committee exists on behalf of the Board of Directors to:

- Seek assurance that effective and appropriate systems are in place to drive evidence-based quality improvement.
- Seek assurance that service users, patients and carers are receiving outstanding services that are safe, compassionate, fair and consistent in quality.

The Quality Committee receives a report that presents quality indicators within three domains: patient safety, patient experience and clinical effectiveness. This report not only presents the data but provides a narrative against each of the indicators to provide assurance around each of the indicators presented (i.e. action plans, lessons learnt etc). Key metrics from three committees that report to the Board of Directors (Quality Committee, People and Workforce Committee and Performance and Finance Committee) are reviewed and discussed at each meeting – any key risks, highlights or issues are then reported to Board via the committee chair's report. This enables Board to have an overall integrated understanding of the key matters across the domains of quality, workforce, performance and finance.

### *Develop local quality dashboards for safe sustainable staffing*

(Expectation 3: Productive working and eliminating waste, efficient deployment and flexibility, efficient employment and minimising agency).

As well are reports that are presented to Board and the committees, operational managers and quality leads have access to live reports via the Trust Business Intelligence system (Tableau). Tableau provides them with access to data from both clinical and corporate systems (this includes performance measures, patient experience, incidents information, workforce, agency spend etc.) which is updated on a daily basis with the latest information

to help them manage any issues, such as nursing establishment and skill mix across wards to ensure safe services.

To support our quality leads and operational managers to ensure that are inpatient units are staffed safely and flexibly to support the needs of the changing patients, a Tableau quality performance dashboard has been developed that presents staffing levels alongside activity information, sickness patterns, patient acuity and incidents information. This allows them to see at a glance, by day, whether staffing levels are having an impact on the quality of care on the wards by seeing the incidents details presented alongside it. This allows quality leads and operational managers to react quickly, make professional judgement to any emerging issues that might not have been obvious without the data triangulated and readily available.

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

(https://www.england.nhs.uk/publication/managing-conflicts-of-interest-in-the-nhs-guidance-for-staff-and-organisations/)

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

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust's Equality, Diversity and Inclusion Steering Group chaired by the Executive Director of Workforce reports through to the People and Workforce Committee.

*Environmental sustainability*

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

The Trust is currently writing a Green Plan (to replace the Trust's current Environmental policy) which is the most up-to-date requirement as stated by the Sustainable Development Unit, NHS England and NHS Improvement. The Trust continues with its commitment to delivering a 'Net Zero' NHS by focusing on areas to reduce emissions that it has a direct impact on, such as boiler replacements, lighting schemes, green travel,

waste reduction and segregation, engineering innovation and low carbon efficient materials throughout its day to day activities including any new construction. The Green Plan will include the organisational vision and objectives, an action plan for tracking progress and performance, with the shared NHS vision of reaching net zero emissions by 2040 by focusing on areas of interest such as asset management and utilities, travel and logistics, adaptation, capital projects, green space and biodiversity, sustainable care models, our people, the sustainable use of resources and carbon / greenhouse gases.

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

The Trust has a robust financial reporting process to ensure resources are used economically, efficiently and effectively. The financial position for each network and care hub is completed by the Finance Business Partners (Management Accounts) and the Head of Financial Services; the position is then reviewed by the senior finance team and Executive Director of Finance before being finalised. Upon finalisation the position is shared with Executive Directors, the Performance and Finance Committee and the Board of Directors. This includes highlighting the key financial drivers in the year-to-date and forecast position. There are also regular reviews of balance sheet reconciliations to ensure they are accurate. The procedures the team follow and the financial position are reviewed by internal and external audit, who provide an opinion on the level of risk to the Trust.

Each year the final position of the Trust is reviewed by external audit who provide a statement on their assessment of the financial position of the Trust.

Internal audit provide independent assurance that our risk management, governance and internal control processes are operating effectively. MIAA's review of key financial systems provided 'substantial assurance' in relation to gender ledger / budgetary control / treasury management; and 'limited assurance' in relation to accounts payable / accounts receivable. Management actions are in place to address recommendations arising from these reviews.

Grant Thornton, our external auditors, undertake the annual audit of the financial statements to provide reasonable assurance that they are presented fairly and conform to the Group Accounting Manual standards and reflect a true representation of the Trust's financial position. They also consider arrangements for managing and reporting our financial resources in the completion of their value for money audit.

Budgets statements are issued monthly and the financial position is routinely discussed with operational managers including budget holders, assistant directors and managing / network directors to ensure that they understand and believe the position to be a true and fair reflection of their performance.

Covid-19 affected the Trust both operationally and financially. During the first half of the year, under the national command and control regime, the Trust received funding allocations, this ensured the Trust delivered a breakeven position, thereby mitigating the need to deliver efficiency savings and covering all incremental costs incurred as a result of the pandemic.

For the second half of the year, block contract arrangements were agreed with five of the Trust's main commissioners. Financial control totals were issued at an Integrated Care System (ICS) level, underpinned by individual organisational financial targets. The Trust also received an allocation of funds to support the estimated costs of Covid-19 along with an additional top -up allocation to support delivery of the Trust's share of the overall system control total.

As a result of Covid-19 and the changes to the financial framework, the Board supported a temporary change to financial governance arrangements: increasing the delegated limits for investment decisions along with revised processes for the approval, documentation and reporting of all incremental costs relating to Covid-19. Alongside budgetary control processes, additional financial reviews were undertaken comparing the prior year run rate (expenditure and income) to provide additional assurance around expenditure incurred in relation to Covid-19.

Our internal auditors, MIAA, undertook a financial governance review across two phases during 2020/21. The overall objective of the two phases was to review and assess the adequacy of revised financial controls within the Trust against MIAA's Covid-19 financial governance checklist.

- *Phase one*: reviewed the Trust's documented proposed financial control arrangements. Overall, the assessment confirmed that there has been an adequate review of the financial governance risks. The review found that approval processes were considered and changes implemented to delegated limits and tender / waiver processes. A Covid-19 governance process was developed for expenditure, and processes were in place for the approval of bank and agency spend.

- *Phase two*: reviewed any amendments made to financial control arrangements since the completion of the phase one review, which confirmed there had been an adequate review of financial governance risks. Approval processes were considered, revised and operated effectively; plus the Trust had established governance structures and process to oversee spend and monitor the financial impact of the decisions made as a result of Covid-19.

The Trust's financial highlights for 2020/21 include:

- Meeting the Trust's control total (as part of the wider ICS system targets).

- Surplus of £2.5m achieved. This surplus includes the impact of impairments (i.e. changes in the valuation of the Trust's fixed assets) and transfer by absorption (transfer of assets to another NHS provider associated with a transfer of services). Adjusting for these items gives a surplus of £6.6m.
- Meeting cash requirements with year-end cash balances of £29.1m, being £17.6m higher than at the end of 2019/20.
- Capital expenditure of £9.8m.
- Delivering £4.7m of efficiencies, of which £0.9m are recurrent efficiencies.

The Trust has the following internal mechanisms for staff to report any concerns:

- Standards of Business Conduct Policy
- Anti-Fraud Bribery and Corruption Policy
- Raising Concerns at Work (Whistleblowing) Policy
- Senior Independent Director
- Freedom to Speak Up Guardian
- Supervision and annual appraisal processes
- Staff surveys and local engagement forums.

## f. Information governance

Responsibility for information governance throughout the Trust is delegated from the Board to the Executive Medical Director, who is also our Caldicott guardian, and to the Executive Director of Service Development and Delivery, who is also the Trust Senior Information Risk Owner (SIRO).

The Performance and Finance Committee, a committee of the Board, has delegated authority from the Board of Directors to oversee the management and performance of Information Governance, receiving reports, risks, issues and assurance from the Information Governance Assurance Group and Data Protection Officer (DPO), and providing risk and/or assurance back up to the Board.

The Information Governance Assurance Group (IGAG) supports and drives the broader information governance agenda to provide the Board (via the Performance and Finance Committee) with the assurance that effective information governance best practice mechanisms are in place within the organisation. This includes monitoring compliance with the national Information Governance Assurance Framework i.e. the Data Security and Protection Toolkit.

The Caldicott Guardian and the SIRO jointly chair the IGAG, and ensures that issues arising from the group are escalated to appropriate committees or the Board. The Trust Data Protection Officer (DPO) is a member of the IGAG.

The Trust has self-assessed against the Data Security and Protection Toolkit (DSPT), which assesses annual performance against and compliance with Department of Health information governance policies and standards. Due to the current Covid-19 pandemic, NHS Digital (NHSD) deferred the requirement for Trust's to submit the Toolkit assessment for 2019/20 to September 2020. The Trust declared 'Standards Not Met' with an improvement plan put in place. For deadline for submission of the 2020/21 Toolkit is 30 June 2021. Our internal auditors, MIAA undertook a DSPT readiness review in 2020/21 to support the Trust's preparation for submission

The Trust continues to monitor its compliance against the requirements of data protection legislation (including UK General Data Protection Regulations), is part of the NHS CareCert programme and is working towards the Cyber Essential Plus accreditation.

During 2020/21, and following the NHSD Guide to Notification of Data Security and Protection Incidents framework, the Trust reported nineteen information governance breaches via the Data Security and Protection Toolkit: Incident Reporting Tool (see table below). Of those nineteen, the toolkit algorithm determined that none required onward escalation to the Information Commissioner's Office:

| Date Incident Reported | Details of Incident |
|---|---|
| March 2021 | A letter was received by an incorrect person, due to the full address not being visible on the item of mail. |
| March 2021 | An email was inadvertently sent to an inappropriate recipient |
| February 2021 | An email was inadvertently sent to an incorrect recipient |
| February 2021 | A letter was sent to an incorrect address due to human error in writing the incorrect house number. |
| February 2021 | Two separate letters were inadvertently included in one envelope. |
| January 2021 | Letters intended for a staff member sent to the wrong individual. |
| January 2021 | Email sent to a distribution list as rather than to a single email address. |
| December 2020 | A letter was inadvertently sent to an incorrect recipient as the address was recorded incorrectly. |
| December 2020 | Letter sent to incorrect recipient due to human error in enveloping a batch of letters |
| November 2020 | A letter was inadvertently sent to an incorrect recipient as the address was recorded incorrectly. |
| October 2020 | Letters inadvertently included in an envelope for another person. |
| October 2020 | Letters inadvertently included in an envelope for another person. |
| September | Letters inadvertently included in an envelope for another person. |

| | |
|---|---|
| 2020 | |
| September 2020 | Email issued to distribution list not using the Bcc field. |
| July 2020 | Confidentiality breach on a video consultation. |
| May 2020 | Document template which should have been blank, shared with someone else's information on it. |
| May 2020 | Letter sent to a previous address. Trust unaware the individual had moved. |
| May 2020 | Disclosure included disproportionate amount of information. |
| April 2020 | Email issued to distribution list not using the Bcc field. |

As part of the Trust's open reporting culture, any learning from incidents is shared throughout the organisation as required and appropriate.

## g. Data quality and governance

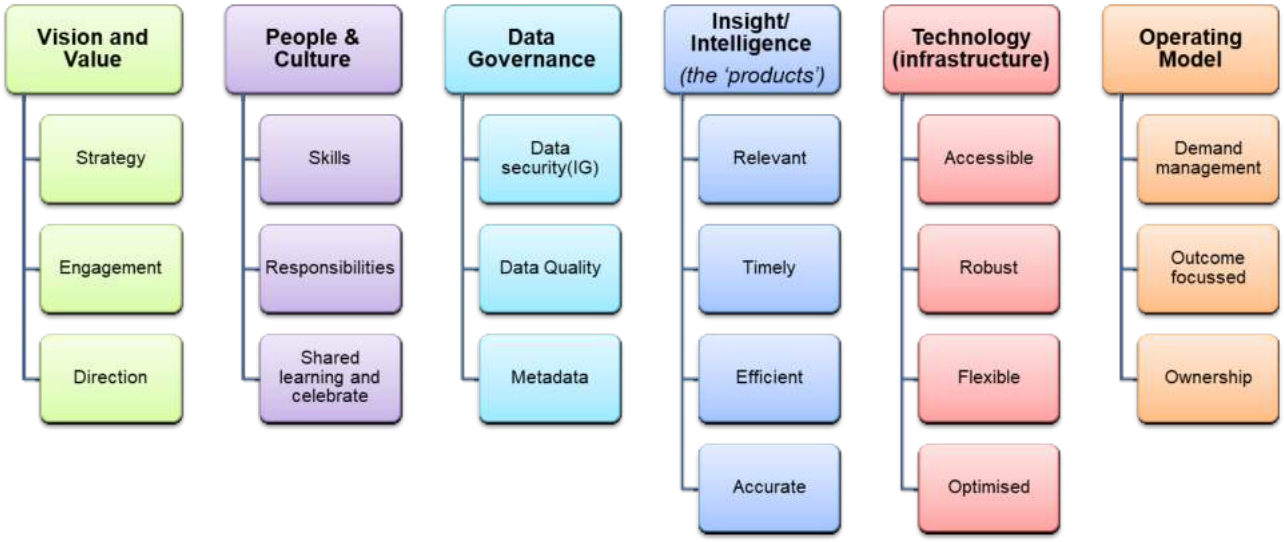
The Trust is focused on continuous improvement and accuracy of data. 'Tableau' is the main reporting and data visualisation tool across the Trust and continues to support the improvement of data quality by giving clinical and operational staff greater access to their own data and enabling them to identify and address a range of data quality issues.

Tableau is available and is used by services and managers at all levels across all areas of Pennine Care. The data presented within Tableau is close to real time and provides data from all our core systems (clinical and corporate). Managers understand that they are responsible for their team's data completeness and accuracy.

As part of the Trust governance and assurance structure data is formerly reviewed by leaders at each level on a monthly basis. Identified leads within operational services are responsible for signing off the accuracy of all performance and quality metrics that supports internal, commissioning and statutory reporting.

The Trust continues to work collaboratively with its commissioners to prioritise and address data quality issues via a monthly Mental Health Data Quality Sub-Group and an action plan to address key issues has been developed and signed-off by the group. The action plan is a live document which is updated on a monthly basis by the group to monitor progress against agreed deadlines.

The Trust is in the process of implementing its new Data and Analytics Strategy which is underpinned by 6 pillars:




People and skills, the use of data, and data quality are critical elements of the strategy to ensure we are able to use high quality data to enable high quality decisions.

## h. Review of effectiveness

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

The following internal audit reviews were undertaken during 2020/21:

Substantial assurance opinions:

- Covid-19 claims
- Key financial systems: general ledger, budgetary control and treasury management
- Paris / Electronic Patient Record rollout
- Covid-19 infection prevention and control assurance framework

Moderate assurance opinions:

- Covid-19 decision making and action logging

- Well-led support: anti-ligature governance
- Safeguarding

Limited assurance opinions:

- Procurement: contracts register
- Appointment of medical staff
- Charity donation and gifts (incorporating conflicts of interest)
- Key financial systems: accounts payable and accounts receivable
- Health informatics: service management
- Mobile phones

Advisory reviews without an assurance rating:

- Data Security and Protection toolkit: readiness review
- Financial governance (phases one and two)
- Paris / Electronic Patient Record (EPR) status: implementation of recommendations

A range of management actions have been developed to respond to recommendations raised from these reports and will be addressed as a matter of priority in 2021/22. Progress against outstanding actions is monitored by the executive team and Audit Committee.

The Audit Committee received the Head of Internal Audit Opinion for 2020/21, which provides an overall opinion on the robustness of the Trust's internal control, governance and risk management arrangements. The overall opinion for the period 1 April 2020 to 31 March 2021 provides 'Substantial Assurance', that 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 is provided in the context that internal audit activity has often been focussed on areas where the Trust has identified control weaknesses. In year, there have been some issues identified by internal audit with regards to controls in core systems and these need to be rectified as a matter of priority in 2021/22.

The Internal Audit Standards Advisory Board (IASAB) issued guidance regarding conformance with the Public Sector Internal Audit Standards (PSIAS) during the coronavirus pandemic (May 2020). All of MIAA's work has continued to be delivered in full compliance with the PSIAS.

MIAA adopted a pragmatic approach to the delivery of the internal audit service during 2020/21, with the focus on the delivery of the Head of Internal Audit Opinion. This again, was in line with the IASAB guidance.

MIAA supported us through the provision of a wide range of briefings, updates and benchmarking materials focused on helping the Trust manage the challenges of Covid-19; and supported the wider NHS systems across MIAA's client base / geographies through the redeployment of staff to maintain the effective delivery of services.

The 2020/21 internal audit plan has been delivered with the focus on the provision of the Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

The impact on the organisation of Covid-19 required MIAA to review the Trust's internal audit risk assessment and plan for 2020/21 on a regular basis, in liaison with management. As part of this assessment MIAA took account of the following:

- How the organisation has implemented NHSE/I guidance, issued to support the Trust in responding to Covid-19, whilst still discharging our stewardship responsibilities;
- Any revisions to the organisation's strategic priorities as well as liaising with us to review areas for internal audit focus;
- Independent assurance requirements on how Covid-19 costs are captured and claimed across a range of areas; and
- Mandated review requirements and audits which from a professional internal audit perspective are pre-requisite to ensuring sufficient coverage for a robust Head of Internal Audit Opinion.

Therefore review coverage has been focused on:

- The organisation's assurance framework;
- Core and mandated reviews, including follow up; and
- A range of individual risk-based assurance reviews.

As a result of the controls in place, the Trust has not identified any significant risks to compliance with the NHS foundation trust provide licence condition 4 (foundation trust governance). These conditions include:

- Application of good governance principles
- The effectiveness of governance structures
- The responsibilities and accountabilities of the Board, directors and committees
- Implementation of effective systems and processes for the timely and effective scrutiny and oversight by the Board of the licensee's operations and compliance with healthcare standards
- The degree and rigour of oversight the Board has over the delivery of Trust business plans.
- Appropriate and sufficient organisational leadership

These conditions are detailed within the Corporate Governance Statement (required under NHS foundation trust provider licence condition 4(8)(b)), the validity of which is assured via the Audit Committee.

The Board of Directors granted delegated authority to the Audit Committee to review and approve the 2020/21 annual report and accounts, including the Annual Governance Statement and governance self-certifications.

## Conclusion

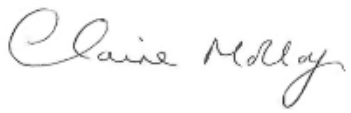
I can confirm that there are no significant control issues in the Trust in 2020/21.

My review is also informed by assurance and evidence to support its development from the Trust's external auditors and internal audit's Head of Internal Audit Opinion.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review concludes that Pennine Care NHS Foundation Trust has generally sound systems of internal control that support the achievement of its policies, aims and objectives.

Signed



**Claire Molloy**
Chief Executive
25 June 2021

# Independent Auditor's Report

## Auditor's report – June 2021

### Independent auditor's report to the Council of Governors of Pennine Care NHS Foundation Trust

### Report on the Audit of the Financial Statements

#### *Opinion on financial statements*

We have audited the financial statements of Pennine 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 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
- 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 ofour 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 setout within the Department of Health and Social Care Group Accounting Manual 2020 to 2021 that theTrust'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 tothe guidance provided in Practice Note 10 Audit of financial statements and regularity of public sectorbodies 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 Trustand 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 tocontinue as a going concern for a period of at least twelve months from when the financial statementsare 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 Accounting Officer's Responsibilities, 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 and revenue and expenditure recognition. We determined that the principal risks were in relation to:
    - Journals, in particular with regard to manual journals, posted after the year end date which have an' impact on the Trust s financial position, as well as any journals made by infrequent posters or senior management personnel
    - The appropriateness of assumptions applied by management in determining significant accounting estimates, such as the valuation of property plant and equipment, the accuracy of PFI and the completeness and accuracy of provisions and accruals.
- 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 manually posted journals such as accruals, journals posted which have a significant impact on the Trust's financial position, journals which were posted by infrequent or unusual users, journals posted after the year-end, journals which are individually material, and any journals posted by senior financial reporting personnel**;**
    - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations, significant accruals, and provisions.

    - 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, significant accruals, and provisions.
- 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

- 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 Pennine 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.

## *Gareth D Mills*

**Gareth Mills, Key Audit Partner**

for and on behalf of Grant Thornton UK LLP, Local Auditor

**Leeds**

**25 June 2021**

# Auditor's report – September 2021

## Independent auditor's report to the Council of Governors of Pennine 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 Pennine 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.

## *Gareth D Mills*

**Gareth Mills, Key Audit Partner**

for and on behalf of Grant Thornton UK LLP, Local Auditor

**Leeds**

**13 September 2021**

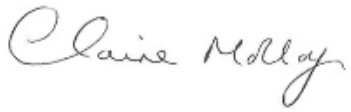
# Annual Accounts for the year ended 31 March 2021

## Foreword to the Accounts

**Pennine Care NHS Foundation Trust**

These accounts, for the year ended 31 March 2021, have been prepared by Pennine Care NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed



**Claire Molloy**
Chief Executive
25 June 2021

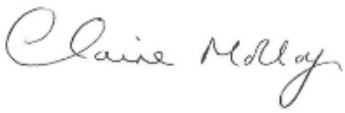
# Statement of Comprehensive Income

| | Note | 2020/21 £000 | 2019/20 £000 |
|---|---|---|---|
| Operating income from patient care activities | 3 | 220,368 | 229,727 |
| Other operating income | 4 | 11,700 | 21,132 |
| Operating expenses | 6, 8 | (223,439) | (245,518) |
| **Operating surplus/(deficit) from continuing operations** | | **8,629** | **5,341** |
| Finance income | 11 | 4 | 104 |
| Finance expenses | 12 | (1,168) | (1,023) |
| PDC dividends payable | | (1,696) | (2,573) |
| **Net finance costs** | | **(2,860)** | **(3,492)** |
| Other gains / (losses) | 13 | - | (4) |
| Gains / (losses) arising from transfers by absorption | 29 | (3,245) | (1,111) |
| **Surplus / (deficit) for the year from continuing operations** | | **2.524** | **734** |
| **Surplus / (deficit) for the year** | | **2,524** | **734** |
| **Other comprehensive income** | | | |
| **Will not be reclassified to income and expenditure:** | | | |
| Impairments | 7 | (1,890) | (2,287) |
| Revaluations | 16 | 745 | 1,332 |
| **Total comprehensive income / (expense) for the period** | | **1,379** | **(221)** |

# Statement of Financial Position

| | Note | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 14 | 2,512 | 4,266 |
| Property, plant and equipment | 15 | 103,857 | 104,517 |
| Receivables | 17 | 2,229 | 1,843 |
| **Total non-current assets** | | **108,598** | **110,626** |
| **Current assets** | | | |
| Receivables | 17 | 8,339 | 17,447 |
| Cash and cash equivalents | 19 | 29,061 | 11,487 |
| **Total current assets** | | **37,400** | **28,934** |
| **Current liabilities** | | | |
| Trade and other payables | 20 | (23,814) | (27,444) |
| Borrowings | 22 | (396) | (333) |
| Provisions | 23 | (5,441) | (3,385) |
| Other liabilities | 21 | (4,174) | (1,548) |
| **Total current liabilities** | | **(33,825)** | **(32,710)** |
| **Total assets less current liabilities** | | **112,173** | **106,850** |
| **Non-current liabilities** | | | |
| Borrowings | 22 | (13,990) | (14,386) |
| Provisions | 23 | (24) | (25) |
| **Total non-current liabilities** | | **(14,014)** | **(14,411)** |
| **Total assets employed** | | **98,159** | **92,439** |
| | | | |
| **Financed by** | | | |
| Public dividend capital | | 84,073 | 79,732 |
| Revaluation reserve | | 6,587 | 9,029 |
| Income and expenditure reserve | | 7,499 | 2,732 |
| **Total taxpayers' equity** | | **98,159** | **92,439** |

The notes on pages 164 to 214 form part of these accounts.



| | |
|---|---|
| Name | Claire Molloy |
| Position | Chief Executive |
| Date | 25 June 2021 |

# Statement of Changes in Equity for the Year Ended 31 March 2021

| | Public dividend capital | Revaluation reserve | Income and expenditure reserve | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Taxpayers' and others' equity at 1 April 2020 - brought forward** | **79,732** | **9,029** | **3,678** | **92,439** |
| Surplus/(deficit) for the year | - | - | 2,524 | **2,524** |
| Transfers by absorption: transfers between reserves | - | (1,296) | 1,296 | **-** |
| Other transfers between reserves | - | (1) | 1 | **-** |
| Impairments | - | (1,890) | - | **(1,890)** |
| Revaluations | - | 745 | - | **745** |
| Public dividend capital received | 4,341 | - | - | **4,341** |
| **Taxpayers' and others' equity at 31 March 2021** | **84,073** | **6,587** | **7,499** | **98,159** |

# Statement of Changes in Equity for the Year Ended 31 March 2020

| | Public dividend capital | Revaluation reserve | Income and expenditure reserve | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Taxpayers' and others' equity at 1 April 2019 - brought forward** | **78,467** | **10,196** | **2,732** | **91,395** |
| Surplus/(deficit) for the year | - | - | 734 | **734** |
| Impairments | - | (2,287) | - | **(2,287)** |
| Revaluations | - | 1,332 | - | **1,332** |
| Transfer to retained earnings on disposal of assets | - | (212) | 212 | **-** |
| Public dividend capital received | 1,265 | - | - | **1,265** |
| **Taxpayers' and others' equity at 31 March 2020** | **79,732** | **9,029** | **3,678** | **92,439** |

# 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.

## Income and expenditure reserve

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

# Statement of Cash Flows

| | Note | 2020/21 £000 | 2019/20 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating surplus / (deficit) | | 8,629 | 5,341 |
| **Non-cash income and expense:** | | | |
| Depreciation and amortisation | 6.1 | 6,992 | 6,033 |
| Net impairments | 7 | 812 | (139) |
| Income recognised in respect of capital donations | 4 | - | (175) |
| (Increase) / decrease in receivables and other assets | | 9,658 | 4,302 |
| Increase / (decrease) in payables and other liabilities | | (1,916) | (4,831) |
| Increase / (decrease) in provisions | | 2,055 | 16 |
| **Net cash flows from / (used in) operating activities** | | **26,230** | **10,547** |
| **Cash flows from investing activities** | | | |
| Interest received | | 4 | 104 |
| Purchase of intangible assets | | (591) | (1,684) |
| Purchase of PPE and investment property | | (8,346) | (3,821) |
| Sales of PPE and investment property | | - | 292 |
| **Net cash flows from / (used in) investing activities** | | **(8,933)** | **(5,109)** |
| **Cash flows from financing activities** | | | |
| Public dividend capital received | | 4,341 | 1,265 |
| Capital element of PFI, LIFT and other service concession payments | | (333) | (445) |
| Other interest | | - | (4) |
| Interest paid on PFI, LIFT and other service concession obligations | | (1,168) | (1,019) |
| PDC dividend (paid) / refunded | | (2,563) | (2,380) |
| **Net cash flows from / (used in) financing activities** | | **277** | **(2,583)** |
| **Increase / (decrease) in cash and cash equivalents** | | **17,574** | **2,855** |
| **Cash and cash equivalents at 1 April - brought forward** | | **11,487** | **8,632** |
| **Cash and cash equivalents at 31 March** | 19.1 | **29,061** | **11,487** |

# 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.

Having given careful consideration to all the information in their possession, the Board have concluded that there is a reasonable expectation that the services will continue to be provided in the public sector. The Board have had particular regard to the following matters:

- guidance published by NHSI on the finance and contracting arrangements for the six month period from 1 April 2021 to 30 September 2021
- Government's commitment to mental health services including additional monies for mental health recovery across 2021/22

## *Note 1.3 Revenue from contracts with customers*

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

***Revenue from NHS contracts***

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

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at 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.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges were expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioners but they affect how care is provided to patients. That is, the CQUIN payments are not distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

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 a variable consideration.

***Revenue from research contracts***

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied.

***NHS injury cost recovery scheme***

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

## Note 1.4 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 1.5 Expenditure on employee benefits

### *Short-term employee benefits*

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

### *Pension costs*

#### *NHS Pension Scheme*

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

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

## *Note 1.6 Expenditure on other goods and services*

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

## *Note 1.7 Discontinued operations*

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

## *Note 1.8 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
- 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, or
- it forms part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

***Subsequent expenditure***

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

***Measurement***

*Valuation*

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

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

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

- Land and non-specialised buildings – 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. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees. 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 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 Years** | **Max life Years** |
|---|---|---|
| Land | - | - |
| Buildings, excluding dwellings | 4 | 51 |
| Plant & machinery | 5 | 25 |
| Transport equipment | 7 | 7 |
| Information technology | 2 | 10 |

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.

#### Software

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

### Measurement

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

Subsequently intangible assets are measured at current value in existing use.

#### 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 | 2 | 8 |

## Note 1.10 Inventories

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.

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.

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, i.e., 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 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, the Trust recognises an allowance for expected credit losses.

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

Credit losses are determined by applying 5% to relevant non-NHS receivables and 100% to external staff debt.

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

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

***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.

***The Trust as a lessee***

*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***

*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. 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% |

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 23.2 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 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 1.16 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 1.17 Corporation tax*

The NHS Foundation Trust is a Health Service Body within the meaning of s519 ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to specified activities of an NHS Foundation Trust (s519[3] to [8] ICTA 1988. Accordingly, the NHS Foundation Trust is potentially within the scope of Corporation Tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits there from exceed £50,000 per annum.

### *Note 1.18 Climate change levy*

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

### *Note 1.19 Foreign exchange*

The functional and presentational currency of the trust is sterling.

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

## Note 1.20 Third party assets

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

## Note 1.21 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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

## Note 1.22 Transfers of functions to other NHS bodies

For functions that the Trust has transferred to another NHS body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss corresponding to the net assets transferred is recognised within expenses, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

## Note 1.23 Early adoption of standards, amendments and interpretations

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

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

***IFRS 16 Leases***

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard

also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The 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***

IFRS 17 Insurance Contracts, application required for accounting periods beginning on or after 1 January 2021. The standard is not yet adopted by the FReM which is expected to be from April 2023: early adoption is not permitted. The application of IFRS 17 is not anticipated to have an impact on the Trust.

## *Note 1.25 Critical judgements in applying accounting policies*

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- As required by IFRS 15 contracts have been grouped and each reviewed to determine the correct accounting treatment. This has resulted in material contracts being classified as contract receivables with the timing of the release of the income matching the fulfilment of the performance obligation.

## *Note 1.26 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:

- In making assumptions regarding redundancy costs (see note 23.1), the Trust has utilised actual estimates provided by payroll where applicable; where this is not possible the Trust has taken a prudent approach to estimating the likely costs of delivering the planned service redesign and potential redundancies.
- In making assumptions regarding Other provisions, the ongoing grievance relating to healthcare assistants agenda for change banding (see note 23.1), the Trust has utilised payroll and employment information and has taken a prudent approach to estimating the potential impact covering both the number of healthcare assistants and the time period covered.
- The Trust has an estimation of the valuation of land and building assets and their lives, based on the information provided by Cushman & Wakefield as at 31st March 2020. During 2020/21 a desktop valuation has been completed and the asset values have been adjusted in line with the revised valuation. The last full physical inspection valuation exercise was carried out by Cushman & Wakefield in 2019/20. See Note 16 for further details.

## Note 2 Operating Segments

All activity at the Trust is health care related and a large majority of the Trust's income is received from within UK Government departments. The main proportion of the operating expenses are payroll related and are for staff directly involved in the provision of health care and the indirect and overhead costs associated with that provision. The Trust operates in a limited geographic area, primarily Greater Manchester, with some services delivered across North West England. Therefore it is deemed that the business activities which earn the revenues for the Trust and in turn incur the expenses are one provision, which it is deemed appropriate to identify as a single segment, namely 'healthcare'.

The Trust identifies the Trust's Board (which includes all Executive and Non-Executive Directors) as the Chief Operating Decision Maker as defined by IFRS 8. Monthly operating results are reported to the Trust's Board. The financial position of the Trust for the year to date are reported, along with projections for the future performance and position, as a position for the whole Trust, rather than as component parts making up a whole. The Trust's Board does not have separate directors for particular service areas or divisions. The Trust's external reporting to NHSI (the regulator) is on a whole Trust basis, which also implies the Trust is a single segment.

All decisions affecting the Trust's future direction and viability are made based on the overall total segment, presented to the Board. The Trust is satisfied that the single segment of healthcare is appropriate and consistent with the principles of IFRS 8.

## Note 3 Operating Income from Patient Care Activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

### *Note 3.1 Income from patient care activities (by nature)*

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| **Mental health services** | | |
| Block contract / system envelope income* | 202,645 | 171,313 |
| Other clinical income from mandatory services | 6,284 | 7,576 |
| **Community services** | | |
| Block contract / system envelope income* | 1,884 | 35,972 |
| Income from other sources (e.g. local authorities) | 1,331 | 7,175 |
| **All services** | | |
| Additional pension contribution central funding** | 6,659 | 7,691 |
| Other clinical income | 1,565 | - |
| **Total income from activities** | **220,368** | **229,727** |

*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 | 16,992 | 28,057 |
| Clinical commissioning groups | 193,898 | 184,941 |
| Department of Health and Social Care | - | 59 |
| Other NHS providers | 2,533 | 2,832 |
| NHS other | - | 21 |
| Local authorities | 4,827 | 13,066 |
| Injury cost recovery scheme | 5 | 18 |
| Non NHS: other | 2,113 | 733 |
| **Total income from activities** | **220,368** | **229,727** |
| **Of which:** | | |
| Related to continuing operations | 220,368 | 229,727 |

## 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 | 705 | - | **705** | 652 | - | **652** |
| Education and training | 4,130 | 404 | **4,534** | 4,027 | 262 | **4,289** |
| Non-patient care services to other bodies | 3,996 | - | **3,996** | 2,935 | - | **2,935** |
| Provider sustainability fund (2019/20 only) | - | - | **-** | 2,429 | - | **2,429** |
| Financial recovery fund (2019/20 only) | - | - | **-** | 9,596 | - | **9,596** |
| Reimbursement and top up funding | 120 | - | **120** | - | - | **-** |
| Income in respect of employee benefits accounted on a gross basis | 156 | - | **156** | 499 | - | **499** |
| Receipt of capital grants and donations | - | - | **-** | - | 175 | **175** |
| Charitable and other contributions to expenditure* | - | 2,059 | **2,059** | - | 337 | **337** |
| Rental revenue from operating leases | - | 32 | **32** | - | 27 | **27** |
| Other income | 98 | - | **98** | 193 | - | **193** |
| **Total other operating income** | **9,205** | **2,495** | **11,700** | **20,331** | **801** | **21,132** |
| **Of which:** | | | | | | |
| Related to continuing operations | | | 11,700 | | | 21,132 |

*Charitable and other contributions to expenditure for 2020/21 include £1,868k of PPE consumables donated from DHSC for Covid response.

## Note 5

### *Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period*

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Revenue recognised in the reporting period that was included within contract liabilities at the previous period end | 1,133 | 1,473 |

### *Note 5.2 Transaction price allocated to remaining performance obligations*

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

### *Note 5.3 Income from activities arising from commissioner requested services*

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Income from services designated as commissioner requested services | 210,813 | 214,861 |
| Income from services not designated as commissioner requested services | 21,255 | 35,998 |
| **Total** | **232,068** | **250,859** |

## Note 6

### *Note 6.1 Operating Expenses*

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Purchase of healthcare from NHS and DHSC bodies | 4,798 | 4,676 |
| Purchase of healthcare from non-NHS and non-DHSC bodies | 3,420 | 4,185 |
| Staff and executive directors costs | 172,230 | 193,350 |
| Remuneration of non-executive directors | 181 | 174 |
| Supplies and services - clinical (excluding drugs costs) | 2,246 | 3,011 |
| Supplies and services - general | 1,684 | 1,870 |
| Drug costs (drugs inventory consumed and purchase of non-inventory drugs) | 2,239 | 2,223 |
| Consultancy costs | 356 | 468 |
| Establishment | 2,908 | 2,859 |
| Premises | 11,489 | 11,436 |
| Transport (including patient travel) | 910 | 2,364 |
| Depreciation on property, plant and equipment | 4,576 | 4,403 |
| Amortisation on intangible assets | 2,416 | 1,630 |
| Net impairments | 812 | (139) |
| Movement in credit loss allowance: contract receivables / contract assets | 136 | 7 |
| Increase/(decrease) in other provisions | 2,328 | (111) |
| Audit fees payable to the external auditor* | | |
| audit services- statutory audit | 96 | 54 |
| Internal audit costs | 108 | 95 |
| Clinical negligence | 1,021 | 779 |
| Legal fees | 239 | 441 |
| Insurance | 182 | 250 |
| Research and development | 1,033 | 894 |
| Education and training | 1,692 | 1,731 |
| Rentals under operating leases | 4,999 | 7,131 |
| Early retirements | 1 | 2 |
| Redundancy | 3 | 60 |
| Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) | 943 | 941 |
| Hospitality | - | 1 |
| Losses, ex gratia & special payments | 3 | 4 |
| Other services, e.g. external payroll | 70 | 42 |
| Other | 320 | 687 |
| **Total** | **223,439** | **245,518** |
| **Of which:** | | |
| Related to continuing operations | 223,439 | 245,518 |

* Audit fees are disclosed above including VAT where this cannot be recovered.

## *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 £000 | 2019/20 £000 |
|---|---|---|
| **Net impairments charged to operating surplus / deficit resulting from:** | | |
| Changes in market price | 812 | (139) |
| **Total net impairments charged to operating surplus / deficit** | **812** | **(139)** |
| Impairments charged to the revaluation reserve | 1,890 | 2,287 |
| **Total net impairments** | **2,702** | **2,148** |

## Note 8 Employee Benefits

| | 2020/21 Total £000 | 2019/20 Total £000 |
|---|---|---|
| Salaries and wages | 132,367 | 145,951 |
| Social security costs | 11,966 | 13,013 |
| Apprenticeship levy | 629 | 729 |
| Employer's contributions to NHS pensions | 21,729 | 25,399 |
| Pension cost - other | 38 | 44 |
| Temporary staff (including agency) | 7,129 | 11,022 |
| **Total gross staff costs** | **173,858** | **196,158** |
| Recoveries in respect of seconded staff | - | - |
| **Total staff costs** | **173,858** | **196,158** |
| **Of which** | | |
| Costs capitalised as part of assets | 62 | 1,429 |

### *Note 8.1 Retirements Due to Ill-Health*

During 2020/21 there were 2 early retirements from the Trust agreed on the grounds of ill-health (3 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £48k (£92k in 2019/20).

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

### *Note 8.2 Directors' Remuneration*

| | 2020/21 Total £000 | 2019/20 Total £000 |
|---|---|---|
| Director's remuneration | 1,098 | 1,091 |
| Employer contributions to the pension scheme | 112 | 109 |
| | **1,210** | **1,200** |

| | 2020/21 Number | 2019/20 Number |
|---|---|---|
| Total number of directors to whom benefits are accruing under: | | |
| Defined benefit systems | 6 | 6 |

No advances, credits or guarantees have been granted to any directors of the Trust.

Full disclosure of Directors' remuneration is given in the remuneration report section of the Annual Report.

## 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 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.

Past and present employees are covered by the provision of the two NHS pension schemes or the National Employment Savings Trust (NEST). Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at:

- www.nhsbsa.nhs.uk/pensions
- www.nestpensions.org.uk

## Note 10 Operating Leases

### *Note 10.1 Pennine Care NHS Foundation Trust as a Lessor*

This note discloses income generated in operating lease agreements where Pennine Care NHS Foundation Trust is the lessor.

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| **Operating lease revenue** | | |
| Minimum lease receipts | 32 | 27 |
| **Total** | **32** | **27** |

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Future minimum lease receipts due:** | | |
| - not later than one year; | 32 | 27 |
| - later than one year and not later than five years; | 129 | 108 |
| - later than five years. | 95 | 106 |
| **Total** | **256** | **241** |

### *Note 10.2 Pennine Care NHS Foundation Trust as a lessee*

This note discloses costs and commitments incurred in operating lease arrangements where Pennine Care NHS Foundation Trust is the lessee.

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| **Operating lease expense** | | |
| Minimum lease payments | 4,999 | 7,131 |
| **Total** | **4,999** | **7,131** |

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Future minimum lease payments due:** | | |
| - not later than one year; | 2,723 | 2,395 |
| - later than one year and not later than five years; | 5,620 | 7,082 |
| - later than five years. | 1,748 | 1,824 |
| **Total** | **10,091** | **11,301** |

The future minimum lease payment commitments exclude arrangements where a formal signed lease agreement is not in place, however the current year minimum lease payments includes the expenditure under such arrangements.

## Note 11 Finance Income

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

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Interest on bank accounts | 4 | 104 |
| **Total finance income** | **4** | **104** |

## Note 12

### *Note 12.1 Finance Expenditure*

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

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| **Interest expense:** | | |
| Interest on late payment of commercial debt | - | 4 |
| Main finance costs on PFI and LIFT schemes obligations | 1,168 | 1,019 |
| **Total interest expense** | **1,168** | **1,023** |
| **Total finance costs** | **1,168** | **1,023** |

### *Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015*

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Amounts included within interest payable arising from claims made under this legislation | - | 4 |

## Note 13 Other gains / (losses)

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Gains on disposal of assets | - | 83 |
| Losses on disposal of assets | - | (87) |
| **Total gains / (losses) on disposal of assets** | **-** | **(4)** |
| **Total other gains / (losses)** | **-** | **(4)** |

## Note 14

### *Note 14.1 Intangible assets - 2020/21*

| | Software licences £000 | Development expenditure £000 | Intangible assets under construction £000 | Total £000 |
|---|---|---|---|---|
| **Valuation / gross cost at 1 April 2020 - brought forward** | **6,772** | **-** | **70** | **6,842** |
| Additions | 318 | - | 344 | **662** |
| Reclassifications | 70 | - | (70) | **-** |
| Disposals / derecognition | (700) | - | - | **(700)** |
| **Valuation / gross cost at 31 March 2021** | **6,460** | **-** | **344** | **6,804** |
| | | | | |
| **Amortisation at 1 April 2020 - brought forward** | **2,576** | **-** | **-** | **2,576** |
| Provided during the year | 2,416 | - | - | **2,416** |
| Disposals / derecognition | (700) | - | - | **(700)** |
| **Amortisation at 31 March 2021** | **4,292** | **-** | **-** | **4,292** |
| | | | | |
| **Net book value at 31 March 2021** | **2,168** | **-** | **344** | **2,512** |
| **Net book value at 1 April 2020** | **4,196** | **-** | **70** | **4,266** |

## *Note 14.2 Intangible assets - 2019/20*

| | Software licences £000 | Development expenditure £000 | Intangible assets under construction £000 | Total £000 |
|---|---|---|---|---|
| **Valuation / gross cost at 1 April 2019 - brought forward** | **5,101** | **79** | **106** | **5,286** |
| Additions | 1,666 | - | - | **1,666** |
| Reclassifications | 36 | - | (36) | **-** |
| Disposals / derecognition | (31) | (79) | - | **(110)** |
| **Valuation / gross cost at 31 March 2020** | **6,772** | **-** | **70** | **6,842** |
| | | | | |
| **Amortisation at 1 April 2019 - brought forward** | **993** | **63** | **-** | **1,056** |
| Provided during the year | 1,614 | 16 | - | **1,630** |
| Disposals / derecognition | (31) | (79) | - | **(110)** |
| **Amortisation at 31 March 2020** | **2,576** | **-** | **-** | **2,576** |
| | | | | |
| **Net book value at 31 March 2020** | **4,196** | **-** | **70** | **4,266** |
| **Net book value at 1 April 2019** | **4,108** | **16** | **106** | **4,230** |

## Note 15

### *Note 15.1 Property, plant and equipment - 2020/21*

| | Land £000 | Buildings excluding dwellings £000 | Assets under construction £000 | Plant & machinery £000 | Transport equipment £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Valuation/gross cost at 1 April 2020 - brought forward** | **15,257** | **84,180** | **726** | **1,659** | **106** | **6,869** | **108,797** |
| Transfers by absorption | (1,500) | (1,716) | - | (74) | - | - | **(3,290)** |
| Additions | 155 | 3,678 | 1,373 | 255 | - | 3,657 | **9,118** |
| Impairments | (105) | (4,693) | - | - | - | - | **(4,798)** |
| Reversals of impairments | - | (183) | - | - | - | - | **(183)** |
| Revaluations | 193 | 543 | - | - | - | - | **736** |
| Reclassifications | - | 284 | (509) | 225 | - | - | **-** |
| Disposals / derecognition | - | - | - | (20) | (28) | (916) | **(964)** |
| **Valuation/gross cost at 31 March 2021** | **14,000** | **82,093** | **1,590** | **2,045** | **78** | **9,610** | **109,416** |
| | | | | | | | |
| **Accumulated depreciation at 1 April 2020 - brought forward** | **-** | **643** | **-** | **430** | **79** | **3,128** | **4,280** |
| Transfers by absorption | - | (30) | - | (15) | - | - | **(45)** |
| Provided during the year | - | 2,319 | - | 188 | 11 | 2,058 | **4,576** |
| Impairments | - | (1,710) | - | - | - | - | **(1,710)** |
| Reversals of impairments | - | (569) | - | - | - | - | **(569)** |
| Revaluations | - | (9) | - | - | - | - | **(9)** |
| Disposals / derecognition | - | - | - | (20) | (28) | (916) | **(964)** |
| **Accumulated depreciation at 31 March 2021** | **-** | **644** | **-** | **583** | **62** | **4,270** | **5,559** |
| | | | | | | | |
| **Net book value at 31 March 2021** | **14,000** | **81,449** | **1,590** | **1,462** | **16** | **5,340** | **103,857** |
| **Net book value at 1 April 2020** | **15,257** | **83,537** | **726** | **1,229** | **27** | **3,741** | **104,517** |

## *Note 15.2 Property, plant and equipment - 2019/20*

| | Land £000 | Buildings excluding dwellings £000 | Assets under construction £000 | Plant & machinery £000 | Transport equipment £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Valuation/gross cost at 1 April 2019 - brought forward** | **14,651** | **86,437** | **306** | **1,973** | **106** | **6,907** | **110,380** |
| Transfers by absorption | - | (451) | - | (652) | - | (704) | **(1,807)** |
| Additions | 175 | 1,644 | 642 | 346 | - | 1,026 | **3,833** |
| Impairments | (25) | (4,991) | - | - | - | - | **(5,016)** |
| Reversals of impairments | - | 1,204 | - | - | - | - | **1,204** |
| Revaluations | 456 | 219 | - | - | - | - | **675** |
| Reclassifications | - | 222 | (222) | - | - | - | **-** |
| Disposals / derecognition | - | (104) | - | (8) | - | (360) | **(472)** |
| **Valuation/gross cost at 31 March 2020** | **15,257** | **84,180** | **726** | **1,659** | **106** | **6,869** | **108,797** |
| | | | | | | | |
| **Accumulated depreciation at 1 April 2019 - brought forward** | **-** | **532** | **-** | **588** | **68** | **2,090** | **3,278** |
| Transfers by absorption | - | (266) | - | (283) | - | (147) | **(696)** |
| Provided during the year | - | 2,715 | - | 132 | 11 | 1,545 | **4,403** |
| Impairments | - | (1,365) | - | - | - | - | **(1,365)** |
| Reversals of impairments | - | (299) | - | - | - | - | **(299)** |
| Revaluations | - | (657) | - | - | - | - | **(657)** |
| Disposals / derecognition | - | (17) | - | (7) | - | (360) | **(384)** |
| **Accumulated depreciation at 31 March 2020** | **-** | **643** | **-** | **430** | **79** | **3,128** | **4,280** |
| | | | | | | | |
| **Net book value at 31 March 2020** | **15,257** | **83,537** | **726** | **1,229** | **27** | **3,741** | **104,517** |
| **Net book value at 1 April 2019** | **14,651** | **85,905** | **306** | **1,385** | **38** | **4,817** | **107,102** |

## Note 15.3 Property, plant and equipment financing - 2020/21

| | Land £000 | Buildings excluding dwellings £000 | Assets under construction £000 | Plant & machinery £000 | Transport equipment £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Net book value at 31 March 2021** | | | | | | | |
| Owned - purchased | 14,000 | 72,596 | 1,590 | 1,462 | 16 | 5,340 | **95,004** |
| On-SoFP PFI contracts and other service concession arrangements | - | 8,853 | - | - | - | - | **8,853** |
| **NBV total at 31 March 2021** | **14,000** | **81,449** | **1,590** | **1,462** | **16** | **5,340** | **103,857** |

## Note 15.4 Property, plant and equipment financing - 2019/20

| | Land £000 | Buildings excluding dwellings £000 | Assets under construction £000 | Plant & machinery £000 | Transport equipment £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Net book value at 31 March 2020** | | | | | | | |
| Owned - purchased | 15,082 | 74,356 | 726 | 1,229 | 27 | 3,741 | **95,161** |
| On-SoFP PFI contracts and other service concession arrangements | - | 9,181 | - | - | - | - | **9,181** |
| Owned - donated | 175 | - | - | - | - | - | **175** |
| **NBV total at 31 March 2020** | **15,257** | **83,537** | **726** | **1,229** | **27** | **3,741** | **104,517** |

## Note 16 Revaluations of property, plant and equipment

A desktop valuation exercise of the Trust's Land and Buildings was carried out by Cushman & Wakefield in Quarter 4 of 2020/21 with a valuation date of 31 March 2021. This valuation provided estimated financial values and estimated remaining useful economic lives for the Trust's Land and Buildings by applying a modern equivalent asset method of valuation. The last full physical inspection valuation exercise of the Trust's Land and Buildings was carried out by Cushman & Wakefield in February and March 2020 with a valuation date of 31 March 2020.

The desktop valuation, based on estimates provided by a qualified professional led to an overall decrease of the Trust's Land and Building asset values of £1,957k. Of this decrease, a net £1,145k decrease (impairments net of impairment reversals and revaluation gains) has been charged to the Revaluation Reserve and a net decrease of £812k (impairments net of impairment reversals) has been recognised in the Statement of Comprehensive Income.

In 2019/20 the valuer had in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), declared a 'material valuation uncertainty' in the valuation report on the basis of uncertainties in markets caused by COVID-19. For 2020/21 this material valuation uncertainty has been removed by the valuer with a market conditions explanatory note included in their valuation report as follows:

*"The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11 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."*

## Note 17

### *Note 17.1 Receivables*

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Current** | | |
| Contract receivables | 5,897 | 16,381 |
| Allowance for impaired contract receivables / assets | (299) | (163) |
| Prepayments (non-PFI) | 1,398 | 845 |
| PDC dividend receivable | 734 | - |
| VAT receivable | 609 | 384 |
| **Total current receivables** | **8,339** | **17,447** |
| | | |
| **Non-current** | | |
| Prepayments (non-PFI) | 184 | - |
| PFI lifecycle prepayments | 2,045 | 1,843 |
| **Total non-current receivables** | **2,229** | **1,843** |
| | | |
| **Of which receivable from NHS and DHSC group bodies:** | | |
| Current | 6,046 | 14,450 |

### *Note 17.2 Allowances for credit losses*

| | 2020/21 Contract receivables and contract assets £000 | 2019/20 Contract receivables and contract assets £000 |
|---|---|---|
| **Allowances as at 1 April - brought forward** | **163** | **167** |
| New allowances arising | 177 | 7 |
| Changes in existing allowances | 172 | - |
| Reversals of allowances | (153) | - |
| Utilisation of allowances (write offs) | - | (11) |
| **Allowances as at 31 March 2021** | **299** | **163** |

## Note 18

### *Note 18.1 Non-current assets held for sale and assets in disposal groups*

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| **NBV of non-current assets for sale and assets in disposal groups at 1 April** | **-** | **208** |
| Assets sold in year | - | (208) |
| **NBV of non-current assets for sale and assets in disposal groups at 31 March** | **-** | **-** |

## Note 19

### *Note 19.1 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 £000 | 2019/20 £000 |
|---|---|---|
| **At 1 April** | **11,487** | **8,632** |
| Net change in year | 17,574 | 2,855 |
| **At 31 March** | **29,061** | **11,487** |
| **Broken down into:** | | |
| Cash at commercial banks and in hand | 54 | 61 |
| Cash with the Government Banking Service | 29,007 | 11,426 |
| **Total cash and cash equivalents as in SoFP** | **29,061** | **11,487** |
| **Total cash and cash equivalents as in SoCF** | **29,061** | **11,487** |

### *Note 19.2 Third party assets held by the Trust*

Pennine 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 £000 | 31 March 2020 £000 |
|---|---|---|
| Bank balances | 198 | 296 |
| **Total third party assets** | **198** | **296** |

## Note 20

### *Note 20.1 Trade and other payables*

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Current** | | |
| Trade payables | 3,373 | 3,211 |
| Capital payables | 3,345 | 2,300 |
| Accruals | 11,507 | 16,415 |
| Social security costs | 1,874 | 1,761 |
| VAT payables | 133 | - |
| Other taxes payable | 1,302 | 1,174 |
| PDC dividend payable | - | 133 |
| Other payables | 2,280 | 2,450 |
| **Total current trade and other payables** | **23,814** | **27,444** |
| | | |
| **Of which payables from NHS and DHSC group bodies:** | | |
| Current | 4,666 | 8,356 |

## Note 21 Other liabilities

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Current** | | |
| Deferred income: contract liabilities | 4,174 | 1,548 |
| **Total other current liabilities** | **4,174** | **1,548** |

## Note 22

### *Note 22.1 Borrowings*

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Current** | | |
| Obligations under PFI, LIFT or other service concession contracts | 396 | 333 |
| **Total current borrowings** | **396** | **333** |
| | | |
| **Non-current** | | |
| Obligations under PFI, LIFT or other service concession contracts | 13,990 | 14,386 |
| **Total non-current borrowings** | **13,990** | **14,386** |

### *Note 22.2 Reconciliation of liabilities arising from financing activities - 2020/21*

| | PFI and LIFT schemes £000 | Total £000 |
|---|---|---|
| **Carrying value at 1 April 2020** | **14,719** | **14,719** |
| **Cash movements:** | | |
| Financing cash flows - payments and receipts of principal | (333) | **(333)** |
| Financing cash flows - payments of interest | (1,168) | **(1,168)** |
| **Non-cash movements:** | | |
| Application of effective interest rate | 1,168 | **1,168** |
| **Carrying value at 31 March 2021** | **14,386** | **14,386** |

### *Note 22.3 Reconciliation of liabilities arising from financing activities - 2019/20*

| | PFI and LIFT schemes £000 | Total £000 |
|---|---|---|
| **Carrying value at 1 April 2019** | **15,164** | **15,164** |
| **Cash movements:** | | |
| Financing cash flows - payments and receipts of principal | (445) | **(445)** |
| Financing cash flows - payments of interest | (1,019) | **(1,019)** |
| **Non-cash movements:** | | |
| Application of effective interest rate | 1,019 | **1,019** |
| **Carrying value at 31 March 2020** | **14,719** | **14,719** |

## Note 23

### *Note 23.1 Provisions for liabilities and charges analysis*

| | Pensions: injury benefits £000 | Legal claims £000 | Redundancy £000 | Other £000 | Total £000 |
|---|---|---|---|---|---|
| **At 1 April 2020** | **27** | **877** | **1,948** | **558** | **3,410** |
| Arising during the year | 2 | 649 | 659 | 2,077 | **3,387** |
| Utilised during the year | (2) | (196) | (157) | - | **(355)** |
| Reversed unused | - | (682) | (17) | (278) | **(977)** |
| **At 31 March 2021** | **27** | **648** | **2,433** | **2,357** | **5,465** |
| **Expected timing of cash flows:** | | | | | |
| - not later than one year; | 3 | 648 | 2,433 | **2,357** | **5,441** |
| - later than one year and not later than five years; | 10 | - | - | **-** | **10** |
| - later than five years. | 14 | - | - | **-** | **14** |
| **Total** | **27** | **648** | **2,433** | **2,357** | **5,465** |

***Pensions: injury benefits***

These are commitments made to a former member of staff who receives Injury Benefits through NHS Resolution. Payments are handled by NHS Resolution and recharged quarterly. It is expected the cash flows will continue for at least twelve years.

***Legal claims***

The legal claims provision includes the excess payable on Employer Liability and Public Liability claims being handled by NHS Resolution where the cases have been notified to the Trust as outstanding at 31 March 2021. The legal claims figure also includes provision for a number of specific employment tribunals. It is expected that these balances will be settled within one year.

***Redundancy***

The redundancy provision includes estimated costs for service areas restructuring as a result of the transfer of community services.

***Other***

Other provisions relate to NHS Pensions final pay controls expected charges and provision for an ongoing grievance relating to healthcare assistants agenda for change banding.

## *Note 23.2 Clinical negligence liabilities*

At 31 March 2021, £2,069k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Pennine Care NHS Foundation Trust (31 March 2020: £1,816k).

## Note 24 Contractual capital commitments

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| Property, plant and equipment | 3,885 | 1,644 |
| Intangible assets | 550 | - |
| **Total** | **4,435** | **1,644** |

## Note 25 On-SoFP PFI, LIFT or other service concession arrangements

The Etherow Unit - this scheme is for the provision of specialist mental health care for the elderly population of Tameside and Glossop and forms part (22%) of the overall 'Health in Tameside' PFI scheme situated on the hospital site in Tameside.

As at 31 March 2021 the current net liability of the scheme is £14,386k and current unitary payments are £2,646k per annum.

The contract commenced in September 2009 and is due to expire in August 2041.

There are no deferred assets or residual interests associated with the Trust's section of the PFI transaction.

### *Note 25.1 On-SoFP PFI, 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 £000 | 31 March 2020 £000 |
|---|---|---|
| **Gross PFI, LIFT or other service concession liabilities** | **31,420** | **32,921** |
| **Of which liabilities are due** | | |
| - not later than one year; | 1,538 | 1,500 |
| - later than one year and not later than five years; | 6,152 | 6,152 |
| - later than five years. | 23,730 | 25,269 |
| Finance charges allocated to future periods | (17,034) | (18,202) |
| **Net PFI, LIFT or other service concession arrangement obligation** | **14,386** | **14,719** |
| - not later than one year; | 396 | 333 |
| - later than one year and not later than five years; | 1,926 | 1,784 |
| - later than five years. | 12,064 | 12,602 |

## *Note 25.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments*

Total future commitments under these on-SoFP schemes are as follows:

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Total future payments committed in respect of the PFI, LIFT or other service concession arrangements** | **55,636** | **58,293** |
| **Of which payments are due:** | | |
| - not later than one year; | 2,723 | 2,657 |
| - later than one year and not later than five years; | 10,893 | 10,893 |
| - later than five years. | 42,020 | 44,743 |

## *Note 25.3 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 £000 | 2019/20 £000 |
|---|---|---|
| **Unitary payment payable to service concession operator** | **2,646** | **2,602** |
| **Consisting of:** | | |
| - Interest charge | 1,168 | 1,019 |
| - Repayment of balance sheet obligation | 333 | 445 |
| - Service element and other charges to operating expenditure | 943 | 941 |
| - Addition to lifecycle prepayment | 202 | 197 |
| **Total amount paid to service concession operator** | **2,646** | **2,602** |

## Note 26 Financial instruments

### *Note 26.1 Financial risk management*

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Commissioners and the way those Commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities, rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies, agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors, Mersey Internal Audit Agency.

***Currency risk***

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

***Interest rate risk***

If required the Trust would borrow from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. Borrowings would be for 1-25 years, in line with the life of the associated assets, and interest would be charged at the National Loans Fund rate, fixed for the life of the loan. The Trust has borrowing related to the PFI building. The contract relating to the PFI building is inflated each year based on the Retail Price Index. The Trust therefore has low exposure to interest rate fluctuations.

***Credit risk***

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

The Trust's objective is to minimise credit risk, which it achieves by a programme of proactive credit control and internal controls.

***Liquidity risk***

The Trust's operating costs are incurred under contracts with Commissioners, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

## Note 26.2 Carrying values of financial assets

| Carrying values of financial assets as at 31 March 2021 | Held at amortised cost £000 | Total book value £000 |
|---|---|---|
| Trade and other receivables excluding non financial assets | 5,598 | **5,598** |
| Cash and cash equivalents | 29,061 | **29,061** |
| **Total at 31 March 2021** | **34,659** | **34,659** |

| Carrying values of financial assets as at 31 March 2020 | Held at amortised cost £000 | Total book value £000 |
|---|---|---|
| Trade and other receivables excluding non financial assets | 16,218 | **16,218** |
| Cash and cash equivalents | 11,487 | **11,487** |
| **Total at 31 March 2020** | **27,705** | **27,705** |

## Note 26.3 Carrying values of financial liabilities

| Carrying values of financial liabilities as at 31 March 2021 | Held at amortised cost £000 | Total book value £000 |
|---|---|---|
| Obligations under PFI, LIFT and other service concession contracts | 14,386 | **14,386** |
| Trade and other payables excluding non financial liabilities | 20,505 | **20,505** |
| Provisions under contract | 5,465 | **5,465** |
| **Total at 31 March 2021** | **40,356** | **40,356** |

| Carrying values of financial liabilities as at 31 March 2020 | Held at amortised cost £000 | Total book value £000 |
|---|---|---|
| Obligations under PFI, LIFT and other service concession contracts | 14,719 | **14,719** |
| Trade and other payables excluding non financial liabilities | 22,461 | **22,461** |
| Provisions under contract | 3,410 | **3,410** |
| **Total at 31 March 2020** | **40,590** | **40,590** |

## *Note 26.4 Maturity of financial liabilities*

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

| | 31 March 2021 £000 | 31 March 2020 restated* £000 |
|---|---|---|
| In one year or less | 27,484 | 27,346 |
| In more than one year but not more than five years | 6,162 | 6,161 |
| In more than five years | 23,744 | 25,285 |
| **Total** | **57,390** | **58,792** |

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

## *Note 26.5 Fair values of financial assets and liabilities*

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

## Note 27 Losses and special payments

| | 2020/21 | | 2019/20 | |
|---|---|---|---|---|
| | Total number of cases Number | Total value of cases £000 | Total number of cases Number | Total value of cases £000 |
| **Losses** | | | | |
| Bad debts and claims abandoned | - | - | 45 | 11 |
| **Total losses** | **-** | **-** | **45** | **11** |
| **Special payments** | | | | |
| Ex-gratia payments | 57 | 199 | 17 | 57 |
| **Total special payments** | **57** | **199** | **17** | **57** |
| **Total losses and special payments** | **57** | **199** | **62** | **68** |
| Compensation payments received | | - | | - |

## Note 28 Related parties

Pennine Care NHS Foundation Trust is a public interest body authorised by NHS Improvement, the Independent Regulator for Foundation Trusts.

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with Pennine Care NHS Foundation Trust.

One Non-Executive Director is an Independent Member on the Board of Governors at Manchester Metropolitan University. There have been non-material transactions during 2020/21 with these organisations. All of these transactions are considered to be at arm's length.

Pennine Care NHS Foundation Trust is the Corporate Trustee of Pennine Care Charitable Foundation. Whilst the Trust has the power to govern the financial and reporting policies of the Charity, so as to obtain benefits from its activities for itself, its patients and its staff, the Charity is not consolidated into the Trusts financial statements on the grounds that it is not material to the Trust. There have been non-material transactions during 2020/21 with Pennine Care Charitable Foundation and all of these transactions are considered to be at arm's length. None of the Board members of Pennine Care NHS Foundation Trust, key management staff, or parties related to them undertook any transactions with Pennine Care Charitable Foundation during 2020/21.

The Department of Health and Social Care is regarded as a related party and the parent organisation of the Trust. During the year Pennine care NHS Foundation Trust has had a number of material transactions with the Department itself, and with other NHS bodies for which the Department is also regarded as the parent Department. There have also been material transactions with other public sector bodies under the same government control. The related parties include:

- NHS England
- Clinical Commissioning Groups including:
    - NHS Bury CCG
    - NHS Heywood Middleton and Rochdale CCG
    - NHS Manchester CCG
    - NHS Oldham CCG
    - NHS Stockport CCG
    - NHS Tameside and Glossop CCG
    - NHS Trafford CCG
- Health Education England
- NHS Property Services
- Community Health Partnerships
- NHS Resolution

- Pennine Acute Hospitals NHS Trust
- Manchester University NHS Foundation Trust
- Stockport NHS Foundation Trust
- Tameside and Glossop Integrated Care NHS Foundation Trust
- Salford Royal NHS Foundation Trust
- Local Authorities:
    - Stockport MBC
    - Trafford MBC
- HMRC
- NHS Pensions Scheme

## Note 29 Transfers by absorption

Where functions transfer between public sector bodies within the Department of Health and Social Care group, absorption accounting is applied. Absorption accounting requires that the Trust accounts for these transactions in the period in which they took place. Where assets and liabilities have transferred, the gain or loss resulting is recognised in the Statement of Comprehensive Income and is disclosed separately from operating costs.

The following transfers took place during 2020/21:

| Counterparty | Date of Transfer | Divesting / Receiving | Function Transferred |
|---|---|---|---|
| Bridgewater Community Healthcare NHS Foundation Trust | 01/09/2020 | Divesting | Dental Services |

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| Value of property, plant and equipment transferred: | | |
| - Manchester University NHS FT - 01/10/2020 | (3,186) | - |
| - Bridgewater Community Healthcare NHS FT - 01/09/2020 | (59) | - |
| - Salford Royal NHS FT - 01/07/2019 | - | (476) |
| Manchester University NHS FT - 01/10/2019 | | (635) |
| - Salford Royal NHS FT - 01/10/2019 | - | - |
| - Salford Royal NHS FT - 01/11/2019 | - | - |
| | **(3,245)** | **(1,111)** |

Properties were transferred to Manchester University NHS FT in 2020/21 relating to Trafford Community Services which were transferred to Manchester University NHS FT during 2019/20.

Properties are due to transfer to NHS Property Services and Salford Royal NHS FT in 2021/22 relating to Community Services which were transferred to Salford Royal NHS FT during 2019/20. The net book value of these buildings as at 31 March 2021 was £4.637m.

The transfer of Community Services in 2019/20 and 2020/21 has had the impact of significantly reducing the Trust's operating income and operating expenditure shown with the Statement of Comprehensive Income (SOCI). Further details are included within the Financial performance and information section of the Annual Report.

## Note 30 Events after the reporting date

There were no events after the reporting date that require disclosure.