Royal Berkshire NHS Foundation Trust

Annual Report and Accounts 2020 to 2021

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Annual Report 2020/21

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CHAIR'S REPORT

It has been well documented that the year just past has been a tough one. I won't repeat all of the accolades, summaries and stories, so many wrench at our heart strings as we reflect on what might have been. We couldn't change much, we just had to manage it to the very best of our abilities. It has been a time of immense sadness for everyone in the UK. But it has also been a period of valuable learning and future opportunity for us all here in the Royal Berkshire NHS Foundation Trust.

The lowest point was when we sadly lost two dear colleagues, Peter Tun and Julie Edward, both dedicated and passionate members of the RBFT team and in their passing they have left an unfillable void. It enabled us all to reflect upon what the teams at the RBFT do every day and how they all look after the residents and patients of Berkshire. As I look at the building of the new staff Wellbeing Centre, the new garden there memorialises Julie and Peter with trees planted in their memories, and the whole project signals recognition, hope and a desire to assure ourselves of better things and times to come.

As we emerge from this last year and from everyone's hard work, it is clear that everyone who works in the Trust deserves full recognition for all they have done. Across all areas of performance we have been a national leader, and whilst some services were affected by lock-downs to enable us to rightly focus on managing Covid, we kept services open as much as we could. And throughout it all we were planning for the inevitable recover and catch-up. That recovery is at full swing as I speak, thought with some lingering Covid matters to deal with. To achieve this is testament to the hard work of the teams.

Even though those days and nights and weeks and months have been long and hard, in true Royal Berkshire fashion, we continued to innovate and to get on with the long-term evolution for a better NHS in Berkshire. We remain a leader in the digitisation of our services; the upgrade of existing Royal Berkshire facilities across all of our sites has continued, including revolutionary new labs and oxygen plants; we have continued to train and develop our people; we have worked tirelessly with all our partners to plot a more joined up integrated care system; we have continued to transform the services and processes to bring efficiency and care together in one goal to meet all patient needs.

Despite the constantly moving parts in 2020 and 2021, we have adapted to that unpredictability yet always with one eye on the future. In the year ahead will see continued pressure on our resources initially from the hang-over and persistent effects from Covid, then from a determined period of catch-up and then to the new normal demands that will inevitably come. However, I am confident that with the learning and planning mentioned above, we will also see a renewed Trust. One with new strategies and a refreshed vision, that strives to work more closely with partners within and outside the NHS and to evolve services fit for the 2020's. This will include the next iteration of our plan to invest in new equipment, and beyond that, into a renewed hospital over the next ten years - all in a sustainable way. It is our belief that the most productive way to do this is to adapt our strategies based on one of the most inclusive staff consultation programmes ever launched in the NHS, which is now underway. This will all drive better, more modern and targeted healthcare services to all the residents of Berkshire and South Oxfordshire for the long term, and immediately, we will be here whatever 2022 throws at us, as we were last year.

I have four sincere and humble "Thank yous" to offer;

- Firstly, we have some of the best professionals anywhere in the country, working throughout our Trust. Without their amazing and tireless work for our patients we would all be worse off. This year has demonstrated the dedication and the personal

sacrifices large and small, that everyone has made. Thank you each and every one for all you do.

- Often forgotten directly, I wish to pay tribute to the leadership teams who have spent day and night focusing on tough decision for patients and for our 6000+ colleagues across the Trust. They have kept holding the wheel to steer us through the current crisis and into the new world that they are shaping, based on their learned memories, their vision and compassionate, aspirational, resourceful and efficient leadership. To them, on behalf of the Board, I say thank you.
- We have many friends working seamlessly in the support of the Trust. All of our volunteers and the charities that support us have made a tremendous contribution to the Trust and I thank them all deeply. We could not do what we do without you.
- Finally, I would also like to acknowledge and offer my personal thanks to the Non-Executive and Executives Directors and the Governors of the RBFT, all of whom have made a significant contribution in supporting the Board, and me, in improving further the robustness in governance and management of the Board. Never before have we had to manage as we have these last months, yet we have maintained appropriate professional leadership and governance. I applaud you and you should all feel proud of that, I do.

Finally, to repeat what I have said above, I am proud to lead a Board that always has the needs of our patients and staff in their mind every day, and that relishes the challenges to make the Trust even better than it is as we drive forward our future plans and strategies for that better future.

CHIEF EXECUTIVE'S REPORT –

Our Vision: 'Working together to provide outstanding care for our community'

I was seconded to assist the National NHS Test and Trace Service in early August 2020, returning to the Trust in March 2021. During the period I was away, Nicky Lloyd (Chief Finance Officer) acted as Chief Executive, and Dom Hardy (Chief Operating Officer) as Acting Deputy Chief Executive. During this period, Mike Clements became Acting director of Finance. I would like to thank Nicky, Dom and Mike for stepping into these roles until I returned from Test and Trace, showing leadership and resilience in taking on new duties one of the most challenging years the NHS has faced.

Last year's annual report was signed off whilst we were in the midst of the first wave of Covid and it sought to recognise the many achievements of 2019/20 whilst acknowledging the huge demands placed on the Trust by the virus.

The story this year is on a similar theme, but with the additional learning from the first wave of the pandemic, coupled with magnificent examples of the incredible adaptability of our staff and their resilience in sustaining our response to Covid whilst also seeking to maintain as much non Covid activity for the community as possible. The last 12 months, and the unbelievable challenges we've faced, have brought about some enormous changes in the way we work. Our amazing staff have moved mountains, implemented new and very different ways of working at a speed that would have been unthinkable a couple of years ago. We've learnt so much about what we are capable of doing and what we can achieve and this has fostered an appetite and ambition to continue to adapt and develop our services based on the experiences of the last 12 months.

At the time of writing we are on our way to becoming a Covid free hospital but at the height of the second wave in January 2021 we were caring for 264 patients and our ICU was at full capacity for many weeks with double the volume of Covid patients in January and February. Our staff were facing unbelievably traumatic situations dealing with extremely poorly patients, sometimes in their dying moments, when visiting restrictions prevented loved ones on site. We mustn't forget too our core services of housekeeping, portering, infection control and procurement who were the backbone of the operations helping to keep patients safe, supporting patient flow throughout the hospital and working tirelessly to ensure the highest standards of safety for our staff as well as patients.

Covid hit us in two waves and much of the learning from the first one informed our approach during the second. Critical care capacity had to be stepped up during both waves, but other services had to be paused, moved off site or delivered differently. For example, there was a significant rise in virtual and digitally delivered outpatient assessments and clinically triaged GP referrals. The speedy and successful implementation of these new ways of working involved some very quick and intense re-training and in some cases redeployment of staff, all supported with invaluable back up from teams across IT, HR and admin.

Despite the demands this massive period of upheaval and change placed on us, we were determined to keep key services like cancer, diagnostics and crucial elective work running and this has paid dividends putting us on a very steady footing when it came to restoring services. Within weeks after the second wave, most services were performing to pre Covid levels and we were meeting our priorities of reducing waiting time backlogs and tackling bottle necks. Our new and innovative ways of working were also starting to show good results. This included a newly formed 'Complex Discharge Liaison Team' bringing expert knowledge to complex discharges and which is now educating staff so wards can facilitate the discharges themselves, supplemented by ten new Patient Flow Coordinators.

Critical to this work has been our relationships with key health and social care partners, local government social care and community teams, our Primary Care partners and other key stakeholders including Berkshire West Clinical Commissioning Group (CCG) and the Berkshire West Integrated Care Partnership (ICP). These relationships, and that of the wider Buckinghamshire, Oxfordshire and Berkshire West Integrated Care System (BOB ICS), have both been tested and strengthened throughout the last year, and we have been grateful for the mutual support and expertise they have provided. It's enabled us to maximise resources and capacity to provide efficient and joined up services and we're continuing with this mutually supportive work to aid the recovery process across the ICS network.
The wider support and flexibility from teams across all our hospital sites was also absolutely crucial to the success of how we were able to respond to the demands of the pandemic and we shouldn't underestimate the upheaval and challenges it placed on these teams. Further support and sharing of expertise and facilities came from our local Independent Sector hospitals and we are determined to take forward the many valuable relationships made during this time.

Whilst all this was being done to care for our community, we undertook some major pieces of work to keep staff safe too, including the introduction of Lateral Flow Tests (more than 5,300 kits have been issued to staff), a comprehensive risk assessment of everyone's working area, and then, of course, the staff vaccination programme which jabbed an incredible 2,500 staff in the first week. By the end of March the RBFT was one of the highest performing trusts nationally for vaccine uptake with a total of 97.2% of staff receiving their first dose

The health and welfare of our staff was – and will continue to be - paramount. We appointed a dedicated Staff Health and Wellbeing Officer and we're currently providing around 60 wellbeing services including psychological support, free wellbeing apps and counselling sessions. During the height of Covid our staff wellbeing offer included accommodation pods and a pop up supermarket on a site kindly provided by Reading Boy's School. In addition, a free staff shuttle bus, free staff parking and food and drink were also provided. We also progressed work on the ambitious project to provide a permanent Staff Wellbeing Centre at 17 Craven Road, Reading, thanks to very generous donations from local people, businesses and many others.

This is a very visible example of our commitment to the mental and physical wellbeing of our staff, but there are equally valuable pieces of work taking place throughout the Trust in recognition of the toll the last 12 months have taken on our teams. Of particular value is the work being done by our BAME Staff Network. Members of the senior leadership team attend Network meetings and this close working relationship has been recognised with the findings from an HSJ report (15 March 2021) which showed we had the lowest incidences of discrimination towards our ethnic minority staff compared to all other acute Trusts in England. As a Trust we are a global community, around 40 different countries are represented in our workforce, and this is a measure of pride for us. But it brings responsibilities and a duty of care and this took on extra significance during Covid as national data indicated people from ethnic minority backgrounds are more susceptible to the virus and had a greater reluctancy to be vaccinated. Our clinicians have led on engagement work, including videos and livestream Q&A sessions, to reassure and encourage vaccine uptake with our ethnic minority colleagues.

In another area of our responsibility to provide equality for all we launched our first Staff Disability Forum this year. The agenda covered hidden disabilities and mental health – and we are concentrating our efforts to make sure support and awareness of these issues are in place across the organisation.

Our record in staff welfare is a good one. In the 2020 National NHS Staff Survey our position (relative to the 126 Acute and Acute and Community Trusts in the benchmark group) is strong, with performance better than average in seven of the 10 themes. In addition, morale in the Trust was reported as higher in 2020 than 2019 which is very rewarding given the survey was done against the backdrop of Covid.

What's been most pleasing is that, despite this relentless rollercoaster of a year and the associated stress it's placed on our staff and services, we have continued to innovate and grow. Virtual clinics and remote monitoring are now the norm in many areas of outpatients across services such as haematology, cardiology, rheumatology, neurology, respiratory and dermatology. As an example of the pace at which we've switched to virtual working, ophthalmology stood at five per cent pre Covid and is now more than 40 per cent. Our Digital Hospital work forged ahead with Pharmacy, Maternity, Theatres and Anaesthetics going live this year along with the Patient Portal allowing patients to view upcoming appointments and update their patient records. We now carry out Outpatient e-prescribing, have electronic consent forms for surgical procedures, a pacemaker clinic integration system and a patient portal for pre-op assessment.

Remote wards were established as part of our TICC and DAWN work. DAWN provides remote active surveillance of patients with long term conditions reducing the risk of emergency admissions. It's a similar story with the TICC -19 triage pathway which has remotely monitored around 1,200 patients with Covid in virtual wards during the period of the pandemic. Local GPs were taught to carry out lung ultrasounds so they could triage patients. The TICC triage pathway work is now being extended to create Covid pregnancy pathways. Other achievements in the face of Covid include the introduction of an advanced linear accelerator machine (LINAC) at Bracknell Health space offering the most up to date imaging and treatment techniques for cancer patients, and PET-CT scans - one of the most powerful imaging tools to help diagnose and plan treatments – were installed at the West Berkshire Community Hospital.

Whilst patient care continued inside the Trust sites, so too did the activity around our built environment. We are in the midst of an unprecedented £65m capital investment programme which has seen an extension of our ED department to provide extra treatment areas and waiting space, improved pathology accommodation and the demolition of some very old buildings on the RBH West Drive. As part of our sustainability commitments we're undertaking the de-steaming of two miles of underground pipework on the RBH site and we've installed a new eco-friendly boiler which is cutting carbon emissions whilst saving us money. We're the only hospital on the UK mainland to have an oxygen concentrator generating our own supplies and significantly increasing our oxygen capacity to support the resilience of the RBH site.

Further investment includes the establishment of a new hub at Henley's Townlands Hospital for our ENT, Audiology and Plastic Surgery patients. Clinics at our Newbury, Bracknell and Reading sites will act as satellites to the Henley hub which complements the 27 other outpatient clinical services there. We worked in partnership with Berkshire and Surrey Pathology Services, to open a Lighthouse Laboratory at the Bracknell Healthspace, which is operating 24/7 and has recruited 400 staff into 14 different types of logistic and laboratory roles – each one essential to supporting the national test and trace agenda. We were also pleased to open our new Dingley Children's Centre on the campus at the University of Reading.

On a bigger scale we furthered our ambitious proposals for a wholescale refurbishment, or total rebuild of the RBH, and the award of £2m Health Infrastructure Programme (HIP) funding meant we could develop our Strategic Outline Case. We've called this programme

‘Building Berkshire Together’ and have engaged widely with both staff, partners in our local authorities, key stakeholders like Healthwatch and the wider community. Whilst our SOC is currently being reviewed by DHSC and HM Treasury, preparatory work around our Outline Business Case has started.
Our acclaimed Research and Development work has also forged ahead despite the demands of Covid, in fact much of it has played into the national R&D work being carried out into the virus, including our RECOVERY trials testing a range of possible treatments. Our R&D team were shortlisted for six National Institute of Health Research awards this year, a fantastic testament to the pioneering work being done on site. We set up one of the first Long Covid Clinics which, at the time of writing, has had more than 260 referrals with 150 people triaged and more than 70 seen so far.

Our Radiology service this year joined Cardiology and Emergency Medicine in achieving University Department status. This is in recognition of the collaborative clinical and academic excellence being carried out in partnership with our colleagues at the University of Reading. In another key achievement Endoscopy services based at the RBH and West Berkshire Community Hospital, celebrated with Joint Advisory Group (JAG) accreditation which is regarded as one of the most innovative and effective in the healthcare sector – Endoscopy’s equivalent of a CQC quality standard. Accolades like these aren’t earned easily and it is a credit to the outstanding ways our staff have forged ahead with really complex and time consuming pieces of work during the pandemic.

It’s been an extraordinary year for so many different reasons – not least the VIP visits from the Duke and Duchess of Cambridge, Prime Minister and Secretary of State for Health, all within weeks of each other. All spoke of their appreciation for the truly exceptional work being accomplished by our Trust teams during such a difficult and draining period of time. Whilst these VIP visits were most welcome, it’s the VIPs closer to home I want to pay tribute to here. It’s not been easy reliving the last 12 months. We’ve lost dear colleagues to this dreadful virus, our staff have experienced things on a regular basis that ordinarily they may rarely encounter in their entire careers and we’ve all been tested to the extreme limits of endurance. We’ve had incredible support, as ever, from our volunteers, Royal Berks Charity and League of Friends, local businesses, education establishments, the local community and individuals. Their generosity, both financial and with many acts of kindness, has been most gratefully received and underline the bond between the hospital and the community we serve.

I think they, like me, have been both humbled and inspired by the work they’ve seen being done in the face of such extraordinary challenges, and we must acknowledge the enormous debt of gratitude we owe to our Trust staff and volunteers. We cannot, and must not, underestimate the huge amount of strength, courage and resilience they have shown over the last 12 months. It’s a year we’re all very glad to be moving on from. It posed relentless and huge challenges which, whilst never fully overwhelming our services, came close at times. I believe we’ve emerged stronger, more united, resilient and driven. Our challenge now is to capture this and channel it into the next chapter of how we continue to work together to provide outstanding care for our community.

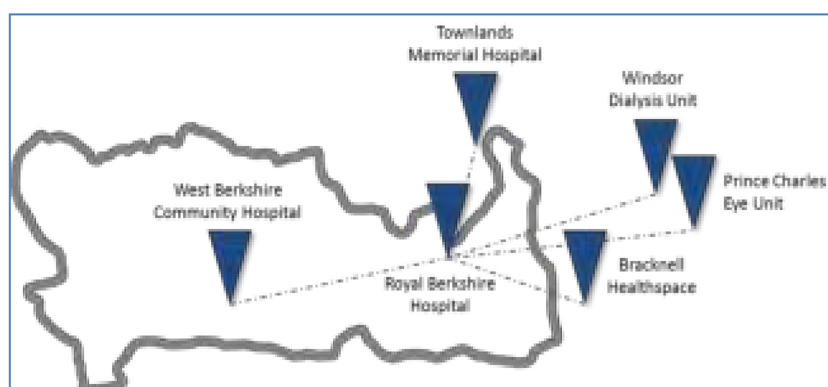
PERFORMANCE REPORT

Overview

The Royal Berkshire NHS Foundation Trust is the main provider of secondary care services for the population of West Berkshire, and also serves people in East Berkshire and bordering areas.

At our heart we are a local hospital that works with NHS and social care partners to provide excellent healthcare services for those who live in our communities and beyond. We also provide specialist hospital services including cancer, cardiology and renal services.

We employ more than 5,600 staff from 73 different nationalities and deliver care from a network of facilities across sites in Bracknell, Henley-on-Thames, Reading (our main site), Thatcham and Windsor.



Strategy

2020-21 has seen the Trust making good progress towards delivering our five strategic priorities and the Trust Strategy, “Vision 2025”.

Provide the Highest Quality Care

By 2025, the Trust wants to be recognised as the safest hospital in the NHS, delivering national targets and most services performing at the top quartile.

Achievements during 2020-21 have included:

- Supporting more than 3000 patients with Covid including nearly 1700 who were admitted and 1200 who were supported to manage their condition at home through our TICC-19 programme
- Maintaining our Cancer, Renal and Emergency services throughout the pandemic and rapidly recovering our elective activity following both of the peaks in Covid demand
- Expanding our Emergency Department (ED). As a result of a successful capital bid, we have been able to fund a development in ED which has enabled the development of a separate minors unit, removing approximately 100 patients per day from the main ED. The space freed has enabled increased majors cubical and the opportunity to expand paediatrics and the waiting rooms for both adults and paediatrics.
- Significant progress on our target to move 50% of outpatients from the Royal Berkshire Hospital site through a large move to virtual appointments and services offering clinics

closer to our patients with an increase in the number of clinics at the satellite sites. We have seen the Ear, Nose and Throat (ENT) service temporarily relocating to Townlands Memorial Hospital which has allowed buildings on West Drive to be demolished to support the Trust's future redevelopment plans.

Invest in our staff and live out our values

By 2025, we want the Trust to be the best place to work and train.

In 2020-21 the Trust has seen:

- The results of the 2020 staff survey show strong organisational performance – further improving on what was an already strong position in 2019. With better than average performance in 7 out of 10 survey themes and our performance in terms of Staff Engagement and Safety Culture amongst the very best.
- A broad spectrum of support for staff put in place during the pandemic, and beyond, to help their health and wellbeing.
- Delivery of Value Based Appraisal and Value Based Recruitment cultural change programmes
- Further cohorts join programmes at Henley Business School and members of the first cohort successfully completing their programmes.
- The Trust achieved its target of 12% Black Asian and Minority Ethnic (BAME) representation in senior leadership structures and the delivery of NHS England / NHS Improvement (NHSE/I) model employer targets for BAME representation.

Drive the development of integrated care:

By 2025, we want to be recognised as the leading Anchor institution in the Berkshire West care system and the Reading economy.

During 2020-21 a number of developments were made that included:

- The introduction of Think 111 in ED providing an opportunity for booked slots to be offered via 111 to support patient flow.
- Further strengthening of our relationship with the University of Reading (UoR) with the continuation of the Joint Academic Board funding a range of joint projects and the recognition of Radiology as an Academic Department. The UoR has supported the Trust through the pandemic helping the Trust to be able to produce its own oxygen, advising on elements of the Trust recovery plan and providing parking for staff.
- The Trust continues to develop and strengthen its relationships with Primary Care Networks (PCNs).

Cultivate Innovation and Transformation

By 2025, we want to be the leading hospital for digital first care and to have embedded a continuous improvement culture.

In 2020-21 the Trust has seen:

- The roll out of the Electronic Patient Record (EPR) to maternity, anaesthetics and theatres ensuring that all of our inpatient and outpatient activity is now managed and recorded through EPR and our anaesthetic machines are directly linked to the system.

- The Sexual Health service launched an on-line testing service.
- In Audiology the Trust has fast-tracked the introduction of innovative cloud-based hearing aid technology that allows the service to fit and fine tune remotely.
- Further optimisation of medicines management and the Trust has the lowest, of 16 Trusts locally, on the amount of pharmacy stocks medicines wasted.
- Staff members have helped the development of a new Digital Health and Data Analytics Module as part of an MSc on Information Management and are giving lectures as part of this module

Achieve Long-Term Financial Sustainability

By 2025, we want to open our redeveloped hospital that is shaped by the needs of our patients and the priorities of our staff.

During 2020/21:

- As part of phase 2 of the Heath Infrastructure Programme (HIP), the Trust has received funding to develop the Strategic Outline Case (SOC) for the redevelopment of the hospital. This was submitted to the Treasury in December 2020. As part of early draw down for enabling projects the Trust has relocated services and demolished several buildings on West Drive and replaced the old, inefficient and costly steam infrastructure, both of which have a positive impact on both running costs and sustainability/carbon footprint.
- The Trust supported the pandemic with Bracknell Healthspace being developed to provide laboratory space for a Lighthouse Laboratory. The Lighthouse Laboratory tests Covid swabs as part of the national testing effort against Coronavirus and state of the art equipment is used to provide testing at scale.
- The Finance department has started to develop a new system that will strengthen the processes that support our business fundamentals, providing tighter controls on expenditure.

Whilst 2020/21 has been disruptive, the Trust has continued to build upon work to ensure equity of access and service delivery to our population. Through the year the Trust has continued to build upon relationships with our local communities and continues to develop, in partnership with the Frimley Integrated Care System (ICS), the Connected Care record sharing and linked Population Health Intelligence infrastructure. This development is intended to provide, Health and Care leaders both inside the Trust and across the Integrated Care Partnership, a platform to analyse demands on services through the combination of population health tools and operational intelligence. Work is underway, in collaboration with public health colleagues, to build upon existing views of our population to define the use, use cases and resulting interventions enabled by this new and exciting ecosystem.

In Quarter 2 of 2021/21, the Trust will be launching a 'Detailed Review Topic' section to the Trust's Integrated Performance Report (IPR). This approach aims to recognise the increasing significance of the wider ICS and place context in which the Trust operates, as well as the importance of delivering key transformational programmes.

Risks

The risks the Trust faced with are detailed throughout this report but it is worth noting that, in common with many in the NHS, the issues of responding to the emerging needs of our population and recovering from the Covid pandemic, workforce fatigue, ageing infrastructure and financial sustainability are important for the Trust.

Recovery of the core constitutional standards in elective care will be significantly challenging this year and will be dependent on a number of factors including the level of demand in the emergency pathways, the impact Covid will have on productivity, the resources NHS England & Improvement (NHSE/I) make available for recovery, the willingness of our workforce to work over and above their core hours and the pace at which patients are referred from Primary Care.

As highlighted above, the Trust currently occupies a portfolio of buildings, with some having been opened in 1839 that have a range of issues associated with them including impacts on quality and costs. The estate related challenges that the Trust faces have been recognised and the estate redevelopment has been included in the Government's New Hospitals Programme (NHP). Last year we were able to submit our Strategic Outline Case to the NHP. This year, (subject to funding from the NHP) we are looking to complete the next stage of work, culminating in the Outline Business Case.

Further information on the Trust's risks is set out in the Annual Governance Statement.

2020/21 Operational Performance

2020/21 has seen significant disruption to services across the Trust as a result of the COVID-19 pandemic. The impact across both elective and non-elective service is evident in the Trust's performance against a range of access metrics.

Performance against ED 4 hour (95%) standard has improved when compared with 2019/20, partially as a result of a lower number of attendances but, also, as a result of changes made in 2019/20 to improve access to bedded care and the implementation of a number of improved Same Day Emergency Care (SDEC) pathways. Conversion to admission, the number of admissions as a proportion of the number of attendances, has remained high throughout the year, the requirement to separate Hot and Cold Covid pathways early in 2020 and the implementation of point of care testing (POCT) for Covid within the ED have all been key challenges impacting flow throughout the Trust. This has been further complicated by the need to implement Hot and Cold pathways and enhanced infection control measures reducing admitting capacity throughout.

The 2020/21 elective programme has been severely impacted by measures taken to reduce the spread of infection and maximise the available capacity for the treatment of Covid. At the beginning, a national directive to cease all routine elective work, with the exception of the most urgent cases, was put in place. Referral to Treatment (RTT) and Diagnostic waiting times had deteriorated quickly, backlogs had grown and performance against the 92% (RTT) and 99% (DM01) standards not expected to recover for some time. Action taken through Q2 and Q3 to increase elective capacity has resulted in significant improvement to a number of diagnostic modalities, Magnetic Resonance Imaging (MRI) and Computed Tomography (CT) being standout examples of very fast recovery. However, challenges remain within Endoscopy modalities and more generally with routine RTT, particularly within Ophthalmology, Ear, Nose, Throat (ENT) and Orthopaedic services. The volume of very long wait patients (>52 weeks) has risen quickly from being a rare occurrence to a substantial backlog of over 2500. Recovery of this position is a priority for the Trust and we had aspired to reduce this number to near zero by the end of the 20/21 year. However the impact of a second wave of Covid and the necessary reduction of the elective programme removed the possibility of this being achieved.

Whilst changes made to the reporting system early in the pandemic have certainly created a number of data quality challenges there is a significant amount of work required to expedite genuine long wait pathways. Work to recover the routine backlog must be balanced against the need to recover the early aspects of the pathway to ensure risk is minimised. In parallel to the pause of elective work within the Trust, the volume of new referrals has reduced significantly and not yet returned to pre-Covid levels. As a result, the profile of the RTT waiting list, does not reflect the true impact of the pandemic. Extended waiting times are clearly visible within the tail of the Patient Treatment List (PTL). However, the impact to the time taken to first assessment, follow up and time on the inpatient waiting list have been compromised. Whilst controls are in place to manage this risk, recovery of the elective pathway will be highly focused on these key stages of the patient pathway.

Performance against the Cancer Waiting time standards has been less impacted than other elective services. Services have been in place, throughout the pandemic, supported by additional clinical triage processes to ensure those in need are able to access treatment within a timely manner. Performance has reduced as a result of the pandemic in all standards, however the PTL has been maintained at safe levels and recovery has been rapid. Referral via the suspected cancer pathway reduced significantly during the early part of the pandemic. The number of referrals has been steadily returning to pre-Covid levels since the Summer. Patient choice and a balanced clinical risk approach have been key factors in longer wait times for treatment.

2021/22 will balance the need to continue working within a challenging environment with the need to establish a robust pathway to recovery.

Within the Emergency Department (ED) pathway, work will continue to implement and embed the new Accident & Emergency (A&E) access standards. The Berkshire West Integrated Care Partnership (BW ICP) A&E Delivery Board remain in place and will commence work on the 2021/22 winter planning, once the residual impact of Covid becomes clearer, likely once we begin to see the impact of the national vaccination programme.

Within the routine elective pathways, the focus will be to balance reducing the backlog whilst reducing waiting times and the individual stages of pathways. Work to develop a Master Waiting list and an enhanced referral and triage process is well underway. This will provide a stable base to build from and will enable traditional performance recovery with the implementation of improved processes and transformation opportunity.

Work within the cancer pathway will focus on maintaining stability in the waiting list and good performance. This will be balanced against work, through collaboration with others within the ICP, Integrated Care System (ICS) and Thames Valley Cancer Alliance (TVCA) to work towards parity of performance across the region.

As such, the overview provided does not include numbers / percentage positions, and instead aims to describe how the Trust has performed against key access standards across 2020/21.

Overview: Going Concern

After making enquiries the directors have a reasonable expectation that the Royal Berkshire NHS Foundation Trust has adequate resources to provide a continuing provision of services for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts

The Trust seeks to position itself to be best placed to cope with the challenges that affect the environment within which it operates. These challenges include factors outside the control of the organisation, such as the economic and political environment, the general instability that accompanies public sector and political reform, factors that are specific to the sector such as the penalty regime around non elective activity, the need to drive on-going efficiencies through savings programmes and the dependence of some elements of funding on achieving national targets, such as A&E wait times.

In addition to the general factors above there is a specific uncertainty due to the Covid-19 pandemic. This relates to the changing nature of service delivery during the response period and beyond. As a result the Department of Health and Social Care has enacted a revised financial framework managed by NHS England and NHS Improvement that seeks to alleviate the risk to cash flow during this period. As a result, the directors maintain their expectation of continued operations for the foreseeable future.

As part of their review of going concern, the Directors have considered the Trust's future cash flows and concluded that the Trust can continue in operation without any form of working capital facility. Whilst the Trust has net current liabilities as at 31 March 2021 it has planned on a similar payment profile to previous years that reduces the risk of reduced liquidity. Should liabilities crystalise mitigations are in place to ensure cash remains positive for the foreseeable future

The Trust's business and capital planning arrangements ensure that all types of cost and risk are fully considered as part of the decision making process.

The Trust is finalising the prioritisation of its capital plan for 2021/22. As in previous years there is considerably more demand on the plan than there are funds. The rationing of capital in recent years has led to increased demand on the capital budget and it is important that the Executive prioritise, monitor and control capital spend to ensure that the Trust lives within its capital plan.

The counterpoint to living within the capital plan is risk of significant loss of service and hence income due to equipment failure during the year. The Executive's prioritisation of the current year capital plan will again seek to minimise the risk of service loss in the foreseeable future.

Directors Report – Finance

Financial Performance

The Trust group, that comprises the Trust, the Trust's wholly owned subsidiary and the Royal Berks charity, made a surplus of £8.24m in 2020/21, including an impairment of £0.59m, compared to a surplus of £0.29m in 2019/20, which included an impairment of £3.56m.

In 2020/21, we saw an increase in income from £452.49m in 2019/20 to £518.45m in 2020/21, as during the year, there was a move from contractual receipts from commissioners for patient activity to national NHS England/Improvement block contract.

This arrangement was in response to the Covid-19 pandemic. Included in this figure is national funding of £11.01m towards employer pension contributions and £9.36m Department of Health and Social Care funding for the NHSE/I approved Covid-19 Lighthouse Laboratory project based at Brants Bridge, Bracknell.

Pay Costs increased by £41.51m from £266.14m to £307.56m in 2019/20, an increase of 15.60% over 2019/20. This year-on-year increase is driven by the Trust response to the Covid-19 pandemic and the final year of the national Agenda for Change Pay Award. The NHS E/I block funding (including Covid-19 funding) offsets this cost in financial year 2020/21.

Non-pay costs increased by £14.20m in 2020/21 from £156.69m in 2019/20 to £170.88m in 2020/21 (excluding depreciation, impairments and donated assets) an increase of 9.10%. During the year, the Department of Health and Social Care issued free of charge Personal Protective Equipment (PPE) to provider Trusts in response to the Covid-19 pandemic. In Month 12, NHS E/I advised that organisations should include the costs and income for this within the 2020/21 financial statements. This resulted in an increase in income of £7.16m and costs by £6.95m in 2020/21. The value of PPE stock held at the Trust as at 31 March 2021 was £0.21m.

Property, plant and equipment costs increased by £6.46m from £15.31m in 2019/20 to £21.77m in 2020/21, resulting from the ongoing significant investment in the Trust's Estate, improving patient care facilities and other non-pay costs associated with the Trust response to the Covid-19 pandemic. Clinical Negligence Scheme for Trust's costs have increased by £1.08m to £18.19m in 2020/21 from £17.11m in 2019/20 year-on-year (a rise of 6.3%), resulting from the on-going national CNST cost pressures.

The Trust remains committed to achieving a financial breakeven position in financial year 2021/22, in line with the two-year programme set out at the end of 2018/19. This programme is critical to ensure that the Trust can live within its means and maintain its Capital Plan to develop and improve patient services and the built environment in which they are undertaken. The Trust maintains the ambition to achieve surplus without reliance on additional NHS England/Improvement central funds. Whilst there remains significant on-going challenges going into 2020/21, notably Covid-19, the Trust has an operating plan that delivers this position.

The continuation of a block payment methodology by NHS E/I that has been confirmed for Months 1-6 of financial year 2021/22 (until end of September 2021) provides assurance to the Trust that funding is in place to deliver a breakeven position for this period. The opportunity to achieve additional income through the national Elective Recovery Fund (ERF), as the NHS works to recover patient waiting times built up during the Covid-19 pandemic, provides further opportunities for the Trust to achieve a breakeven position in Financial year 2021/22.

Summary Financial Results – comparison to prior year:

£m	2020/21	2019/20	Year on Year variance
Income	**518.45**	**452.49**	**65.96**
Pay	(307.56)	(266.14)	(41.42)
Non-pay excluding impairment	(170.89)	(156.69)	(14.19)
Expenses	**(478.44)**	**(422.83)**	**(55.61)**
EBITDA	**40.01**	**29.66**	**10.35**
Depreciation / Amortisation	(23.25)	(17.93)	(5.32)
Impairment including reversal	(0.59)	(3.56)	2.97
PDC Dividend	(7.10)	(7.26)	0.16
Net Interest payable	(0.49)	(0.37)	(0.12)
Other non-operating expenses incl loss on disposal	(0.34)	(0.26)	(0.08)
Reported surplus/(deficit) for the period	**8.24**	**0.29**	**7.95**

Capital Expenditure

The Trust spent £63.37m (2019/20 £37.44m) on capital expenditure in financial year 2020/21, of which £36.88m was funded by the Department of Health and Social Care through Public Dividend Capital (PDC), excluding the Lighthouse Covid-19 funded items, notably:

HIP2 Acceleration	£12.70m
Critical Infrastructure Risk	£7.72m
ED Re-configuration	£4.52m
CT Scanner & Enabling	£3.25m
HIP 2 Seed Funding	£1.87m
Medical Equipment	£1.28m

The Department of Health and Social Care also funded an additional £3.41m for Covid-19 capital expenditure, with the majority of the remaining expenditure funded by the Trust. The focus of the Trust's capital expenditure plan was on infrastructure upgrade within Estates, medical equipment and IT (including intangible assets).

Cashflow and Statement of Financial Position

The principal assets of the Trust consist mainly of land and buildings owned by the Trust from which the Trust provides services to patients. Revaluation of the Trust estate has increased the value held by £2.75m.

The liquidity of the Trust increased in 2020/21. At the end of the year, the Trust had cash or cash equivalent assets of £47.37m (2019/20 £27.1m). This improvement is driven by the receipt of Department of Health and Social Care PDC before payment to creditors is due, also by the in-year surplus of £8.24m.

The Trust has two loans totalling £39m, from the Independent Trust Financing Facility (ITFF), one to finance the development of the Royal Berkshire Bracknell Clinic Healthspace and one to finance the Trust's Cerner EPR system. Both of these loans have been fully

drawn down and are being repaid. The balance outstanding at the 31 March 2021 was £11.23m (2019/20 £14.23m).

As part of their review of going concern, the Directors have considered the Trust's future cash flows and concluded that the Trust can continue in operation without any form of working capital facility.

The Trust manages its cash position closely.

Monitoring Trust Financial Performance

The Trust's financial performance is reviewed at the Executive Management Committee, the Finance & Investment Committee as well as at the monthly meeting of the Trust Board that takes a strategic view on the month's and annual financial results.

In addition, the Capital Investment Committee monitors performance against the Trust capital budget on a monthly basis.

Overseas operations

The Trust has no overseas operations.

Signed

Steve McManus
Chief Executive **Date 30 June 2021**

Directors' Report

Political or Charitable Donations

The Trust did not make any political or charitable donations during the period 1 April 2020 to 31 March 2021.

Private Finance Initiative Contracts

The Trust had no involvement in any Private Finance Initiative Contracts during the period 1 April 2020 to 31 March 2021.

Charitable Funds

The Trust is supported by a number of charities. The Trust Charity is the Royal Berkshire NHS Foundation Trust Charity that makes charitable grants to the Trust, often to contribute to capital projects.

Under IAS 27 the Trust, as the Corporate Trustee of the Charity, consolidates the financial statements of the Charity into these Financial Statements.

The Royal Berkshire NHS Foundation Trust Charity does prepare its own financial statements that are submitted to the Charity Commission.

Disclosure in the Public Interest

The Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

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

Better Payment Practice Code – Measure of Compliance

Currently, the Trust is required to pay its all trade creditors in accordance with the Better Payment Practice Code. The target is to pay all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the latter) unless other payment terms have been agreed with the supplier.

Currently the percentage number of invoices the Trust pays within 30 days is 90% (90% were paid within 30 days in 2019/20).

Analysis of this split by NHS and non-NHS payables can be found in the table below.

	31/03/2021 Number	31/03/2021 £'000
Non NHS		
Total bills paid in the year	73,042	201,627
Total bills paid within target	66,761	163,389
Percentage of bills paid within target	**91.4%**	**81.0%**
NHS		
Total bills paid in the year	2,058	73,323
Total bills paid within target	874	55,936
Percentage of bills paid within target	**42.5%**	**76.3%**
Total		
Total bills paid in the year	**75,100**	**274,950**
Total bills paid within target	**67,635**	**219,325**
Percentage of bills paid within target	**90.1%**	**79.8%**

The Trust paid interest of £1k (2019/20 - £6k) to discharge any liability relating to non-payment of invoices within the 30 day period. No interest was accrued in 2019/20 or relating to non-payment of invoices within the 30 day period where obligated to do so.

Statement as to Disclosure to Auditors (s418)

Each board director at the time that this report is approved does confirm that:

- so far as each director is aware, that there is no relevant audit information, defined as 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 of; and

- each 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 including:

    - making such enquiries of his/her fellow directors and of the Trust's auditors for that purpose; and
    - have taken such steps as are required by his/her duty as a director of the Trust to exercise reasonable care, skill and diligence.

External auditor details

The Trust's External Auditors for 2020/21 were

Deloitte LLP
Abbots House
Abbey Street
Reading
RG1 3BD
United Kingdom

Deloitte were appointed as the Trust's External Auditors as of 1 April 2020. Over the course of the year they have delivered a range of reports to the Committee.

These include:

- Our Audit Plan for the period
- Progress update reports on the delivery of our audit work
- Technical update reports highlighting NHS FT and health sector issues of relevance for the Committee
- ISA 260 Audit Highlights Memorandum reports following our audit of the Group financial statements, and the financial statements of HFMS Limited and the Royal Berks Charity and

Deloitte's remuneration was £90k excluding VAT for the period 1 April 2020 to 31 March 2021 (£92k 2019/20). See Note 3.1 of Financial Statements for further details.

The liability limits have been agreed as for 2019/20 and remain unchanged for 2020/21:
Product Liability – up to £1m
Professional Indemnity – up to £10m

Internal auditor details

The Trust's Internal Auditors for 2020/21 were

Price Waterhouse Coopers LLP
Docklands
161 Marsh Wall
London
E14 9SQ

PwC's remuneration was £681k including advisory services and provision of internal audit services (£197k 2019/20) for the period 1 April 2020 to 31 March 2021.

Income disclosures required by Section 43(2A) of the NHS Act 2006

Details of the performance of the Trust including the results achieved during 2020/21 can be found in the performance analysis section above.

There is no impact of other income received by the Trust on its provision of goods and services for the purposes of the health service in England.

The Trust has met the requirement as per Section 43(2A) of the NHS Act 2006 that the income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes.

Identifying Potential Financial Risks

The Trust has effective mechanisms in place to manage risk, in accordance with its risk management policy and strategy, supported by the Audit & Risk Committee, which has Board accountability.

The Trust has low exposure to market risk being the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices. In particular, the Trust

is not exposed to price risk or significant credit risk and its exposure to interest risk is small because, with the exception of cash, its financial assets and liabilities are either at nil or fixed interest

- **Market risk**
  This is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices.

- **Interest Rate risk**
  All the Trust's financial assets and liabilities, with the exception of cash held in UK banks, carry a nil or fixed rate of interest. The Trust is not, therefore, exposed to significant interest rate risks.

- **Price risk**
  The Trust does not deal with financial instruments other than loans with fixed interest rates and low value operating or finance leases. As a result the Trust is not exposed to a price risk.

- **Credit risk**
  The Trust is not exposed to significant credit risk as the majority of the Trust income is from other NHS organisations. The Trust has established credit control processes to manage the risks in respect of amounts owed by other organisations and individuals, including overseas patients."

- **Liquidity / cash flow risk**
  The Trust's exposure to liquidity / cash flow risk in relation to funding provided by the Commissioners is limited as it is government backed.

Enhanced Quality Governance Reporting

The Board is committed to quality governance and ensures that the combination of structures and processes at Board level and below support quality performance throughout the Trust. In 2019 the Care Quality Commission (CQC) undertook a quality inspection at the Royal Berks Hospital, West Berkshire Community Hospital and Windsor Dialysis Unit. The Trust also underwent Well-Led and use of resources assessments. The Trust achieved a rating of 'good' as evidenced in the CQC Quality Report dated January 2020 https://www.cqc.org.uk/provider/RHW.

Further details of the approach to quality governance within the Trust and the processes adopted to achieve high quality safe patient care may be found in the Annual Governance Statement on page 76.

Governance Arrangements

The Trust became a Foundation trust in 2006. Foundation trusts are public benefit corporations. They remain part of the NHS and the public sector. The Trust was required to demonstrate excellence in a number of areas to be granted foundation trust status. The benefits of foundation status include greater freedom to manage and control the Trust outside of national and regional NHS structures as well as operational benefits like being able to retain surpluses for future investment and borrow money for expansion of services.

The staff and public

Members of the Trust elect governors to the Council. Other governors are appointed by key partners such as local authorities and our Clinical Commissioning Group (CCG). The Council of Governors hold the non-executive directors (NEDs), individually and collectively, to account for the performance of the Board of Directors. The Board of Directors comprises both Non-Executive and Executive Directors that lead the organisation and manage the key financial and strategic issues. On behalf of the Board, the Chief Executive and other senior staff, manage the Trust on a day to day basis.

The majority of governors on the Council are publicly elected by public members of the Trust. The Council of Governors appoint the Non-Executive Directors who have a voting majority on the Board. All Board members and governors meet the 'fit and proper person test' as described in our provider licence.

Board of Directors

The Board of Directors of the Trust is a combined board, meaning that it comprises both Executive (paid staff) and Non-Executive (appointed external) Directors. Collectively, it has responsibility for:

- providing leadership to the organisation within a framework of prudent and effective controls
- sponsoring the appropriate culture, setting strategic direction, ensuring management capacity and capability, and monitoring and managing performance
- safeguarding values and ensuring the organisation's obligations to its key stakeholders are met
- facilitating the understanding on the part of governors of the role of the Board and the systems supporting its oversight of the Trust
- taking account of the NHS Constitution in all aspects of its work.

The Board carries out the role envisaged within the Monitor Code of Governance, namely that its role is to provide active leadership of the Trust within a framework of prudent and effective controls which enables risk to be assessed and managed.

As such, the Board:

- is responsible for ensuring compliance with the terms of authorisation, constitution, mandatory guidance issued by NHSI, relevant statutory requirements and contractual obligations
- sets the strategic aims, taking into consideration the views of the Council of Governors, ensuring that the necessary financial and human resources are in place for the Trust to meet its objectives and review management performance
- as a whole is responsible for ensuring the quality and safety of healthcare services, education, training and research delivered by the Trust and applying the principles and standards of clinical governance set out by the Department of Health and Social Care, the CQC, and other relevant NHS bodies. The Board ensures that the Trust exercises its functions effectively, efficiently and economically
- sets the Trust's overall culture, values and standards of conduct and ensures that its obligations to the public, its members, patients and other stakeholders are understood and met.

The Trust has a code of conduct for Board Directors based on the values of the NHS.

Board Engagement with the Council and Members

The Board takes active steps to ensure it interacts appropriately with the Council of Governors. The Board has agreed protocols in respect of communication with the Council and to help discharge its statutory duties. Non-Executive Directors and the Chief Executive attend Council of Governors meetings that are held four times a year. Other Executive Directors are also invited to provide updates on specific topics. Non-Executive Directors attend the Governors Assurance Committee to provide updates from Board Committees to governors.

Direct engagement with members takes place at the Trust's Annual General Meeting where a review of the year and forward plans are delivered and there is an open question and answer session**.** The Council of Governor meetings are also open for the public to attend (these have included webinars during the Covid pandemic) and have the opportunity to raise questions.

The register of Board of Directors at 31 March 2021 is as follows. For the latest register please see the Trust's website.

Name	**Designation**
Graham Sims	Non-Executive Director (Chair of the Trust)
Steve McManus	Executive Director (Chief Executive)
Caroline Ainslie	Executive Director (Chief Nursing Officer)
Don Fairley	Executive Director (Chief People Officer)
Dom Hardy	Executive Director (Chief Operating Officer)
Nicky Lloyd	Executive Director (Chief Finance Officer)
Janet Lippett	Executive Director (Chief Medical Officer)
Bal Bahia	Non-Executive Director
Julian Dixon	Non-Executive Director
Brian Hendon	Non-Executive Director
Sue Hunt	Non-Executive Director (Deputy Chair)
Helen Mackenzie	Non-Executive Director
John Petitt	Non-Executive Director (Senior Independent Director)

The following were also Board directors during the year:

- Nicky Lloyd – Acting Chief Executive (12 August 2020 – 22 March 2021)
- Michael Clements – Acting Director of Finance (12 August 2020 – 22 March 2021)

Four of the seven Non-Executive Directors are considered independent. There is a recruitment process in progress to appoint a Non-Executive Director.

The Trust's Constitution specifies that Non-Executive Directors are appointed for three year terms of office. If a non-executive Director has held office for more than four years, any further appointment shall be for a term of one year. Appointments can be terminated in accordance with Monitor's Code of Governance. During 2020, the Chair of the Trust has been appointed for a third three year term of office until August 2024 in order to maintain stability for the Board.

Declarations of interest made by Board members are available on the Trust's website. Changes to the Board and Council during the year are set out on page 40.

Biographies

Chair of the Trust: Graham Sims, joined the Trust in August 2015, bringing a wealth of chair and corporate experience and knowledge in strategy, investment, operations and leadership. He has held roles as Chairman and various Directorships within large and small corporate businesses including BP, Mobil, Compass, the Home Office and a number of PE backed businesses in the UK and internationally. Graham is also involved with a number of charity boards'.

Chief Executive: Steve McManus joined the Trust in January 2017. Steve was previously a Divisional Director of Operations and then Chief Operating Officer at the University Hospital Southampton NHS Foundation Trust. As a member of the executive team, he led the Trust through the process to gain foundation trust status. In 2012 Steve took up post as Chief Operating Officer at Imperial College Healthcare and was appointed Deputy Chief Executive in 2014. During this period Steve has also been Chair of the NHS Providers Chief Operating Officer network, and was selected as part of the first cohort on the national Aspiring Chief Executive Programme. During 2016 Steve moved from Imperial to take up the position of Managing Director at Basildon and Thurrock University Teaching Hospital FT. Steve is an active leader in the area of patient safety and is Chair of the Oxford Academic Health Science Network's Patient Safety Collaborative. In August 2020 Steve was seconded to work with Baroness Dido Harding, taking on two key roles within the Government's Test and Trace programme during that period. He spent eight months working with the Test and Trace team, returning to the Trust in March 2021.

Chief Nursing Officer: Caroline Ainslie, was appointed as Chief Nursing Officer in June 2012. Prior to this Caroline held a number of senior nursing positions including Deputy Chief Nurse at South Central Strategic Health Authority and Divisional Head of Nursing and Professions at University Hospitals Southampton.

Chief Finance Officer: Nicky Lloyd joined the Trust as Chief Finance Officer in January 2019 and is also the Trust Senior Information Risk Officer (SIRO). She was Acting Chief Executive for eight months between August 2020 and March 2021, leading the Trust during the second wave of the Covid 19 pandemic and overseeing the completion of the Strategic Outline Case for the 'Building Berkshire Together' hospital redevelopment programme. Her portfolio includes Financial Management, Contracts, Payroll, Costing, Treasury, Procurement, and Estates & Facilities. A Fellow of the Institute of Chartered Accountants in England & Wales, and experienced executive director, for over 2 decades she has held Board positions in the commercial sector and the NHS, in the UK and overseas, including Assistant Chief Executive and Chief Finance Officer. She was selected to be part of the first cohort of the Aspiring Chief Executive Programme, completing this in 2017. In a voluntary capacity, she also held a Board position at Birmingham City University for seven years, chairing Audit Committee and Charity Trustees and chaired the governing body of a secondary school in the West Midlands for six years.

Chief Medical Officer: Dr Janet Lippett, was appointed Chief Medical Officer in July 2019. Along with executive colleagues has led the Trusts response to the Covid-19 Pandemic, in particular was responsible for the Trusts Covid vaccination programme. Janet qualified in 1999 at St Georges Hospital, London and has always had a special interest in geriatric medicine. She joined the Royal Berkshire in 2007 with a remit to develop an orthogeriatric service, and along with colleagues developed a hip-fracture service for elderly trauma patients that was in the top 10 rated services in the national hip fracture database annual report. Moving into management in 2010 as a Clinical Director for Specialist Medicine, Janet has worked on a number of key projects for the Trust. In 2015 she became Care Group Director for Networked Care; a role which enabled her to work closely with the CCG and other providers to ensure high quality care across the health economy. She was instrumental in the Frail Elderly Pathway work including the enhanced support to Care Homes Service and most recently the re-establishment of the RBFT Dermatology Service.

Chief Operating Officer: Dom Hardy joined the Trust in December 2019 as Chief Operating Officer. Previously he held the position of Director of Primary Care and System Transformation at NHS England and Improvement. Dom's previous roles include Director of Commissioning Operations for Wessex and as Regional Assurance and Delivery Director. Prior to that, he worked in the South of England and South Central SHA working with colleagues across the South to establish and then lead the new commissioning system.

Before moving to the NHS, Dom worked in central government in a range of roles including working alongside Professor Lord Ara Darzi as project director for the NHS Next Stage Review at the Department of Health and Social Care, Principal Private Secretary to John Reid and Patricia Hewitt and policy advisor to Tony Blair. He also worked at the management consultancy Price Waterhouse Coopers.

Non-Executive Director: Julian Dixon, joined the Trust in November 2014. Julian has worked in leadership roles in the academic, healthcare and commercial sectors. He worked for more than twenty years in global healthcare companies, most recently at GSK where he held a number of senior roles leading teams developing and launching new health technologies. He went on to become Chief Operating Officer at UCLPartners, an Academic Health Science partnership. Julian is now Managing Director at Strategic Health Connections, a consultancy which helps organisations to translate innovation into improved health and wealth outcomes.

Non-Executive Director: Brian Hendon joined the Trust in August 2012 and lives in Ascot. Prior to being appointed to his post at the Royal Berkshire Foundation Trust, Brian stepped down from NHS Berkshire East and NHS Berkshire PCT where he had spent six years as a Non-Executive Director. He is a Chartered Accountant and an experienced executive and non-executive Board member holding roles as Executive Chairman, Managing Director and Finance Director with both plc and private sector companies. Brian is currently a Non-Executive Director of Auckland Home Solutions and Non-Executive Chairman of Fortress Global Group Limited.

Non-Executive Director: Helen Mackenzie joined the Trust as a clinical Non-Executive Director in January 2019. Prior to this she was Executive Director of Nursing with Berkshire Healthcare NHS Foundation Trust, the main provider of NHS mental health and community services in Berkshire. Helen qualified as a nurse in 1979 and has held various clinical and managerial roles in the provision and commissioning of local NHS services.

Non-Executive Director: Sue Hunt joined the Trust in October 2014. She is Deputy Chair of the Trust, chairs the Finance and Investment Committee and is the named non-executive director (NED) for the Organ Donation Committee. Sue is a chartered accountant whose long and varied career at KPMG spanned audit, mergers and acquisitions and healthcare consultancy. She led the team contracted by the Department of Health to advise trusts on all

aspects of their foundation trust application and also provided due diligence services on potential investments in the independent healthcare sector.

Sue is an experienced NED in the health, education, and housing sectors and across the innovation and technology landscape with current roles at The Satellite Applications Catapult Ltd and Connected Places Catapult Ltd. She was previously on the Board of CfBT Education Trust, Notting Hill Housing Trust and NHS Direct until its disestablishment in 2014.

Non-Executive Director: John Petitt joined the Trust in May 2016. He is the Chair of the Audit & Risk Committee and named Non-Executive Director for Emergency Preparedness, Resilience and Response (EPRR). Prior to this he was Group Chief Executive of Housing Solutions, a leading provider of affordable homes in the South East, for 16 years. He is a Chartered Accountant and has been a Finance Director in both the private and not for profit sectors.

Non-Executive Director: Bal Bahia Joined the Trust in April 2019. Prior to this he was clinical lead for the Berkshire West Clinical Commissioning Group and was the vice chair of the West Berkshire Health and Wellbeing board, working collaboratively with local authorities and the voluntary sector. Bal qualified as a Doctor from St George's in 1989 and has since been a partner at a West Berkshire General Practice for the last 26 years and held roles including GP trainer and appraiser. Bal is also a director of Recovery in Mind a mental health charity in west Berkshire.

Bal previously worked at the Royal Berkshire Hospital in the 1990s. He is interested in systems leadership and holistic systems thinking for the local population, especially health inequalities.

Review of Board Performance

The Trust was inspected by the CQC in July 2019 and was rated as 'good' overall.

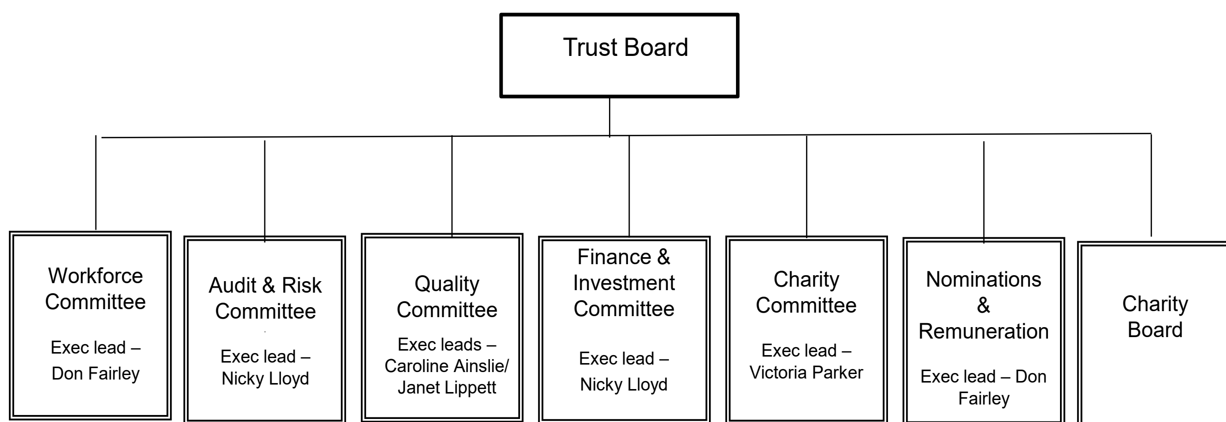
Executive Board members are also appraised on an individual basis.

Board attendances – April 2020 to March 2021

	Board	Quality	Charity	Nominations and Remuneration	Finance and Investment	Audit and Risk	Council of Governors*	Workforce Committee	Charity Board
Graham Sims	7/7		7/7	4/4	13/14		4/4	4/5	1/1
Steve McManus^	4/4	1/4	1/1	1/1	5/6			2/2	
Caroline Ainslie^^	7/7	5/8			6/7			5/5	1/1
Don Fairley	7/7							5/5	1/1
Dom Hardy	7/7	6/8			11/14		1/1	3/5	1/1
Janet Lippett^^	5/7	8/8			7/7		1/1	4/5	1/1
Nicky Lloyd^^^/^	7/7	1/4	5/7	1/1	14/14		3/3	4/5	1/1
Bal Bahia	7/7		6/6	4/4			3/3		1/1
Julian Dixon	6/7	8/8		4/4			3/3	5/5	1/1
Brian Hendon	7/7			4/4	14/14	8/8	3/3		1/1
Sue Hunt	7/7			4/4	14/14		3/4	4/5	1/1
Helen Mackenzie	7/7	8/8		4/4		7/8	2/3	1/1	1/1
John Petitt	7/7	8/8		4/4	14/14	8/8	3/3		0/1
Michael Clements ^^^^	3/3		6/6		8/8		1/1	2/2	1/1

^ for nominations business only
^^ Either Chief Medical Officer or Chief Nursing Officer required to attend Finance and Investment Committee
^^^ Acting Chief Executive Officer between 12 August 2020 – 22 March 2021
^^^^ Acting Director of Finance between 12 August 2020 – 22 March 2021
*Includes Special Council of Governors that requires the Chair only. The Deputy Chair attended part of the meeting as part of the business related to the appointment of the Chair and Non-Executive Directors.

The formal committee structure of the Board is shown below.



The main roles of each committee and group are as follows:

Audit and Risk Committee

The Committee oversees risk and audit issues within the Trust. It reviews the effectiveness of financial systems for internal control and reporting and reports to the Board of Directors on the levels of assurance. It is responsible for ensuring and monitoring the regular review of risks identified against the board assurance framework and corporate risk register in order to embed risk management within the organisation.

Charity Committee

The Royal Berks Charity (Royal Berks NHS Foundation Trust Charity Fund Registration Number 1052720) is governed by trustees acting through the Charity Committee. They are responsible for the overall management of charitable funds. A governor from the Council of Governors, staff member and patient representative are members of the Committee.

Quality Committee

The Committee gives detailed consideration to all components of the quality of care provided by the trust including clinical effectiveness, patient safety and patient experience.

Nominations and Remuneration Committee

The Committee oversees a formal, rigorous and transparent procedure for the appointment of the Chief Executive and the other Board Executive Directors. It advises and makes recommendations to the Board on Executive and senior management remuneration and remuneration policy. See the Board remuneration report on page 43.

Finance and Investment Committee

The Committee gives detailed consideration to operational, finance, estates, investment and IT. It advises the Executive and Board on issues to achieve the best value for money and use of resources. It seeks to ensure that agreed strategies for finance, estates and IT are developed, implemented, monitored and reviewed.

Workforce Committee

The Committee develops and oversees the delivery of the People Strategy and gives detailed consideration to workforce issues.

Charity Board

The Charity Board oversee the overall management of the Charitable Funds. They also ensure that appropriate policies and procedures are in place to support the Charitable Funds Strategy and support development and review the charitable funds strategy.

Audit and Risk Committee

Composition

The Audit and Risk Committee comprises Non-Executive Directors.

Discharging its responsibilities

The Committee discharges the responsibilities delegated to it by the Board in the following ways:

- The Committee has Board approved terms of reference
- Minutes of meetings are submitted to the Board
- The Chair of the Committee gives regular verbal updates at the Board meetings.
- The Committee prepares an annual report for the Board.

The terms of reference of the Committee are reviewed annually by the Board to ensure their appropriateness and that they incorporate best practice as it develops.

The work of the external auditors and the Committee has been carried out within guidance set by the National Audit Office. The focus of this guidance has been on the final accounts and the Annual Governance Statement. Over the course of the year our external auditors have delivered a range of reports to the Committee. These include:

- Reports under ISA260 setting out the external auditor's conclusions on the 2019/20 audits of the Group's financial statements
- Separate letters under ISA260 setting out the external auditor's conclusions on the audits of the Charity and Health Facilities Management Services LTD (HFMS) for 2019/20
- Regular progress and technical update reports to the Audit and Risk Committee
- The audit plan for 2020/21.

Responsibility for the appointment of external auditors rests with the Council of Governors.

Ensuring external auditors' independence

The Trust has a policy in place for the engagement of the external auditors for non-audit work. This policy complies with all relevant auditing standards and follows industry practice in terms of defining prohibited work and setting out the approval and notification processes all non-audit work should be subject to. The policy is reviewed annually by the Audit and Risk Committee and they receive confirmation in Deloitte progress reports that it has been complied with.

The Audit and Risk Committee believes that in this way the external auditors' independence is ensured.

The Audit and Risk Committee report

The Trust Board has delegated authority to the Audit & Risk Committee, a non-executive committee of the Trust Board, to review the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial non-clinical internal controls, which supports the achievement of the Trust's objectives.

The Committee has no executive powers. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

In addition the Committee is required to satisfy itself that the Trust has adequate arrangements for countering fraud, for managing security of resources and has to review arrangements by which staff of the Trust may raise concerns via the Trust's Whistle Blowing policy.

The Audit & Risk Committee consists of three Non-Executive Directors members supported by professional advisors with Trust attendance provided by the Chief Executive Officer, the Chief Finance Officer and the Chief Nursing Officer.

The Committee meets privately with the Trust's Internal and External Auditors as and when required.

During 2020/21, The Audit & Risk Committee has satisfied itself that the findings of assurance reports and other studies relating to the Trust, as drawn to its attention by the Board or by management. These reports include reports instigated by NHSE/I and Care Quality Commission and other professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.).

The Committee conducts an annual review of its effectiveness with its terms of reference and submits any findings and proposals for changes to the Board of Directors for consideration. Both the review and the annual report are presented to the Board. No matters of concern were raised in the 2020/21 review.

Financial reporting

The Committee reviewed the Trust's accounts and Annual Governance Statement and how these are positioned within the wider Annual Report. To assist this review the Committee considered reports from management and from the internal and external auditors to assist the consideration of:

- the quality and acceptability of accounting policies, including their compliance with accounting standards;
- key judgements made in preparation of the financial statements;
- compliance with legal and regulatory requirements
- the clarity of disclosures and their compliance with relevant reporting requirements;
- whether the Annual Report as a whole is fair, balanced and understandable and provides the information necessary to assess the Trust's performance and strategy.

The Committee reviewed the content of the annual report and accounts and advised the Board that, in its view, taken as a whole:

- it is fair, balanced and understandable and provides the information

necessary for stakeholders to assess the Trust’s performance, business model and strategy;

- it is consistent with the draft Annual Governance Statement, Head of Internal Audit Opinion and feedback received from the external auditors.

Significant financial judgments and reporting for 2020/21

The Committee considered a number of areas where significant financial judgments were taken which have influenced the financial statements:

- The Committee identified through discussion with both management and the external auditor the key risks of misstatement within the Trust’s financial statements. The Committee discussed these risks with the external auditor at the time the external auditor’s audit plan was reviewed and at the conclusion of the audit. The Committee also discussed these risks with management during the year and received a paper from management in advance of the year end. Set out below is a summary of how the Committee satisfied itself that these risks of misstatement had been appropriately addressed.
- Valuation of land, buildings and dwellings and intangible assets: We reviewed reports from management which explained the basis of valuation and the consideration of the need to recognise any revaluation or impairment. We also considered the auditors’ views on the accounting treatment of these assets. We are satisfied that the valuation of these assets within the financial statements is consistent with management intention and is in line with accepted accounting standards.
- The adequacy of provisions; for example, in relation to debtor balances and contractual disputes.

External audit

Deloitte LLP was appointed as External Auditors to the Trust effective from 1 April 2016.

Audit and non-audit fees are set, monitored and reviewed throughout the year and are included in note 3.1 of the accounts. Deloitte have provided no non-audit services to the Trust during the year. In the event that any non-audit services were provided the Committee would consider whether these services might result in any impairment of the auditor objectivity and independence.

During the Audit & Risk Committee meeting on the 11 November 2020 the Committee reviewed and approved the external audit plan for the 2020/21 period. As part of the discussion at this meeting the Committee reviewed key risk areas highlighted by external audit in relation to the valuation of assets and recognition of NHS income.

During the Audit & Risk Committee meeting on the 26 May 2020 the Committee reviewed the 2019/20 financial statements and Deloitte’s ISA260 Audit Highlights memorandum prepared as part of its audit of the Group and Trust financial statements. Following this, the Committee recommended to the Board that it approve the Annual Report and Financial Statements for the period ending 31 March 2020.

Internal audit and counter fraud services

The Board uses external parties to deliver internal audit and counter-fraud services.

PwC has provided the Trust's internal audit service since March 2011. This service covers both financial and non-financial audits according to a risk-based plan agreed with the Audit Committee.

During the year internal audit issued 9 reports with a total of 36 findings (6 high, 13 medium and 17 low risk findings). One report have not yet been issued. At each meeting the Committee receives a report from management confirming the status of internal audit recommendations.

Internal controls

Through the internal audit plan the Committee reviews the Trust's financial and risk controls and their effectiveness. In addition, during the year, the Committee also looked at the controls specifically relating to data quality, estate and the patient environment, information governance and major projects. Action plans were put in place to address minor issues in operating processes.

Fraud detection processes and whistle-blowing arrangements

The Trust's counter fraud service is provided by TIAA, who provide fraud awareness training, carry out reviews of areas at risk of fraud and investigate any reported frauds including any disclosed via the Trust's Whistle Blowing policy.

The Committee reviewed the levels of fraud and theft reported and detected and the arrangements in place to prevent, minimise and detect fraud and bribery. No significant fraud was uncovered in the past year.

Other areas reviewed

In addition to the above the Committee will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

This includes, but is not limited to, receiving updates on the Corporate Risk Register and the Board Assurance Framework and the review of risk and control related disclosure statements (in particular the Statement on Internal Control and declarations of compliance with the CQC Standards).

In addition the Committee also reviews the underlying assurance processes that indicate the degree of the achievement of corporate objectives along with the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements. Whilst ensuring that the policies for ensuring compliance with relevant regulatory, legal and code of conduct meet all requirements.

During 2020/21 regular updates were provided to the Committee on Cyber Security and Health & Safety at the Trust.

Nominations and Remuneration Committees

There are two Nominations and Remuneration Committees – one established by the Board of Directors for the appointment of Executive Directors and one established by the Council of Governors for the appointment of Non-Executive Directors.

Board Nominations and Remuneration Committee

This consists of all Non-Executive Directors and the Chief Executive (for nominations business only). The Committee is chaired by the Chair of the Trust. Further information on the Board Nominations and Remuneration Committee can be found on page 44.

Council of Governors Nominations and Remuneration Committee

The Committee consists of governors and is chaired by the Lead Governor. The Committee makes recommendations to the Council regarding the appointment of, and remuneration, for Non-Executive Directors.

Responsibilities
The Committee oversees the development, implementation and review of the policy for Non-Executive Directors and the policy for governors. The Committee leads the process for the identification of Non-Executive Directors.

Remuneration duties
The Committee will make recommendations to the Council of Governors on the following:

- To develop, seeking the advice and recommendations of the Chief Executive, mechanisms to ensure that the Committee and the Council in general is informed of the up to date position on Non-Executive Director remuneration in the public and private sectors, in particular the practice in Foundation Trusts
- To recommend an overall remuneration and terms of service policy for the Non-Executive Directors, taking into account the advice of the Chairman (other than in respect of their own remuneration), Chief Executive and external advisors to the Committee.
- To recommend levels and terms of service for individual Non-Executive Directors, taking into account the overall policy established by the Trust

Nomination duties
The Committee will make recommendations to the Council of Governors on the following:

- To establish and keep under review a policy for the composition of Non-Executive Directors, which takes account of the strategic needs of the Trust and the balance of the Board, and the membership strategy
- To consider the skills and experience required in any Non-Executive Director appointment
- To identify appropriate candidates for appointment as Non-Executive Directors
- To establish and keep under annual review a policy for the composition of the Council of Governors, which takes account of the membership strategy (the Trust also reviews constituency boundaries on a three yearly basis)
- To oversee the process for the appraisal of the Chair of the Trust and Non-Executive Directors as set out in the protocol agreed between the Board of Directors and Council of Governors
- To keep under review the protocol for the appraisal of the Chair of the Trust and Non-Executive Directors
- Act on behalf of the Council in the arrangements agreed with the Board for the appointment of a Chief Executive
- Keep under review the protocol for the appointment of a Chief Executive.

The Committee reviews these terms of reference annually, making recommendations to the Council of Governors as appropriate.

Board re-appointment process
The process agreed by the Council of Governors, with the support of the Board of Directors, for the re-appointment of Non-Executive Directors is as follows:

a) The reappointment of a Non-Executive Director is considered by the Council's Nominations and Remuneration Committee, which will make a recommendation to the full Council
b) The following information is submitted to the meeting at which the re-appointment is considered:
    - A summary of the individual's last three years' appraisals, submitted by the Chair of the Trust. In the case of the re-appointment of the Chair, this information will be submitted to the Committee by the Senior Independent Director
    - A summary of the individual's attendance at Board and committee meetings since their appointment (or previous three years if appointed for four years or more)
    - An assessment, provided by the Chair of the Trust (or Senior Independent Director in the case of the re-appointment of the Chair), of the balance of skills of the Non-Executive team on the Board and the individual's contribution to this
    - As background information to the discussion, the Committee will be provided with the Charter of Expectations, which sets out the skills required from, and the expectations of, Board members, and any employment advice from the Director of Workforce
    - A statement by the individual seeking reappointment.
c) The Nominations Committee will be entitled to request any further information that it deems necessary to be able to make a recommendation to the Board.

Council of Governors

The Council of Governors have two key duties which are:
- To hold the Non-Executive Directors to account for the performance of the Board
- Representing the interests of members and the public.

Other duties include:
- Approving the appointment of the Chief Executive
- Appointing and, if appropriate, removing the Chair and Non-Executive Directors
- Appointing the Trust's external auditors
- Approving amendments to the Trust's Constitution.

Register of Governors

The following is the Register of Governors of the Royal Berkshire NHS Foundation Trust as at 31 March 2021. It is maintained by the Trust Secretary. Contact details for governors can be obtained via the Trust Secretary. For the latest register, please see the Trust's website.

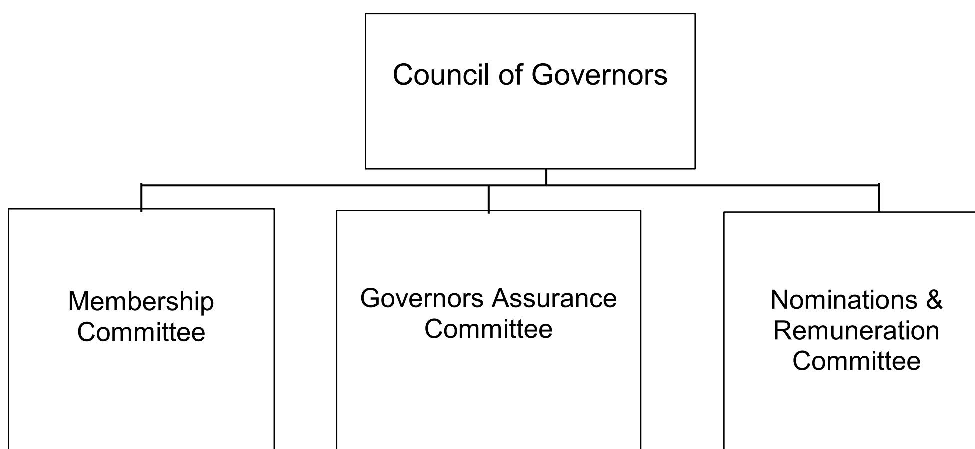
Name	Constituency	Term of Office	Attendance at Council
Mr. Jonathan Barker	Reading	2023	4/4
Mr. Paul Williams	Reading	2023	2/2
Ms. Sunila Lobo	Reading	2023	4/4
Mr. Kevin Boyle	Reading	2021	4/4
Ms. Bet Tickner	Reading	2022	3/4
Mr. Tony Lloyd	Wokingham	2023	4/4
Mr. Clive Jones	Wokingham	2021	2/2
Ms. Fiona Anderson	Wokingham	2022	4/4
Mr. Ross Carroll	East Berkshire & Borders	2022	1/1
Ms. Lynda Taylor	East Berkshire & Borders	2023	4/4
Mr. Martyn Cooper	West Berkshire & Borders	2021	1/1
Mrs. Alice Gostomski	West Berkshire & Borders	2022	4/4
Mr. John Bagshaw	West Berkshire & Borders	2022	4/4
Mr. William Murdoch	Southern Oxfordshire	2021	4/4
Ms. Pam Lynch	Volunteer Governor	2022	3/4
Ms. Ify Egbuniwe	Staff: Health Care Assistant/Ancillary	2021	0/4
Ms. Natalie Allen	Staff: Admin/Management	2021	4/4
Mr. John Crossman	Staff: Allied Health Professionals/Scientific	2023	3/3
Mr. Andrew Haydon	Staff: Nursing/Midwifery	2021	2/3
Ms. Wendy Bower	Appointed by Berkshire West CCG	2020	2/4
Ms. Jennie Ford	Appointed by Berkshire East Federation of CCGs	2020	3/4
Mr. Victor Koroma	Appointed by Alliance for Cohesion and Racial Equality	2020	2/4
Councillor Jason Brock	Appointed by Reading Borough Council	2021	0/3
Councillor Parry Batth	Appointed by Wokingham Borough Council	2021	1/3
Councillor Graham Bridgman	Appointed by West Berkshire Council	2020	4/4
Prof. Adrian Williams	Appointed by University of Reading	2020	2/4

* Governors are elected by members of the relevant constituency unless stated otherwise.

Declarations of interest made by governors are available on the Trust website.

Changes to the Council during the year are set out on page 40.

Governors work to influence the Trust and have an impact in several informal and formal ways. The formal 'committee structure' of the Council is shown below.



The main roles of each group are as follows:

Governors Assurance Committee

- The Committee receive updates from the Non-Executive Directors who highlight significant matters of interest or concern, and the Board's response, to governors
- The Committee keeps under review a range of assurance information submitted to the Board.

Membership Committee

- To develop a policy, implement agreed proposals and keep under review the Trust approach to engaging with the membership community
- To recommend appropriate relationships and methods of communicating between Governors and the membership
- To develop, implement and review, annually, a membership strategy for the Trust and to prepare an annual report for the Council and the Annual General Meeting with regard to the steps taken to secure representative membership, the progress of the membership strategy and any changes to the membership strategy
- To keep under review the membership of the Trust to ensure that the actual membership is representative of those eligible to be members of each constituency
- To oversee preparations for the Annual Members' Open Day
- To consider any disputes concerning membership of a constituency, right to membership of the Trust and the conduct of individual governors
- To seek the views of members and the public on material issues being discussed by the Trust and to conduct arrangements for collecting and reviewing views of members and the public on key issues and their experience of the Trust in general
- To recommend objectives to the Council of Governors which are achievable and within the resources available
- To keep under review the implementation of the objectives
- To oversee the annual evaluation of the Council and its performance and to recommend any subsequent action
- To recommend a governor training and annual development programme
- To make recommendations to the Council on how it interacts with members and the public on Trust strategy and feedback their views to the Council.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee considers the salaries and appointments of the Non-Executive Directors of the Board.

Board attendance at Council of Governor meetings can be found on page 30.

Changes to the Board and Council of Governors

The following were also Board Directors during the year:

- Michael Clements – Acting Director of Finance
- Nicky Lloyd – Acting Chief Executive

The following were also governors during the year:

- Jonathan Ruddle, Public Governor, Wokingham
- Ruth McEwan, Partner Governor, Reading Borough Council
- Jenny Cheng, Partner Governor, Wokingham Borough Council

Our Membership

This section sets out who is eligible to become a member of the Trust, our current membership numbers and our strategy and targets for recruiting new members.

Our members can stand as governors, and are responsible for electing our governors. They get involved in the Trust through our membership newsletters, events, annual general meeting and as issues or topics arise that could be of interest such as consultation on services.

Eligibility
Membership is open to two main groups:

(a) Public, including patients and carers
- people living within the five constituencies
- people aged 16 and over.

(b) Staff employed by the Trust
- all staff on a permanent contract or a contract of 12 months or more
- all staff who are not already public members.

Categories of staff membership:

- medical and dental staff
- nursing and midwifery staff
- allied health professions and scientific and technical staff
- healthcare support workers (all disciplines) and ancillary staff
- administrative, clerical and management staff.

Boundaries of public membership

Reading
- All the electoral wards in Reading Borough Council (unitary authority) area.

West Berkshire and borders
- All the electoral wards in West Berkshire Council (unitary authority) area.
- The following electoral wards from the Basingstoke and Deane Borough Council area of North Hampshire: Baughurst, Burghclere, Calleva, East Woodhay, Highclere and Bourne, Kingsclere, Pamber, Tadley North and Tadley South.
- The following electoral ward from the Test Valley Borough Council area of North Hampshire: Bourne Valley.

East Berkshire and borders
- All the electoral wards in Bracknell Forest Borough Council (unitary authority) area.
- All the electoral wards in Slough Borough Council (unitary authority) area.
- All the electoral wards in the Royal Borough of Windsor and Maidenhead (unitary authority) area.
- The following electoral wards from South Bucks District Council area: Burnham, Beeches, Burnham Church, Burnham Lent Rise, Dorney and Burnham South, Farnham, Royal, Iver Heath, Iver Village and Rickings Park, Stoke Poges, Taplow, Wexham and Iver West.

Southern Oxfordshire
- The following electoral wards from South Oxfordshire District Council area: Chiltern Woods, Cholsey and Wallingford South, Crowmarsh, Didcot All Saints, Didcot Ladygrove, Didcot Northbourne, Didcot Park, Goring, Hagbourne, Henley North, Henley South, Shiplake, Sonning Common, Wallingford North and Woodcote.

Wokingham
- All electoral wards in Wokingham Borough Council (unitary authority) area.

About our current membership

At 31 March 2021 our public membership stood at 3,375 and our total membership at 9,569. The membership remains under represented in the younger age groups – and the imbalance exists until we reach the 30+ age groups. The 60-74 age category remains the highest represented. Membership events in 2020/21 were paused due to the pressures related to the Covid-19 pandemic. The Trust was able to host its first ever virtual Annual General Meeting that had been viewed a total of 785 times since October 2020. The Corporate Governance Team have created a virtual membership event schedule for 2021/22 to ensure that members remain engaged whilst adhering to social distancing protocols. These events will be clinician led and focus on clinical advancements over the last 12 months. The Trust membership remains in line with the average foundation trust membership.

Constituency	Public	% of public membership
East Berkshire and Borders	847	25%
Reading	948	28%
Southern Oxfordshire	187	6%
West Berkshire and Borders	548	16%
Wokingham	845	25%
Total	3,375	

Get in touch
If you would like to contact our governors or directors, or to find out more about how you might get involved, please contact our Corporate Governance office:

Corporate Governance Department
Princes House
73a London Road
Reading
RG1 5UZ
Tel: 0118 322 7405 or: foundation.trust@royalberkshire.nhs.uk or visit our website www.royalberkshire.nhs.uk

Signed

Steve McManus
Chief Executive **Date: 30 June 2021**

REMUNERATION REPORT

Annual Statement on Remuneration

The Nominations and Remuneration Committee on 5 August 2020 approved the appointment of the Acting Chief Executive Officer and the Acting Director of Finance for a period of six months from 12 August 2020. A Deputy Chief Executive was appointed for the same period.

The Nominations and Remuneration Committee met on 25 November 2020 in order to decide the remuneration of the Executive Directors for the 2020/21 financial year. The committee approved the nationally recommended payment of a 1.03% consolidated increase from 1 April 2020. This is commensurate with the percentage increase paid to those at the top the pay point of Agenda for Change pay band 9 for 2020/21.

The appointment of a new Chief Nursing Officer (commencing in May 2021) was approved and the salary agreed at the meeting on 25 November 2020. The Nomination and Remuneration Committee also approved the extension of the Acting Chief Executive Officer, Acting Director of Finance and Deputy Chief Executive to 21 March 2020.

Senior Managers' Remuneration Policy

Attracting and retaining talented directors and senior managers is essential for the successful delivery of the Trust's strategy and objectives within an increasingly competitive market place. The remuneration policy is designed with that in mind. The Trust undertakes benchmarking to set senior manager remuneration levels and looks to be in the top quartile for pay.

The table on page 47 shows the remuneration package for senior managers (Executive Directors) including pension related benefits. The remuneration package for senior managers is decided in line with Trust policy. The salary paid is inclusive of any overtime or allowances. The table shows the salary/fees paid to Non-Executive Directors. No additional fees or other items, that could be considered to be remuneration in nature, are paid to the Non-Executive Directors. The Trust is satisfied, having undertaken benchmarking, that the salaries of its executives, including those earning above £150k per annum, are in line with trusts of a similar size.

The definition of "senior managers" is 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS Foundation Trust'. For the purpose of reporting senior manager's remuneration in the table (below) and the pension benefits table this has taken to mean those Executive Directors holding voting rights on the board and also the Trust's Non-Executive Directors.

The senior manager's salary is payment for delivering the Executive Director role and for delivering the short and long-term strategic objectives of the Trust. Each Executive Director post is paid a spot salary. The salaries are reviewed on an annual basis when a decision is made whether to implement a pay award.

There have been no new components added to the remuneration package or any changes to the existing components in this period therefore senior managers have not been consulted regarding their remuneration policy.

There are no provisions for withholding payments to senior managers other than re-earnable steps for staff on Agenda for Change terms and conditions.

Service Contracts Obligations

A contract for service is in place for any senior managers obtained via temporary, agency or contractor arrangements. The contract for service details the standard terms of business. The Trust will outline separately any specific obligations e.g. key deliverables. There are no further disclosures.

Policy on Payment for Loss of Office

The notice period for Executive Directors is currently six months. A month is classed as four weeks. The notice period for other personnel in senior positions is three months.

Payment for loss of office (redundancy) would be in line with national terms and conditions of employment (Agenda for Change) and (Medical and Dental).

Payment for any other type of loss of office would be made in line with contractual requirements and appropriate authorisation would be obtained as outlined in the Trust's Severance Protocol. The main components of the payment for loss of office would be unused annual leave and payment in lieu of notice.

Statement of Consideration of Employment Conditions Elsewhere in the Foundation Trust

The majority of Trust employees are employed on national terms and conditions of employment. The Trust has a limited number of staff on Trust or spot salaries. A number of staff have moved from Trust or spot salaries onto national terms and conditions of employment during 2020/21. When setting the remuneration levels for staff on Trust or spot salaries the Trust takes into account any pay awards given to staff on national terms and conditions along with benchmarking data.

Service Contracts

Details of the Non-Executive Directors' service contracts are detailed below.

Name	Designation	Date Appointed	End of Term of Office
Mr Brian Hendon	Non-Executive Director	April 2012	July 2021
Mr Julian Dixon	Non-Executive Director	November 2014	November 2021
Ms Sue Hunt	Non-Executive Director	October 2014	October 2021
Mr Graham Sims	Chair of the Trust	August 2015	August 2024
Mr John Petitt	Non-Executive Director	May 2016	May 2022
Mrs Helen Mackenzie	Non-Executive Director	January 2019	January 2022
Dr Bal Bahia	Non-Executive Director	April 2019	April 2022

The notice period for Non-Executive Directors is one month.

<u>Remuneration Committee</u>

The Nominations and Remuneration Committee is responsible for agreeing, on behalf of the Board, the Trust's remuneration policy for directors and for determining the total individual remuneration package for these directors. The remuneration of senior staff earning over £70,000 per annum is considered by the Chief Executive. Other staff employed in the Trust

are on national terms and conditions of employment and are therefore determined at a national level.

The Nominations and Remuneration Committee consists of all Non-Executive Directors and the Chief Executive attends for nominations business only. The number of Nominations and Remuneration Committee meetings and individuals' attendance at each meeting can be found on page 30.

The Chief People Officer provides advice or services to the Nominations & Remuneration Committee.

The Nominations and Remuneration Committee uses the following survey guidance:

- NHS England / NHS Improvement Benchmarking Data
- Salary surveys conducted by NHS Providers

Disclosures required by Health and Social Care Act

'Fair Pay' multiple

The "Fair Pay Disclosure" section of this report has been subject to audit.

	Year to 31 March 2021		Year to 31 March 2020
Band of Highest Paid Director's Total Remuneration - £000	210 - 215		200 - 205
Median Total Remuneration	31,461		30,443
Ratio	6.74		6.69

The increase in the highest paid director in the Trust this year compared to last year is not an increase to base pay, it is due to Lieu of annual leave payment on this year.

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

The banded annualised remuneration of the highest-paid director in Trust in the financial year 2020/21 was £220,000 - £225,000 (2019/20 was £200,000 - £205,000). This was 7.14 times (2020/21 - 6.69) the median remuneration of the workforce including medical consultants remuneration, which was £31,457 (2019/20 - £30,443). The increase applied to the directors pay in 2020/21 was in line with all other staff.

In 2020/21, five employees (2019/20 three employees) received remuneration, on an annualised basis, in excess of the annualised remuneration of the highest-paid director.

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

Expenses paid to Directors and Governors

The Expenses paid to Directors and Governors section of this report has been subject to audit.

The table below lists the total of reimbursed expenses paid to Directors and Governors.

	Year to 31 March 2021	Year to 31 March 2020
Directors	**2,089**	5,965
Governors	**20**	335

Of the amount stated in respect of Directors expenses £1,752 was paid to Non-Executive Directors (2019/20 £1,410).

During the year, inclusive of Non-Executives, there were 14 Directors in post (2019/20, 15). Of these 6 received expenses payments (2019/20, 6).

Additionally there were 30 governors in post during the year (2019/20, 29) of which 1 was paid expenses (2019/20, 1).

Remuneration

The 'Remuneration' section of this report has been subject to audit.

The pension related benefits for those Directors who have been in post for only part of the year have been calculated on a pro-rated basis to reflect that periodicity.

Name and Title	Year to 31 March 2021		
	Salary and fees Bands of £5,000 £000	Pension related benefits Bands of £2,500 £000	Total Bands of £5,000 £000
EXECUTIVE DIRECTORS			
Steve McManus (From 1st Apr 2020 to 11th Aug 2020 & 22nd Mar 2021 to 31st Mar 2021)[1] Chief Executive Officer	75 - 80	15 - 17.5	95 - 100
Nicky Lloyd (Acting Chief Executive Officer from 12th Aug 2020 to 21st Mar 2021)[2 & 5] Chief Finance Officer	165 - 170	-	165 - 170
Dom Hardy [4 & 7] Chief Operating Officer	145 - 150	10 - 12.5	155 - 160
Janet Lippett [5] Chief Medical Officer	190 - 195	70 - 72.5	265 - 270
Caroline Ainslie Chief Nursing Officer	140 - 145	40 - 42.5	180 - 185
Don Fairley [8] Chief People Officer	135 - 140	77.5 - 80	215 - 220
Michael Clements (From 12th August 2020 to 21st March 2021)[3] Acting Director of Finance	60 - 65	15 - 17.5	80- 85
NON-EXECUTIVE DIRECTORS			
Graham Sims - Chair	45 - 50	0	45 - 50
Brian Hendon	15 - 20	0	15 - 20
Balbinder Bahia	15 - 20	0	15 - 20
Susan Hunt	15 - 20	0	15 - 20
John Petitt	15 - 20	0	15 - 20
Julian Dixon	15 - 20	0	15 - 20
Helen Mackenzie	15 - 20	0	15 - 20

Notes

1. Steve McManus (Chief Executive Officer) seconded to National Covid Test and Trace project from 12th August 2020 to 21st March 2021.
2. Nicky Lloyd (Chief Finance Officer) was in post Acting Chief Executive Officer from 12th August 2020 to 21st March 2021.
3. Michael Clements (Deputy Director of Finance) was in post Acting Director of Finance from 12th August 2020 to 21st March 2021.
4. Dom Hardy (Chief Operating Officer) was Acting Deputy Chief Executive alongside his Chief Operating Officer role from 12th August 2020 to 21st March 2021.
5. The total remuneration for Janet Lippett (Chief Medical Officer) is inclusive of both directorial and clinical duties. The remuneration for clinical duties alone is in the banding £15,000 - £20,000.
6. Nicky Lloyd (Chief Finance Officer) opted out of the pension scheme with effect from 1st December 2020.
7. Dom Hardy (Chief Operating Officer) opted out of the pension scheme with effect from 1st December 2020 and opted back in 1st March 2021.
8. Don Fairley (Chief People Officer) opted out of the pension scheme with effect from 1st December 2020 and opted back in 1st February 2021.

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 increase due to inflation or any increase or decrease due to a transfer of pension rights. The 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 provided further information on the pension benefits accruing to the individual.

None of the directors received any benefits in kind, annual performance related bonuses or long-term performance related bonuses.

Name and Title	Year to 31 March 2020		
	Salary and fees	Pension related benefits	Total
	Bands of £5,000	Bands of £2,500	Bands of £5,000
	£000	£000	£000
EXECUTIVE DIRECTORS			
Steve McManus Chief Executive Officer	**200 - 205**	**32.5 - 35**	**235 - 240**
Mary Sherry (To 12th November 2019)[5] Chief Operating Officer	**90 - 95**	**- [2]**	**90 - 95**
Dom Hardy (From 2nd December 2019)[5] Chief Operating Officer	**45 - 50**	**20 - 22.5 [3]**	**70 - 75**
Lindsey Barker (To 28th June 2019) Medical Director	**45 - 50**	**- [2]**	**45 - 50 [1]**
Janet Lippett (From 1st July 2019) Chief Medical Officer	**140 - 145**	**25 - 27.5**	**170- 180 [1]**
Don Fairley Chief People Officer	**130 - 135**	**5 - 7.5**	**135 - 140**
Nicky Lloyd Chief Finance Officer	**150 - 155**	**132.5 - 135 [4]**	**280 - 285**
Caroline Ainslie Chief Nursing Officer	**140 - 145**	**32.5 - 35**	**170 - 175**
NON-EXECUTIVE DIRECTORS			
Graham Sims - Chair	**45 - 50**	**0**	**45 - 50**
Brian Hendon	**15 - 20**	**0**	**15 - 20**
Balbinder Bahia	**15 - 20**	**0**	**15 - 20**
Susan Hunt	**15 - 20**	**0**	**15 - 20**
John Petitt	**15 - 20**	**0**	**15 - 20**
Julian Dixon	**15 - 20**	**0**	**15 - 20**
Helen Mackenzie	**15 - 20**	**0**	**15 - 20**

Notes

1. The total remuneration for Lindsey Barker and Janet Lippett (Chief Medical Officer) is inclusive of both directorial and clinical duties. The remuneration for clinical duties alone for Lindsey Barker and Janet Lippett are in the banding £5,000 - £10,000 and £20,000 - £25,000 respectively.
2. Mary Sherry (Chief Executive Officer) and Lindsey Barker (Medical Director) opted out of the pension scheme with effect from 1st April 2017.
3. Dom Hardy (Chief Operating Officer) opted out of the pension scheme with effect from 1st February 2020.
4. Nicky Lloyd (Chief Finance Officer) opted out of the pension scheme with effect from 1st December 2020.
5. William Orr was acting Chief Operating Officer from 1st November 2019 to 2nd December 2019 however this was not a Board appointment.

None of the directors received any benefits in kind, annual performance related bonuses or long-term performance related bonuses.

Posts occupied by more than one person during the year	**From**	**To**
Chief Executive Officer		
Steve McManus (Chief Executive Officer)	01 Apr 20	11 Aug 21
Nicky Lloyd (Acting Chief Executive Officer)	12 Aug 20	21 Mar 21
Steve McManus (Chief Executive Officer)	22 Mar 21	31 Mar 21
Chief Finance Officer		
Nicky Lloyd (Chief Finance Officer)	01 Apr 20	11 Aug 21
Michael Clements (Acting Director of Finance)	12 Aug 20	21 Mar 21
Nicky Lloyd (Chief Finance Officer)	22 Mar 21	31 Mar 21

Total Pension Entitlement

Name and Title	Real increase in pension at age 60 Bands of £2500	Real increase in pension lump sum at age 60 Bands of £2500	Total accrued pension at age 60 at 31 March 2021 Bands of £5000	Total accrued pension at age 60 at 31 March 2020 Bands of £5000	Lump sum at age 60 at 31 March 2021 Bands of £5000	Lump sum at age 60 at 31 March 2020 Bands of £5000	Cash equivalent transfer value at 31 March 2021	Cash equivalent transfer value at 31 March 2020	Real increase in cash equivalent transfer value
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Executive Directors									
Steve McManus [1] Chief Executive Officer	0 - 2.5	0	90 - 95	85 - 90	205 - 210	200 - 205	1,812	1,699	3
Nicky Lloyd [2,3] Chief Finance Officer	0	_ [2]	20 - 25	20 - 25	_ [2]	_ [2]	340	354	0
Dom Hardy [4] Chief Operating Officer	0 - 2.5	0	40 - 45	40 - 45	85 - 90	80 - 85	731	629	77
Janet Lippett Chief Medical Officer	2.5 - 5	2.5 - 5	45 - 50	40 - 45	90 - 95	85 - 90	769	681	54
Caroline Ainslie Chief Nursing Officer	2.5 - 5	7.5 - 10	60 - 65	55 - 60	185 - 190	170 - 175	1,352	1,243	67
Don Fairley [5] Chief People Officer	2.5 - 5	5 - 7.5	55 - 60	50 - 55	140 - 145	135 - 140	1,245	893	320
Michael Clements [2,6] Acting Director of Finance	0 - 2.5	_ [2]	10 - 15	5 - 10	_ [2]	_ [2]	129	104	1

Notes

1. Steve McManus (Chief Executive Officer) seconded to National Covid Track and Trace project from 12th August 2020 to 21st March 2021. Figures shown for "Real increase in pension at age 60", "Real increase in pension lump sum at age 60" and "Real increase in CETV" have been calculated on a pro rata basis on the days in the post.
2. Nicky Lloyd (Chief Finance Officer) and Michael Clements (Acting Director of Finance) are not a member of the 1995 scheme and therefore has no automatic lump sum entitlement.
3. Nicky Lloyd (Chief Finance Officer) opted out of the pension scheme with effect from 1st December 2020.

4. Dom Hardy (Chief Operating Officer) opted out of the pension scheme with effect from 1st December 2020 and opted back in 1st March 2021
5. Don Fairley (Chief People Officer) opted out of the pension scheme with effect from 1st December 2020 and opted back in 1st February 2021.
6. Michael Clements (Deputy Director of Finance) was in Acting Director of Finance post from 12th August 2020 to 21st March 2021. Figures shown for "Real increase in pension at age 60", "Real increase in pension lump sum at age 60" and "Real increase in CETV" have been calculated on a pro rata basis between these two dates.

Staff Exit Packages

This section of this report has been subject to audit.

Severance Payments 2020/21

The "Severance Payments" section of this report has been subject to audit.

Exit package cost band	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of other departures agreed	Cost of other departures agreed £000	Total number and cost of exit packages
<£10,000	0	0	8	13	
£10,000 - £25,000	0	0	1	24	
£25,001 - £50,000	0	0	2	74	
£50,001 - £100,000	0	0	1	80	
£100,000 - £150,000	0	0	0	0	
Total number of exit packages by type	0	0	12	0	12
Total resource cost		0		191	191

Exit Packages: Non-Compulsory Departure Payments 2020/21

	Payments agreed	Total value of agreements £000
Mutually agreed resignations (MARS) contractual costs	2	104
Contractual payments in lieu of notice	10	87
Total:	12	191

Severance Payments 2019/20

Exit package cost band	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of other departures agreed	Cost of other departures agreed £000	Total number and cost of exit packages
<£10,000	0	0	17	90	
£10,000 - £25,000	0	0	14	247	
£25,001 - £50,000	0	0	7	240	
£50,001 - £100,000	0	0	0	0	
£100,000 - £150,000	0	0	0	0	
Total number of exit packages by type	0	0	38	0	38
Total resource cost		0		577	577

Exit packages: Non-Compulsory Departure Payments 2019/20

	Payments agreed	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	24	469
Mutually agreed resignations (MARS) contractual costs	4	60
Contractual payments in lieu of notice	10	48
Total:	38	577

Signed

Steve McManus
Chief Executive **Date: 30 June 2021**

STAFF REPORT

Information on staff turnover can be found via the following link:
https://files.digital.nhs.uk/29/30815B/Annual%20turnover%20from%20organisation%20benchmarking%20tool%2C%20January%202021.xlsx

The Staff Report provides an analysis of staff costs by staff group. The analysis is broken down by those permanently employed and others, which includes, those on fixed term contracts and agency/temporary staff.

Staff costs	**Total 31 Mar 2021 2020/21 £000s**	**Permanent 31 Mar 2021 2020/21 £000s**	**Other 31 Mar 2021 2020/21 £000s**	**Total 31 Mar 2020 2019/20 £000s**	**Permanent 31 Mar 2020 2019/20 £000s**	**Other 31 Mar 2020 2019/20 £000s**
Medical and dental	85,256	54,758	30,498	75,155	47,515	27,640
Ambulance staff	0	0	0	0	0	0
Administration and estates	39,388	34,342	5,046	45,078	42,374	2,704
Healthcare assistants and other support staff	42,603	28,496	14,107	25,070	17,071	7,999
Nursing, midwifery and health visiting staff	94,577	75,017	19,561	78,948	68,604	10,345
Nursing, midwifery and health visiting learners	26	18	7	81	13	67
Scientific, therapeutic and technical staff	24,296	21,332	2,964	17,895	15,390	2,505
Healthcare science staff	9,504	8,494	1,010	12,825	11,012	1,813
Social care staff	0	0	0	0	0	0
Other	11,031	11,013	18	10,153	10,153	0
Total cost	**306,680**	**233,469**	**73,211**	**265,205**	**212,132**	**53,073**

Note: There is a Change in pay for administration and estates following a remapping of staff coding.

Staff WTE	**Permanent WTE 2020/21**	**Other WTE 2020/21**	**Permanent WTE 2019/20**	**Other WTE 2019/20**
Medical and dental	692	7	656	12
Ambulance staff	0	0	0	0
Administration and estates	947	69	899	16
Healthcare assistants and other support staff	1,234	0	1182	0
Nursing, midwifery and health visiting staff	1,670	313	1568	221
Nursing, midwifery and health visiting learners	1	0	3	0
Scientific, therapeutic and technical staff	467	30	437	25
Healthcare science staff	157	0	148	0
Social care staff	0	0	0	0
Other	0	0	0	0
Total	**5,169**	**419**	**4893**	**274**

Status	Female	Male
Director	5.00	8.00
Employee	4839	1532
Senior Manager	37	31
Grand Total	4881	1571

Sickness Absence Data

Cumulative Absence Full Time Equivalent (FTE)	FTE (days)	Cumulative Available (FTE days)	Cumulative % Absence Rate (FTE)
	67,317.4	1,886,492.9	3.57%

The Trust's expenditure on consultancy during 2020/21 was £661k (£1,188k 2019/20).

A total of 11 HR policies were reviewed and ratified and one new policy developed during 2020/21. The policies apply to staff within the Trust. The Recruitment and Selection Policy gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

The Trust has a Human Resources and Local Counter Fraud Policy that covers counter fraud and corruption. The policy was last updated in January 2020.

The Occupational Health (OH) department has seen a significant impact on our workload and working practices over the past year due to Covid-19. In addition to our normal functions, such as pre-employment health checks, routine vaccinations and bloods, return to work advice for staff and managers, we have also supported a range of Covid-19 activity. OH have overseen teams to deliver Covid-19 testing both symptomatic and asymptomatic staff. All staff have been offered a Covid-19 vaccination with second vaccines due to be delivered starting end of March 2021.

OH support the development of the Trust's local Covid-19 individual risk assessments (CIRA) whilst the OH nurse advisors have supported many staff with their CIRA taking into account individual health needs. In addition, regular updates to Covid-19 FAQs for managers and staff following changing government advice was crucial to help guide our teams.

OH leads on the Trust Staff Health and Wellbeing (HWB) agenda and the impact of this support has been emphasised since the start of the Covid-19 pandemic. Working with colleagues throughout the Trust the various HWB initiatives available to staff were widely communicated using various forums including social media and poster campaigns.

Working with our colleagues from Berkshire Healthcare Foundation Trust we have delivered a range of mental health support services to staff and continue to do so including psychological support hubs facilitated by psychologist as well as a project involving our staff in key department to review the psychological needs of staff these departments. These pieces of work will help influence and shape what our future mental health support to staff.

In November 2020, a new dedicated full time Staff HWB operational lead joined the OH team. They are coordinating a variety of HWB activities across the Trust and expanding the Health Safety and Wellbeing champions across the Trust. In addition, the staff HWB booklets have been developed to ensure clear communication to staff on the support available to them.

The department is engaged on a regional level with Buckinghamshire, Oxfordshire and Berkshire (BOB) for HWB pilot to enhance the HWB for trusts within BOB and over the next year should result in improved access to training for our staff and managers on HWB topics.

The staff physiotherapy service continues to provide rapid access for staff with musculoskeletal symptoms helping to prevent absence and/or improve return to work timescales for those off sick due to musculoskeletal problems.

The OH department coordinated the annual seasonal influenza vaccine campaign for 2020/21 and this year utilised dedicated flu nurses and achieving the highest every uptake at 70.2% of frontline staff having the flu vaccine.

The Trust meets with employee representatives on a regular basis, through the Joint Staff Consultative Committee, the Joint Negotiating Committee and the Local Negotiating Committee. These mechanisms enable the views of employees to be taken into account when decisions are made which are likely to affect their interests.

In 2020, despite the significant challenges, the overall measure of staff engagement at the Trust has increased once again. The Trust remains a top 10 performer on this metric when benchmarked against the National Acute Average. Improvement in other staff survey themes including Health and Wellbeing, Morale and Safety Culture was also reported.

The Trust encourages staff involvement through initiatives such as the Quality, Innovation, Productivity and Prevention (QIPP) Programme, Chief Executive Officer Transformation Fund, the Quality Improvement Programme and the ‘What Matters’ engagement programme. This enables staff to put forward ideas to improve efficiency and performance.

Staff Survey: Summary of Performance

Response Rate

<table>
<tr><th rowspan="3">Response Rates</th><th colspan="2">2020</th><th colspan="2">2019</th><th>Trust Improvement/Deterioration</th></tr>
<tr><th>Trust</th><th>National Acute Average*</th><th>Trust</th><th>National Acute Average</th><td rowspan="2">4% drop in response rate in 2020 compared to 2019. *Changes in Benchmark group for 2020. Now also includes joint Acute/Community Trusts in addition to Acute Trusts</td></tr>
<tr><td>50%</td><td>45%</td><td>54%</td><td>47%</td></tr>
</table>

Summary of Performance

Survey Theme*	2020 RBFT	2020 Acute Average*	2019 RBFT	2019 Acute Average	2018 RBFT	2018 Acute Average
Equality, Diversity and Inclusion	9.0	9.1	9.0	9.0	8.9	9.1
Health and Wellbeing	6.4	6.1	6.1	5.9	6.2	5.9
Immediate Managers	6.9	6.8	7.0	6.8	6.9	6.7
Morale	6.4	6.2	6.3	6.1	6.2	6.1
Quality of Appraisals	N/A	N/A	6.1	5.6	5.8	5.4
Quality of Care	7.7	7.5	7.7	7.5	7.6	7.4
Safe Environment – Bullying and Harassment	8.0	8.1	8.0	7.9	8.0	7.9
Safe Environment – Violence	9.3	9.5	9.5	9.4	9.5	9.4
Safety Culture	7.1	6.8	7.0	6.7	6.9	6.6
Staff Engagement	7.4	7.0	7.4	7.0	7.3	7.0
Team Working	6.7	6.5	6.8	6.6	6.6	6.5

**Each theme is scored on a scale of 0-10, with 10 indicating the highest level of performance*

Action Plans to Address Areas of Concerns

Our 2020 survey results - in the context of the extreme challenges and pressures of 2020- remain positive as we maintain our very strong benchmarked position relative to the Acute average across a host of measures. We report better than average performance in 7 of the 10 survey themes. Morale at the Trust has remained strong and we were pleased to see our focus on staff health and wellbeing being reflected in statistically significant improvement in this area.

There remain areas of concern, where the impacts of the past 12 months have and will continue to be felt. Of particular concern are the increases in staff reporting violence and aggression from patients/service users, relatives or other members of the public and staff experience of bullying or harassment from other colleagues. A Trust level thematic improvement plan will be developed. However, the key vehicle for continuous improvement will need to be local development plans developed and delivered by local leaders and managers through engagement with their staff on the key areas 'that matter'.

Commentary and Future Priorities and Targets

As we emerge from the pandemic and seek to support ongoing staff recovery – our key area of focus will be on supporting staff health and wellbeing in its broadest sense that will include ensuring safe working environment and ongoing promotion of positive staff behaviours.

In Autumn 2021, we will open our new Staff Wellbeing Centre, that will provide the heartbeat of wellbeing activities in the Trust. We will also ensure continued Psychological Support for our staff through a portfolio of support that will ensure that every staff member has access to a level of psychological support commensurate with their need. We will also ensure that many of the health and wellbeing impacts associated with flexible and remote working are locked in to support our staff whilst maintaining optimal work performance.

2020 has been an exhausting, anxious and stressful period for our people and survey findings, that show some staff are experiencing higher levels of unacceptable behaviours –

from patients/relative and colleagues alike - is of concern. Using our Values and Behaviours framework we will undertake work to promote and uphold positive behaviours. We will continue the rollout of our Zero tolerance approach to violence and aggression and provide additional training to our staff to support in the management of such behaviours.

Through the delivery of our updated People Strategy - that sets out our bold aspirations for improvements in our organisational culture – we will continue to develop staff and nurture talent; enhance staff health and wellbeing; promote inclusivity and continue to engage and involve the workforce in key areas of our strategic development.

Monitoring of the 2020 Trust level improvement plan will be overseen by the Workforce Committee and other forums such as the Executive Performance reviews, Joint Staff Side Committee and the Staff and Patient Experience Committee. Local improvement plans will be monitored through local performance and governance structures.

Equality Reporting

The Trust's latest Equality reports, including our Gender Pay Gap; Workforce Race Equality and Workforce Disability Equality Standard reports can be found on our website at: https://www.royalberkshire.nhs.uk/equality-and-diversity-2.htm

Key headlines from our National Equality Reports are below:

Workforce Race Equality Standard (WRES) 2020/21

The in-year trend in WRES indicators in 2020/21 relative to 2019/20 shows once more a broadly improving picture. In terms of improvements, increasing numbers of Black Asian Minority Ethnic (BAME) staff in senior leadership positions is reported in addition to the lowest reported levels of discrimination experienced by BAME staff of any NHS acute organisation in the country. Furthermore, BAME staff perception of equal opportunities and career progression at the Trust are at their highest level ever and now above National Averages. A key priority in the year ahead will be review our recruitment practices in line with the '6 National Actions' on recruitment in order to deliver improvements in the likelihood of BAME applicants being appointed from shortlisting compared to White applicants.

Our BAME workforce has grown this past year and now comprises 29% of our total workforce. As such, the key thrust of the WRES remains of vital importance to the Trust as we seek to maintain and further develop our inclusive organisational culture. The Trust has a WRES Action Plan in place to drive further improvements in the year ahead

Gender Pay Gap (GPG)

In 2020, the Trust reported a median gender pay gap of 7.4% its lowest ever GPG. This represents a decrease of 2% from 2019 and a significant decrease from the 12.63% reported in 2018. As such, the Trust remains on target to deliver its target of halving its median GPG measure by 2022. Other key positive trends include firstly, more women in the highest pay quartile in the organisation. Secondly, increasing prevalence of women in the top 500 hourly rates in the Trust and thirdly a reduction in the GPG Bonus gap. The structural composition of the senior medical workforce is the key factor driving our GPG position, with a high proportion of males within this group.

The Trust has a GPG Action Plan in place to drive further improvements in the year ahead

Workforce Disability Equality Standard (WDES)

Our 2020 WDES report identified a continuing range of challenges in the field of disability equality and inclusion at the Trust. Significant improvements were reported in a range of staff experience indicators including staff feeling valued and experiencing lowering levels of Bullying and Harassment at work. The Trust position benchmarked positively relatively to NHS averages. Broadly however, disabled staff at the Trust (like disabled staff across the NHS), report a poorer experience at work than non-disabled colleagues.

The Trust has a WDES Action Plan in place to drive further improvements in the year ahead

Throughout 2020/22 we have worked hard in challenging circumstances to support our diverse staff communities throughout the pandemic as evidence of the disproportionate impact on some communities emerged.

Our actions such in areas such as staff risk assessments, supporting our clinically vulnerable and shielding staff, staff testing and vaccinations, redeployment and flexible working, comprehensive Occupational Health guidance, staff engagement and communication have had inclusion at their heart.

Beyond Covid and beyond National Equality Standards, we have continued to seek to deliver equality and inclusion improvements. Some highlights from our work over the past year include:

Inclusion Networks and Forums: Our staff inclusion forums have continued to grow and throughout 2020 provided invaluable platforms for discussion and insight with our people. Our BAME forum membership doubled during 2020 and we established a Staff Disability Forum in addition to our existing LGBT+ forum. Our forums are crucial to engage with our staff communities and drive improvements in experience at work.

BAME Staff Experience: As evidence of the disproportionate impacts of Covid on BAME communities emerged, we recruited two additional post to support BAME Staff and Patient Experience. These posts will continue to deliver a broad range of interventions to promote and improve the experience of our BAME communities beyond Covid. We have also developed an Aspiring BAME Matron/Senior Leader programme that has seen staff selected to undertake a six month shadowing programme to develop their senior leadership potential

Route to Recruit 2020: In September 2020, despite the ongoing pressure of the pandemic, our Route to Recruit programme welcomed its 9th cohort of students. Route to Recruit is a unique collaboration that supports young people with learning disabilities transition from education into the world of paid employment. Covid has significantly disrupted this year's programme but our commitment to the expansion of this impactful programme is ongoing.

LGBT+ Inclusion: This year, we have been proud once again to be a Stonewall Diversity Champion. Whilst Covid affected our ability to celebrate Pride collectively, we were pleased to be able to participate in the NHS virtual pride celebrations.

Supporting Carers: We recognise the important role carers play and the benefits that carers bring to patients and the community. We have and continue to work hard to improve the support to carers to engage with carers to become active partners with us. We also recognise that large numbers of our staff have caring responsibilities outside of work. We are planning the roll out of a Carers Passport; Working Carers Policy and training for managers to staff to

support staff with caring responsibilities. The expansion of our Flexible and Hybrid Working provisions in our Post-Covid emergence is a step welcomed by our staff carers community.

Expenditure on Consultancy/Off Payroll

Reporting High Paid Off-Payroll Arrangements

The Trust's Temporary Staffing Policy refers to the use of off-payroll workers and in particular the use of intermediaries and IR35. The policy outlines the process for managers to follow.

The Trust monitors, on a monthly basis, the reliance on off-payroll engagements by reviewing engagement costs more than £245 per day.

Off-payroll worker engagements as of 31 March 2021

No. of existing arrangements as of 31 March 2021	128
Of which:	
No. that have existed for less than one year at time of reporting	89
No. that have existed for between one and two years at time of reporting	15
No. that have existed for between two and three years at time of reporting	10
No. that have existed for between three and four years at time of reporting	5
No. that have existed for four or more years at time of reporting	9

The Trust can confirm that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual pays the right amount of tax and, where necessary, that assurance is being sought.

All off-payroll workers engaged at any point during the year ended 31 March 2021

Number of off-payroll workers engaged during the year ended 31 March 2021	128
Of which:	
Number assessed as within the scope of IR35	81
Number assessed as not within the scope of IR35	8
Number of engagements reassessed for consistency/assurance purposes during the year	39
Of which, number of engagements that saw a change to IR35 status following review	0
Number of engagements where the status was disputed under provisions in the off-payroll legislation.	0

The Trust has not engaged any individual without including contractual clauses allowing the Trust to see assurance as to their tax obligations.

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

Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021	0
Number of individuals that have been deemed “board members and/or senior officials with significant financial responsibility” during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

Relevant union officials

The figures below relate to the period April 2020 - March 2021.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
21	17.83

Percentage of time spent on facility time

Percentage of Time	Number of employees
0%	16
1-50%	6
51-99%	0
100%	0

Percentage of pay bill spent on facility time

First Column	Figures
Provide the total cost of facility time	£11,558.57
Provide the total pay bill	£307,710,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time + total pay bill) / 100	0.0037%

Paid Trade Union Activities

Time spent on paid trade union activities as a percentage of total pay facility time hours calculated as: (Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100)

Signed

Steve McManus
Chief Executive **Date: 30 June 2021**

NHS FOUNDATION TRUST CODE OF GOVERNANCE

The Royal Berkshire 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.

The Board declares that, with the exception of the statement below, the Trust has met the requirements of the Monitor Code of Governance for the year 2020/21.

Code provision	Requirement	Location in Annual Report
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.	This is located in the Trust's Standing Financial Instructions Board Committees and Council of Governors Pages 31 and 39
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) 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.	Directors' Report Page 28
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.	Directors' Report Page 38
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.	Directors' Report Pages 30 and 38
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.	Directors' Report Page 26
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.	Directors' Report Page 27

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	Directors' Report Page 31 and 44
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.	Directors' Report Pages 36 and 40
FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	Not applicable.
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.	Directors' Report Page 27
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.	Governor representation of members' views is discussed at Governor's Membership Committees and the Council of Governors. The Council of Governors are engaged on the Trust's operating plan, including its objectives, priorities and strategy. The Trust did not review the strategy during 2020-21, therefore no engagement had taken place with the Council of Governors.
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 power has not been exercised in 2020/21.
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.	Directors' Report Page 29
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.	Directors' Report Page 22
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	Statement of the chief executive's responsibilities as the accounting officer of Royal Berkshire NHS Foundation Trust Page 67

	trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	
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.	Annual Governance Statement Page 69
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	Directors' Report Page 23
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
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: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • 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 • 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.	Directors' Report Page 32
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
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.	Directors' Report Page 42

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.	Directors' Report Page 26
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.	Directors' Report Page 42
FT ARM	The annual report should include: • 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 • 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 [see also E.1.6 above], including progress towards any recruitment targets for members.	Directors' Report Page 40
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.	Directors' Report Pages 27 and 38

NHS OVERSIGHT FRAMEWORK (FINANCE AND USE OF RESOURCES)

NHS Oversight Framework

The 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.

This segmentation information is the Trust's position as at 31 March 2021. The current segmentation information for the Trust is published on the NHS Improvement website.

Statement of the chief executive's responsibilities as the accounting officer of Royal Berkshire 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 Royal Berkshire 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 the Royal Berkshire NHS foundation trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Steve McManus
Chief Executive **Date: 30 June 2021**

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 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's Memorandum.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Directors has overall responsibility for the management of risk within the Trust.

As Chief Executive, I am directly accountable to the Board of Directors in relation to the performance of the Trust. The operational authority and responsibility for risk management has been delegated for implementation to individual Directors (as set out below) who are supported by their own teams.

- Chief Finance Officer– financial, purchasing, business development, health and safety and information governance
- Chief Medical Officer – clinical governance
- Chief Operating Officer – clinical services and objectives delivery
- Chief Nursing Officer– patient safety, patient experience, infection control, safeguarding, assurance, litigation and for the development and oversight of the Trust's strategic risk management processes, with support being provided by the Head of Risk for the Corporate Risk Register and the Trust Secretary for the Board Assurance Framework.
- Chief People Officer – human resources and organisational development
- Director of Estates and Facilities – the built environment, external estate, environment, travel, security and hotel support services
- Director of Information Management and Technology – IT infrastructure, security, support, data systems, hardware and software.

Risk management is embedded within the organisation in a variety of ways. Managers at all levels within the Trust, have a responsibility to foster a culture of active risk management to improve operational performance and the safety of our patients and staff.

Each Directorate is responsible for maintaining and monitoring their own risk register, which contains key risks that can be escalated to their Care Board or Corporate equivalent risk register and ultimately, to the corporate risk register.

Trust employees are trained and supported to identify, assess and manage risks appropriate to their authority and duties. All those joining the Trust receive information, awareness and signposting on the induction day and then triennially through mandated refresher training. Additionally, Trust staff can access further information and guidance from the Risk Management Team and the Trust intranet.

The Trust seeks to learn from good practice internally through the monitoring of risks via the clinical and non-clinical governance structures, performance reports, audits, incident investigations, root cause analysis and safety programs and campaigns. Externally the Trust peer reviews its processes with other NHS organisations and implements guidance from the Institute of Risk Management and ISO 31000.

The Risk Identification and Control Framework

Risk management can be guided by a framework, for successful implementation it requires collaboration, commitment, engagement and ownership from all staff within the organisation. The following documents highlight the advantages and encourage the identification and management of risk to improve the Trust's operational performance:

- Risk Management Strategy – identifies the interlinking relationship of risks and the Trusts approach to risk management
- Risk Management Policy – provides the mechanism for identifying, assessing and monitoring risks
- Board Assurance Framework – provides a mechanism for the Trust Board to monitor strategic risks and their associated control assurance
- Trust Risk Appetite Statement – the Trust Board has identified the boundaries the organisation is willing to accept in pursuit of its objectives. The Trust recognises that the delivery of healthcare has inherent risks which cannot be removed and therefore seeks to mitigate and reduce its risk profile as far as is reasonably possible.
- Centrally held electronic risk registers – provides the Trust with the ability to monitor the escalation, de-escalation and reviewing of all its risks. Risks are reviewed at the Ward, Directorate, Care Group Management meeting and Trust Board levels

To facilitate a consistent approach to identifying, describing and managing risks, the Trust provides a grading matrix to ensure hazard, compliance, control and opportunity risks are consistently evaluated.

The work plan of the Board and its committees are aligned to ensure that there is independent and strategic focus on risks and assurance.

Organisational in Year Risks

The key risks to the delivery of the Trust's strategic objectives are identified in the Board Assurance Framework, with the key risks impacting on the operational performance being identified in the Corporate Risk Register.

At the end on 2020/21, the Trust had identified within its key operational risks there were 7 risks graded as a high risk, twenty one graded as a medium risk and three as a low risk. Those highest graded risks were -

Risk to achieving strategic objective of financial sustainability

As at February 2021, there is uncertainty over the structure of the financial allocation in 21/22 and the final confirmation from NHSI/E is awaited. Budget submissions received and demonstrate underlying deficit position requiring significant savings to break even, subject to available income.

Emergency Department (ED) Capacity & Compliance

ED department may be challenged for capacity at peak times and especially when there are consecutive hours of high attendance later in the day. This has the potential to impact on patient care on the Trust's reputation and delivery of the 4 hour standard. The completion of the new ED build will help to mitigate the risk.

Maternity Staffing

The vacancy and turnover rate (and the reliance on bank and agency staff) across maternity continues to be monitored and reviewed. There is a risk to patient choice and provision of continuity of care, experience and safety and reputational risk. A workforce review is in place with the Transformation team.

Management of Estates Infrastructure/Backlogged Maintenance

The Trust has an estate that has grown and developed over many years. For the Trust to deliver on its day to day business and strategic objectives, work is required across the estate to maintain the existing services, address a maintenance backlog and develop infrastructure to support the delivery of its strategic objectives.

Capacity to react to/respond to a pandemic further pandemic wave/major event

The Trust has placed its energies towards its response to the pandemic. As the Trust moves towards its recovery phase it will potentially be at its weakest position (transition of service delivery arrangements and staff resilience) to respond any further recurrence of Covid-19 or another disease / major incident / concurrent event.
There remain a number of relevant risks that are required to be addressed within this overarching risk including patient experience, risk to operational flow and impact on staff.

Management of Consistently High Numbers MH Patients Presenting to ED, Paediatric Wards and admitted to adult wards

The rise in complexity of patients with an additional increase of young people with eating disorders and neurodiversity presenting is having a ripple effect across the organisations care pathway when ED resources are diverted to provide 121 care through admittance of these patients. The potential effects include not receiving the right care in the right place at the right time – poor patient care and experience, inability to discharge to community support and patients detained under the Mental Health Act and a potential for an increase in Violence & Aggression towards staff. There are a number of work areas in place both locally and with partners in the wider health sector.

Cyber-Security Management (Phase 2)

The Trust's IT systems are at risk from viruses and other forms of attack. The effect of this may be temporary or permanent loss of applications impacting on patient care, data management and potentially resources and the Trust reputation

Covid-19

The impact of Covid-19 was felt by the Trust between March 2020 – March 2021. At the date of this statement, the Trust remains in the recovery phase, utilising lessons identified from the incident response, guidance provided by NHSEI, Public Health England and BOB ICS on service recovery including planned care elective pathways.

The Trust is continuing to identify and assess all associated risks as a result of actions taken in response to Covid-19 and those post Covid-19. The road map and plans to achieve service recovery and the 'new' business as usual are being developed through service recovery plans led by the relevant operational teams, which is expected to be through a phased response.

The Board Assurance Framework

The Board Assurance Framework provides the mechanism for the Board to monitor risks, controls and the assurances that controls are effective. The Board recognises the importance of the Board Assurance Framework in mitigating the Trust's strategic risks. During 2020/21 the Board Assurance Framework was reviewed by the Board and sections reviewed by the relevant Board sub-committees.

The Board has identified the following strategic risks on the Board Assurance Framework:

- If we allow material lapses in the quality of care, the Trust will not meet its regulatory standards for quality and safety
- If we do not deliver our clinical and quality ambitions at the intended pace we will lose opportunities to improve patient outcomes and experience
- If we do not recruit and retain a competent workforce we will fail to deliver on the Trust's strategic objectives
- Failure to not deliver on our Values (CARE and Diversity & Inclusion) will result in the Trust not be an employer of choice or considered an exemplar organisation for staff
- If Berkshire West ICP and BOB ICS plans and programmes fail to deliver the envisaged improvements in care and value the Trust's financial and operational performance will be impacted
- If we do not take action on sustainability agenda we risk impact on the Trust's reputation
- If we do not have the transformation capability, culture and capacity we will be unable deliver change at the required pace
- Failure to realise benefits/secure commercial advantage from innovation and digital investments
- If the organisation does not generate sufficient cash to meet its day to day liquidity requirements and capital programme the organisation will fail
- If we do not robustly represent the organisation in national and regional and Buckinghamshire, Oxfordshire and Berkshire West Integrated Care System decision making, we will fail to secure sufficient income to deliver Vision 2025 and strategic objectives.
- If we do not create and maintain a built environment suitable for current and future needs, we risk delivery of Vision 2025.

The Foundation Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. The register and Trust's Declarations of Interest, Gifts and Hospitality policy is available on the Trust website: http://www.royalberkshire.nhs.uk/list-and-registers.htm

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 in to 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 the organisation's obligations under equality, diversity and human rights are complied with.

2020-2021 Assurance Process

A letter from NHS England and NHS Improvement (NHSE/I) dated 20 August 2020 informed all NHS Trusts of the assurance process for 2020-2021. The letter stated that the more detailed and granular Emergency Preparedness Resilience Response (EPRR) process of previous years would be excessive during the current COVID-19 response and upcoming winter pressures.

The letter set out an amended process for 2020-2021 which required the Berkshire West Clinical Commissioning Group (CCG) to provide an updated assurance position of any organisations that were rated *partially* or *non-compliant* in 2019/20. RBFT was substantially compliant with all core standards and was expected to be fully compliant by March 2020.

The CCG has informed NHSE/I, it is satisfied for assurance purposes in 2020-2021 the Trust remains substantially compliant with 68 of the 69 core standards. An estate development plan is in place to address the one outstanding standard.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

There are a number of processes used to deliver economy, efficiency and effectiveness of the use of resources. These include:

- Use of Standing Financial Instructions
- Efficient use of electronic procurement with workflow
- Regular, systematic and risk based Internal Audit
- Detailed bottom-up process for budget setting and business cases
- Benchmarking techniques for services
- Financial and efficiency benchmarking at Trust level against other NHS foundation trusts
- Service level information, with an emphasis on service level reporting and service level management

Sustainability

During 2019/20, the Trust commenced a major investment programme in the estate infrastructure and travel and transport arrangements specifically targeting sustainability. The programme is anticipated to continue for several years, and sustainability is being

incorporated into the design principles for our redeveloped estate.

During 2021/22 the Trust will be agreeing a Sustainable Development Management Plan (that will take account of UK Climate Projections 2018 (UPCP18)) incorporating all aspects of the sustainable Health & Care System: Corporate Approach, Asset Management & Utilities, Travel & Logistics, Adaptation, Capital projects, Greenspace & Biodiversity, Sustainable Care Models, Our People, Sustainable Use of Resources, Carbon & Greenhouse Gases across the 4 domains of Governance & Policy, Core Responsibilities, Procurement & Supply Chain and Working with Staff, Patients & Communities.

Data Security

Audits

The Trust has continued to strengthen data security working in partnership with our service suppliers. Following a complete review of the Trust's IT estate, control processes and vulnerabilities we have produced the forward plan for the next 5 years. Specific vital areas that have been identified as not conforming to appropriate standards and these have now been stabilised and resilience improved.

Data Communications

The next few years will see a complete overhaul of hardware, Wi-Fi, switches and legacy software. We have a new state of the art back-up and recovery system and improved protocols including a review of processes which is supported by a controlled change environment. We have improved the process for safely deploying patches and upgrades in agreement with operational services.

The Trust has put in place measures to ensure the security of data and reduce the risk of data loss. This is achieved in the following ways:

Access to data:

- All applications are password controlled, the password policy issued by IT details the password requirements and the need to change passwords, and this is further enforced through forced password changes after 90 days on key applications.
- Remote connectivity to the Trusts applications is strictly controlled and only achieved by two factor authentication - user name / password plus RSA (Remote secure access) token with a 60 second refresh time. This has been updated to use a smart phone authentication app.
- The Trust complies with Information Governance Statement of Compliance issued by the NHS for third party access; this has been fully documented in the Access Control policy.

Backup of data:

- The systems managed by IT have a daily, weekly, monthly backup cycle that is managed by the operations team in line with their operating procedures
- Tape back-ups are stored in a fireproof safe, critical systems and monthly tapes are stored for a period of one year should the need arise to retrieve historical data

- These back-up tapes would be used if there is a need to recover in the event of a disaster.

- We have an off-site backup solution backing up a small number of critical systems

Threat intrusion:

- All PCs and servers have antivirus software installed which is regularly updated and in addition a three-layer firewall is in place to reduce the risk of intrusion

- The latest version of anti-virus software is distributed through an automated software deployment tool, and the supplier monitors and provides reports regularly to ensure that newly identified threats are dealt with

Disposal of equipment:

- Disposal of equipment: any computer equipment or media that is replaced either through end of life refresh or due to a fault that cannot be repaired has the hard drive removed and granulated.

- Computer disposal follow Waste Electrical and Electronic Equipment recycling (WEEE) guidelines and decommission forms completed.

Encryption / removable media:

In addition, the following policies are in the process of being implemented:

- Encryption Policy - all new laptops are delivered with encryption software pre-loaded, this cannot be removed. All existing laptops are now encrypted

- Removable Media Policy - this policy is in place and the Trust is planning to lock out any non-encrypted media devices such as memory sticks to ensure that if any patient data is copied it is secured.

Information Governance

The Trust is committed to encouraging staff to report and investigate all relevant issues, even where the loss is considered minor. Over the last year, the number of issues reported has increased. This demonstrates a greater awareness of information governance across the organisation and that staff understand their responsibilities. In each instance, issues are investigated and actions taken where appropriate to mitigate against further occurrences.

During 2020/21, the Trust reported one incident externally via the Data Security and Protection Toolkit. No action was taken by the Information Commissioners Office (ICO) as appropriate processes has been followed by the Trust in relation to the incident. To date, The Trust has not been levied a fine, enforcement notice or undertaking for breaching data protection legislation or regulatory requirements.

Data security incidents and risks are reported to the Information Governance Steering Group, chaired by the Caldicott Guardian or Senior Information Risk Owner (SIRO) and is attended by the Data Protection Officer (DPO).

Governance Structures

Risk is managed on behalf of the Board through the Trust's governance structure. The committee structure was last reviewed in 2016 and risk is managed through the following Board committees:

- Audit and Risk Committee
- Quality Committee
- Finance and Investment Committee.
- Workforce Committee

The Audit & Risk Committee oversees the delivery of effective risk management arrangements in the Trust. The key aims and objectives for risk management include:

- complying with legal and statutory requirements and meeting the requirements of external regulators and other relevant bodies
- providing guidance to assist with proactive risk management and risk reduction
- supporting the organisation in its approach to ensuring the safety of staff, patient and visitors.

The Quality Committee (QC), a Board sub-committee chaired by one of our Non-Executive Directors enables the Board of Directors to obtain assurance that high standards of quality care are provided by the Trust and in particular that adequate and appropriate clinical governance structures, processes and controls are in place throughout the Trust.
All data and information within the Quality Report is reviewed through this committee.
The key responsibilities of the Quality Committee are:

- to ensure compliance with CQC essential standards and NICE guidance
- to be assured that risks to clinical quality are proactively identified, prioritised and managed
- to ensure effective learning is embedded from serious incidents, complaints and patient feedback
- to oversee the Trust's quality strategy, quality account and quality governance framework.

The Quality Assurance and Learning Committee (QALC) that reports to the Quality Committee was introduced during 2014/15. The QALC has strengthened an integrated approach to the management of risk and shared learning across the organisation.

The CQC Insight reports are routinely reviewed and the Trust undertakes self-assessments of compliance with CQC requirements that are reported to the Executive Management Committee.

CQC Registration Compliance

The Royal Berkshire NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is 'good'. The Royal Berkshire Hospital location is currently rated as 'good'.

The Royal Berkshire NHS Foundation Trust does not have any conditions of registration.
The Care Quality Commission has not taken enforcement action against the Royal Berkshire NHS Foundation Trust during the reporting period 2020/21.

The Royal Berkshire NHS Foundation Trust has not been subject to any special reviews or investigations by the CQC under section 48 of the Health and Social Care Act 2008 during 2020/21.

The Trust carries out a self-certification process that ensures the Trust complies with the Foundation Trusts' licence conditions. This is submitted to the Board of Directors on an annual basis. This includes reviewing the effectiveness of governance structure, the responsibilities of Directors and Sub-committees, reporting lines and accountabilities between the board, its subcommittees and the executive team, the submission of timely and accurate information to assess risks to compliance with the Trust's licence and the degree and rigour of oversight the Board has over the Trust's performance.

Data Quality Assurance Programme

The Trust's Data Assurance Programme (DQAP) has systematically reviewed all key data sets within the Trust Integrated Performance Report (IPR) that is received and reviewed by the Trust Board each month. Each dataset was reviewed based on a clear methodology and resulted in a baseline data assurance score which has moved to a business as usual tool for monitoring data quality and assurance. The DQAP was established during 2015/16 following the identification of a number of concerns, the purpose of the DQAP has been to blend both internal knowledge of systems and process to support data capture and processing improvements, with the desire to undertake independent evaluation of a number of key datasets. To date a number of key datasets, either as a result of the importance of a dataset to collection of wait times reporting or as an assurance of the resulting performance report, have undergone independent review. The output being a report detailing; Identified risks, areas for improvement and recommendations for review ultimately resulting in an action plan. The same principles are now being applied to new systems implementations to ensure data integrity during data migration. The DQAP action plans are managed and coordinated by the Data Quality Assurance Group (DQAG) that includes senior representation across operational, informatics, data quality and technical teams and reports into the Data Quality Steering Group (DGSG). The DQSG is an Executive led group who oversee the progress of the programme as well as provide a point of escalation.

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 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 and Risk Committee and Quality committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I have been specifically informed on the effectiveness of the system of internal control and the validity of the Corporate Governance Statement by the:

- Trust Board: through the regular review, adoption and approval of the Trust Corporate Risk Register, the 'Quality and Patient Safety reports' and the 'Integrated Performance reports'

- Audit and Risk Committee: through internal and external audit, reviewing the adequacy of internal control systems designed to minimise risk. Also, ensuring overall co-ordination of risk management and monitoring of the action plans to address the risks identified in the Trust Corporate Risk Register
- Quality Committee: ensuring the effective working of clinical governance, both corporately and at care group level, including clinical audit and risk management. It also reviews reports on the quality assurance process that demonstrate effectiveness and improvements in the quality and safety of our care for patients.

The CQC conducted an inspection of the Trust in July 2019. The Trust achieved a rating of 'good' from this review with no compliance actions.

The opinion reached by the Head of Internal Audit has remained "generally satisfactory with some improvements required".

There were no critical findings in 2020/21, two high risk findings from Employee on boarding and off boarding review and IT governance follow up (rated as high overall).

Conclusion

This report sets out an open and balanced reflection of the Trust's progress over the past year. The Board and Executive have a clear understanding of the issues facing the Trust and the work they must focus on during the 2021/22 financial year. There are no significant internal control issues that have been identified during 2020/21.

Signed:

Steve McManus
Chief Executive **30 June 2021**

Independent auditor’s report to the Council of Governors and Board of Directors of Royal Berkshire NHS Group and foundation trust

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Royal Berkshire NHS Foundation Trust (the ‘foundation trust’) and its subsidiaries (the ‘group’):

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

We have audited the financial statements which comprise:

- the group and foundation trust’s statement of comprehensive income;
- the group and foundation trust’s statement of financial position;
- the group and foundation trust’s statement of changes in taxpayers’ equity;
- the group and foundation trust’s statement of cash flows; and
- the group and foundation trust’s related notes 1 to 24.

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

- the table of pay multiples on page 46;
- the table of expenses paid to Directors and Governors on page 47;
- the ‘Remuneration’ section on pages 48-49;
- the ‘Total Pension Entitlement’ on page 52; and
- the “Staff Exit Packages “section on pages 53-54.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and foundation trust’s

ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the accounting officer

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

We obtained an understanding of the legal and regulatory framework that the group and foundation trust operates in, and identified the key laws and regulations that:

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

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it, are described below:

- determination of whether an expenditure is capital in nature, and for major projects the value of work completed at 31 March 2021, are subjective: we tested the expenditure on a sample basis to assess whether they meet the relevant accounting requirements to be recognised as capital in nature; we agreed a sample of year-end capital accruals to supporting documentation and assessed whether the capitalised expenditure is recognised in the correcting accounting period.
- the judgemental nature of key assumptions used in property valuations: we engaged our property specialists to assess the assumptions and methodology used to value the estate.

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

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

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

Report on other legal and regulatory requirements

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

In our opinion:

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

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006 , we are required to report to you if we have not been able to satisfy ourselves that the group and foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our work in respect of the group and foundation trust's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the group and foundation trust's arrangements and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

Respective responsibilities of the accounting officer and auditor relating to the group and foundation trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

The accounting officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the group and foundation trust's resources.

We are required under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006 to satisfy ourselves that the group and foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in April 2021, as to whether the group and foundation trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the group and foundation trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021 by the time of the issue of our audit report. Other findings from our work, including our commentary on the group and foundation trust's arrangements, will be reported in our separate Auditor's Annual Report.

Annual Governance Statement and compilation of financial statements
Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Group and foundation trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

Reports in the public interest or to the regulator
Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the group and foundation trust, or a director or officer of the group and foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

Delay in certification of completion of the audit
We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the group and foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report) and the work necessary to issue our statement on consolidation schedules. We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements or on our value for money conclusion.

Use of our report
This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Royal Berkshire NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Sheriff (Key Audit Partner)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
30 June 2021

Independent auditor's certificate of completion of the audit to the council of governors and board of directors of Royal Berkshire NHS Foundation Trust.

Issue of opinion on the audit of the financial statements

In our audit report for the year ended 31 March 2021 issued on 30 June 2021 we reported that, in our opinion, the financial statements:

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

Foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

As part of our audit, we are required to report to you if we are not able to satisfy ourselves that the foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As at the date of issue of our audit report for the year ended 31 March 2021 on 30 June 2021, we had not completed our work on the foundation trust's arrangements, and had nothing to report in respect of this matter as at that date.

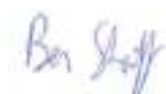
Certificate of completion of the audit

In our audit report for the year ended 31 March 2021 issued on 30 June 2021, we explained that we could not formally conclude the audit on that date until we had completed our work in respect of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources and the work necessary to issue our statement on consolidation schedules. We have now completed our work in this area.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave our opinion.

We have nothing to report in respect of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We certify that we have completed the audit of Royal Berkshire NHS Foundation Trust in accordance with requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.



Ben Sheriff (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
St Albans, United Kingdom
6 September 2021

Royal Berkshire
NHS Foundation Trust

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

Royal Berkshire NHS Foundation Trust

Consolidated Financial Statements for the year ended 31 March 2021

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Independent auditor's report to the Council of Governors and Board of Directors of Royal Berkshire NHS Foundation Trust

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Royal Berkshire NHS Foundation Trust (the 'foundation trust') and its subsidiaries (the 'group'):

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

We have audited the financial statements which comprise:

- the group and foundation trust's statement of comprehensive income;
- the group and foundation trust's statement of financial position;
- the group and foundation trust's statement of changes in taxpayers' equity;
- the group and foundation trust's statement of cash flows; and
- the group and foundation trust's related notes 1 to 24.

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

- the table of pay multiples on page 46; and
- the 'Remuneration' section on pages 48-49
- the 'Total Pension Entitlement' on page 52
- the "Staff Exit Packages "section on pages 53-54

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

- the table of pay multiples on page 46;
- the table of expenses paid to Directors and Governors on page 47;
- the 'Remuneration' section on pages 48-49;
- the 'Total Pension Entitlement' on page 52; and
- the "Staff Exit Packages "section on pages 53-54.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

The going concern basis of accounting for the group and foundation trust is adopted in consideration of the requirements set out in the accounting policies directed by NHS Improvement – Independent Regulator of NHS Group

and foundation trusts , which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the accounting officer

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

We obtained an understanding of the legal and regulatory framework that the group and foundation trust operates in, and identified the key laws and regulations that:

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

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it, are described below:

- determination of whether an expenditure is capital in nature, and for major projects the value of work completed at 31 March 2021, are subjective: we tested the expenditure on a sample basis to assess whether they meet the relevant accounting requirements to be recognised as capital in nature; we agreed a sample of year-end capital accruals to supporting documentation and assessed whether the capitalised expenditure is recognised in the correcting accounting period.
- the judgemental nature of key assumptions used in property valuations: we engaged our property specialists to assess the assumptions and methodology used to value the estate.

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

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

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

Report on other legal and regulatory requirements

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

In our opinion:

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

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006 , we are required to report to you if we have not been able to satisfy ourselves that the group and foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our work in respect of the group and foundation trust's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the group and foundation trust's arrangements and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

Respective responsibilities of the accounting officer and auditor relating to the group and foundation trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

The accounting officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the group and foundation trust's resources.

We are required under the Code of Audit Practice and Schedule 10(1(d)) of the National Health Service Act 2006 to satisfy ourselves that the group and foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in April 2021, as to whether the group and foundation trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the group and foundation trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021 by the time of the issue of our audit report. Other findings from our work, including our commentary on the group and foundation trust's arrangements, will be reported in our separate Auditor's Annual Report.

Annual Governance Statement and compilation of financial statements
Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Group and foundation trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

Reports in the public interest or to the regulator
Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the group and foundation trust, or a director or officer of the group and foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

Delay in certification of completion of the audit
We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the group and foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report) and the work necessary to issue our statement on consolidation schedules. We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements or on our value for money conclusion.

Use of our report
This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Royal Berkshire NHS Foundation Trust , as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Sheriff

Ben Sheriff (Key Audit Partner)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
30 June 2021

FOREWORD TO THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the year ended 31 March 2021 have been prepared by Royal Berkshire NHS Foundation Trust in accordance with Paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) of the National Health Service Act 2006.

Steve McManus

Chief Executive Officer

30 June 2021

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Trust 2020/21 £000	Group 2020/21 £000	Trust 2019/20 £000	Group 2019/20 £000
Operating income from continuing operations	2	**519,383**	**519,145**	451,555	452,492
Operating expenses of continuing operations	3	**(504,700)**	**(502,977)**	(444,764)	(444,321)
OPERATING SURPLUS		**14,683**	**16,168**	6,791	8,171
Finance costs					
Finance income	6	**683**	**8**	927	248
Finance expenses	6	**(498)**	**(497)**	(619)	(619)
PDC Dividends payable		**(7,102)**	**(7,102)**	(7,258)	(7,258)
NET FINANCE COSTS		**(6,917)**	**(7,591)**	(6,950)	(7,629)
Losses on disposal of fixed assets		**(78)**	**(78)**	(19)	(19)
Other tax movements		**0**	**(261)**	0	(236)
SURPLUS/(DEFICIT) FOR THE YEAR		**7,688**	**8,238**	(178)	287
Other comprehensive income/(expenses):					
Revaluation gains and impairment losses of property, plant and equipment	8	**3,387**	**3,350**	(8,078)	(7,963)
Fair value gains/(losses) on financial investments		0	3	0	(1)
Total other comprehensive income/(expense)		**3,387**	**3,353**	(8,078)	(7,964)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**11,075**	**11,591**	(8,256)	(7,677)

None of the other comprehensive income and expense would be reclassified to surplus and deficit.

The notes on pages 13 to 51 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2021

	Notes	Trust 31 March 2021 £000	Group 31 March 2021 £000	Trust 31 March 2020 £000	Group 31 March 2020 £000
NON-CURRENT ASSETS					
Intangible non-current assets	7	**29,410**	**29,410**	25,019	25,019
Property, Plant and Equipment	8	**247,210**	**282,735**	217,433	244,310
Investments	9	**10,600**	**17**	10,600	14
Trade and other receivables	11	**13,474**	**420**	14,000	594
TOTAL NON-CURRENT ASSETS		**300,694**	**312,582**	267,052	269,937
CURRENT ASSETS					
Inventories	10	**6,516**	**6,516**	7,078	7,078
Trade and other receivables	11	**32,129**	**22,368**	21,323	21,388
Cash and cash equivalents	12	**40,761**	**47,369**	21,196	27,071
TOTAL CURRENT ASSETS		**79,406**	**76,253**	49,597	55,537
TOTAL ASSETS		**380,100**	**388,835**	316,649	325,474
CURRENT LIABILITIES					
Trade and other payables	13.1	**(73,161)**	**(73,587)**	(56,350)	(57,481)
Borrowings	13.1	**(3,236)**	**(3,236)**	(3,261)	(3,261)
Provisions	14	**(518)**	**(518)**	(155)	(155)
Other liabilities		**(2,986)**	**(3,017)**	(1,483)	(1,483)
TOTAL CURRENT LIABILITIES	13.1	**(79,901)**	**(80,358)**	(61,249)	(62,380)
TOTAL ASSETS LESS CURRENT LIABILITIES		**300,199**	**308,477**	255,400	263,094
NON-CURRENT LIABILITIES					
Deferred tax		**0**	**(103)**	0	(35)
Borrowings	13.1	**(8,259)**	**(8,259)**	(11,374)	(11,374)
Provisions	14	**(109)**	**(109)**	(144)	(144)
TOTAL NON CURRENT LIABILITIES	13.1	**(8,368)**	**(8,471)**	(11,518)	(11,553)
TOTAL ASSETS EMPLOYED		**291,831**	**300,006**	243,882	251,541
TAXPAYERS' EQUITY					
Public Dividend Capital		**208,028**	**208,028**	171,154	171,154
Revaluation Reserve		**61,954**	**64,101**	60,135	62,282
Income and Expenditure Reserve		**21,849**	**21,703**	12,593	11,618
Charitable funds		**0**	**6,174**	0	6,487
TOTAL TAXPAYERS' EQUITY		**291,831**	**300,006**	243,882	251,541

The notes on pages 13 to 52 form part of these accounts. The Financial Statements on pages 8 to 12 were approved by the Board on 30 June 2021 and signed on its behalf by:

Steve McManus, Chief Executive Officer
30 June 2021

GROUP STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Revaluation Reserve	Public Dividend Capital	Charitable Funds Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity/(deficit) at 1 April 2020	**62,282**	**171,154**	**6,487**	**11,618**	**251,541**
Surplus/(Deficit) for the year	**0**	**0**	**1,468**	**6,770**	**8,238**
Revaluations	3,387	0	(37)	0	**3,350**
Fair value gains/(losses)	0	0	3	0	**3**
Other comprehensive income/(expense)	**3,387**	**0**	**(34)**	**0**	**3,353**
Total comprehensive income/(expense)	**3,387**	**0**	**1,434**	**6,770**	**11,591**
Transfer of excess of current cost depreciation to the Income and Expenditure Reserve	(1,568)	0	0	1,568	**0**
Other reserve movements	0	0	(1,747)	1,747	**0**
Public Dividend Capital received *	0	46,232	0	0	**46,232**
Public Dividend Capital repaid *	0	(9,358)	0	0	**(9,358)**
Taxpayers' equity/(deficit) at 31 March 2021	**64,101**	**208,028**	**6,174**	**21,703**	**300,006**
Taxpayers' equity/(deficit) at 1 April 2019	**72,483**	**169,302**	**5,031**	**10,550**	**257,365**
Surplus for the year	**0**	**0**	**2,160**	**(1,873)**	**287**
Revaluations	(8,418)	0	455	0	(7,963)
Fair value gains/(losses)	0	0	(1)	0	(1)
Other comprehensive income/(expense)	**(8,418)**	**0**	**454**	**0**	**(7,964)**
Total comprehensive income/(expense)	**(8,418)**	**0**	**2,614**	**(1,873)**	**(7,677)**
Transfer of current cost depreciation to the Income and Expenditure Reserve	(1,783)	0	0	1,783	0
Other reserve movements	0	0	(1,158)	1,158	0
Public Dividend Capital received	0	1,852	0	0	1,852
Taxpayers' equity/(deficit) at 31 March 2020	**62,282**	**171,154**	**6,487**	**11,618**	**251,541**

*** See page 12 footnote**

The notes on pages 13 - 52 form part of these accounts

TRUST STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Revaluation Reserve	Public Dividend Capital	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2020	**60,135**	**171,154**	**12,593**	**243,882**
Surplus for the year	**0**	**0**	**7,688**	**7,688**
Revaluations	3,387	0	0	3,387
Other comprehensive expense	**3,387**	**0**	**0**	**3,387**
Total comprehensive income/(expense)	**3,387**	**0**	**7,688**	**11,075**
Transfer of excess of current cost depreciation to the Income and Expenditure Reserve	(1,568)	0	1,568	**0**
Public Dividend Capital received *	0	46,232	0	**46,232**
Public Dividend Capital repaid *	0	(9,358)	0	**(9,358)**
Taxpayers' equity/(deficit) at 31 March 2021	**61,954**	**208,028**	**21,849**	**291,831**
Taxpayers' equity/(deficit) at 1 April 2019	**69,996**	**169,302**	**10,988**	**250,286**
Deficit for the year	**0**	**0**	**(178)**	**(178)**
Revaluations	(8,078)	0	0	(8,078)
Other comprehensive expense	**(8,078)**	**0**	**0**	**(8,078)**
Total comprehensive income/(expense)	**(8,078)**	**0**	**(178)**	**(8,256)**
Transfer of current cost depreciation to the Income and Expenditure Reserve	(1,783)	0	1,783	0
Public Dividend Capital received	0	1,852	0	1,852
Taxpayers' equity/(deficit) at 31 March 2020	**60,135**	**171,154**	**12,593**	**243,882**

*** See page 12 footnote**

STATEMENT OF CASH FLOWS

	Notes	Trust 2020/21	Group 2020/21	Trust 2019/20	Group 2019/20
		£000	£000	£000	£000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash generated from operations	15	**22,012**	**32,948**	26,504	27,805
CASH FLOWS USED IN INVESTING ACTIVITIES					
Interest received		**681**	**5**	927	248
Payments to acquire tangible non-current assets		**(27,143)**	**(36,672)**	(23,158)	(24,312)
Proceeds from sale of tangible non-current assets		**31**	**31**	19	19
Receipt of cash donations to purchase capital assets		**33**	**33**	145	145
Payments to acquire intangible non-current assets		**(11,543)**	**(11,543)**	(10,554)	(10,554)
Net cash generated/(used) in investing activities		**(37,941)**	**(48,146)**	(32,621)	(34,454)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Loans repaid to Foundation Trust Financing Facility		**(3,002)**	**(3,002)**	(3,002)	(3,002)
Leases and Loan interest		**(29)**	**(29)**	(24)	(24)
Interest paid		**(498)**	**(496)**	(621)	(621)
Capital Element of Finance Lease Rental		**(107)**	**(107)**	(101)	(101)
PDC Capital received		**46,232**	**46,232**	1,852	1,852
PDC Dividends paid		**(7,102)**	**(7,102)**	(7,480)	(7,480)
Net cash generated/(used) in financing activities		**35,494**	**35,496**	(9,376)	(9,376)
Increase/(Decrease) in cash and cash equivalents		**19,565**	**20,298**	(15,493)	(16,025)
Cash and cash equivalents at 01 April		**21,196**	**27,071**	36,689	43,096
Cash and cash equivalents at 31 March	12	**40,761**	**47,369**	21,196	27,071

The notes on pages 13 to 52 form part of these accounts.

This statement relates to cash held within the Trust's commercial and government bank accounts. Details of the movement of short term investments held by the National Loans Fund can be found in note 12.

* The Trust received £9,358k of Public Dividend Capital to fund capital works on the Lighthouse Lab at Bracknell Healthspace. In March 2021, the Department of Health and Social Care advised the Trust that the issue of Public Dividend Capital was being [cancelled] and that payments would instead be due under the contract for the provision of testing services (and so accounted for as income as discussed in note 1.5). As offsetting amounts were repayable and receivable, the Department and the Trust agreed no further cash transactions were required, and accordingly only the initial receipt of £9,358k as a financing cashflow is shown in the Statement of Cashflows.

NOTES TO THE ACCOUNTS

1 Accounting Policies

NHS Improvement, in exercising the statutory functions conferred on it, 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.

1.1 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.

1.2 Accounting convention

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

1.3 Basis of consolidation

These consolidated financial statements have been prepared incorporating the accounts of Healthcare Facilities Management Services Ltd (HFMS), a wholly owned subsidiary of Royal Berkshire NHS Foundation Trust, and Royal Berkshire NHS Foundation Trust Charity (the Charity). Subsidiary entities are those over which the Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

HFMS provides fully managed healthcare facilities to the healthcare community. The company has two principal assets which are the Royal Berkshire Bracknell Healthspace at Brants Bridge in Bracknell and Princes House in Reading.

The Trust is the corporate trustee to the Charity. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP), which is based on Financial Reporting Standard 102 (FRS 102) and HFMS statutory accounts are prepared to 31 March in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

The amounts consolidated are based on the unaudited 2020/21 financial statements of the subsidiaries.

1.4 Revenue from contracts with customers

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 these 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.

Credit terms in relation to revenue from contracts with customers are 30 days other than for those NHS contract receivables that are on 15-day payment terms.

Revenue from NHS contracts

The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. 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 Buckinghamshire, Oxfordshire and Berkshire West Integrated Care System (BOB ICS) 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 patient as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

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

Non-NHS revenue

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

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

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.

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.

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

Where research contracts fall under IFRS 15 Revenue from Contracts with Customers, revenue is recognised as and when performance obligations are satisfied.

The value of the benefit received when the Trust accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20 Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

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. See note 2.4-2.5.

1.4.1 Operating segments

The Trust considers that it has one operating segment, the provision of healthcare services, and therefore no segmental information is reported.

1.5 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Critical accounting judgements
As part of the Government's response to the Covid-19 pandemic, the Trust and Frimley Health NHS Foundation Trust were appointed, through the Berkshire and Surrey Pathology Services arrangement, to provide diagnostic testing for Covid-19 in a Lighthouse Lab set up in premises owned by the Trust's subsidiary, Healthcare Facilities Management Services Limited.

The Trust received £9.4m of Public Dividend Capital to fund capital works on the Lighthouse Lab at Bracknell Healthspace. In March 2021, the Department of Health and Social Care advised the Trust that the issue of Public Dividend Capital was being cancelled and that payments would instead be due under the contract for the provision of testing services. As offsetting amounts were repayable and receivable, the Department and the Trust agreed no further cash transactions were required.
The Trust has assessed the contractual arrangements and substance of its transactions around the Lighthouse Labs, and has concluded:

- The £9.4m of funding received directly from the Department of Health and Social Care to pay for capital expenditure should be accounted for as a government grant under IAS 20 for the acquisition of a capital asset. In accordance with the requirements of the Group Accounting Manual, the revenue has been

recognised in full during the year as there are no remaining conditions imposed by the funder in respect of this grant.

- The other elements of the contract, including other mobilisation costs, should be accounted for as revenue from contracts with customers under IFRS 15. Although the Department makes payments to Frimley Health NHS Foundation Trust as host of BSPS, the two trusts are each providing services under this contract as principal. At 31 March 2021, the Trust has accrued £3.3m, based on performance obligations met to that date for making testing capacity available and delivery of testing.

Leases

The Trust has determined that where it is a lessor, the significant risks and rewards of ownership have not transferred to the lessee. Therefore, these leases are classified as operating leases. See note 1.11.

Key sources of estimation uncertainty

Land and building valuations

In line with the Trust's Property, Plant and Equipment policy, an interim valuation of all land and property owned by the Trust was undertaken in March 2021 by the Valuers, Gerald Eve LLP, an independent firm of professional Valuers. This valuation was carried out in accordance with the Valuation – Global Standards 2020 of the Royal Institution of Chartered Surveyors (RICS) and was consistent with the requirements of HM Treasury, the Department of Health and Social Care and NHS Improvement and International Financial Reporting Standards (IFRS).

The valuations of specialised properties were derived using the Depreciated Replacement Cost (DRC) method, with other in-use properties reported on an Existing Use Value basis. For the land, the Valuers carried out an extensive search for appropriately sized sites of industrial land and business park land in Reading and on the outskirts of the town but the evidence was limited so the Valuers, were not able to find any recent comparable transactions on which to rely.

In the absence of suitable comparables a residual valuation methodology for industrial land was used which provided a land value range of £1,115k to £1,390k per acre, with £1,250k per acre taken as the position for the main hospital site.

	Price per acre	Site Area	Resulting Site value (Rounded nearest £10k)
Lower	£1,115,000	15.312	£17,070,000
Middle (adopted)	**£1,250,000**	**15.312**	**£19,140,000**
Upper	£1,390,000	15.312	£21,280,000

Within the valuation, other factors also considered were build cost inflation, differing choice of cost rates for individual assets, differing non-physical obsolescence judgements, positive adjustments or impairments on capital improvements held at cost until revaluation, differing assumptions on professional fees levels, finance costs etc. the majority of which are inter-linked and are not analysed here.

1.6 Expenditure on Other Goods and Services

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

1.7 Employee Benefits

International Accounting Standard 19 Employee Benefits (IAS 19) sets out the requirements for accounting for short-term employee benefits, post-employment benefits and termination benefits. The 'Employee benefits expense' includes all three of these costs.

Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, including non-consolidated performance pay earned but not yet paid. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Termination benefits

Termination benefits are recognised as an expense when the Trust is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as result of an offer made to encourage voluntary resignations. Termination benefits for voluntary resignations are recognised as an expense if the Trust has made an offer of voluntary resignation, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than twelve months after the reporting period, then they are discounted to their present value.

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 employer, 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 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.

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.

Workplace auto enrolment pension scheme

Employers who are not contributing to the NHS Pension Scheme are auto enrolled in the Government Workplace pension, National Employment Savings Trust (NEST), which was created by the government to make sure that every employer has access to an auto enrolment workplace pension scheme. Details of the scheme including benefits payable and rules of the Schemes can be found on the NEST website https://www.nestpensions.org.uk/schemeweb/nest.html .

1.8 Value added tax

Most of the activities of the Trust are outside the scope of value added tax (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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.9 Property, plant and equipment

Capitalisation

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 will be provided to the Trust;
- It is expected to be used for more than one financial year; and
- The cost of the item can be measured reliably:

  a) individually have a cost of at least £5,000; or
  b) collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
  c) form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example, a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

Measurement

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

Property, plant and equipment assets are stated at the lower of replacement cost or recoverable amount. The carrying values of property, plant and equipment assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the property, plant and equipment assets are not capitalised but are charged to the Statement of Comprehensive Income in the year to which they relate.

- All land and buildings are revalued using professional valuers in accordance with IAS 16 Property, Plant and Equipment. As explained in note 1.5, In line with the Trust's Property, Plant and Equipment policy, an interim valuation of all land and property owned by the Trust was undertaken in March 2020 by the Independent Valuers Gerald Eve LLP taking into consideration in the uncertainty around COVID-19. All specialist buildings were revalued under the Modern Equivalent Asset basis.
- Valuations are carried out by the valuers is in accordance with the Global Standards 2020 of the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Changes in value that were identified have been recognised in these financial statements.
- Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.
- Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.
- Plant and equipment is not revalued at the Trust except specialist assets, which the Trust does not currently possess.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13 Fair Value Measurement, if it does not meet the requirements of IAS 40 Investment Property or IFRS 5 Non-current assets held-for-sale and discontinued operations.

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

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 Trust 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.

Depreciation

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

Property, plant and equipment reclassified as 'Held for Sale' cease to be depreciated upon the reclassification.

Revaluation gains and losses

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

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

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

Assets which are held for their service potential and are in use are measured at current value in existing use.

Economic life of property, plant and equipment	Min Life Years	Max Life Years
Buildings excluding Dwellings	1	136
Dwellings	1	73
Plant & machinery	5	10
Furniture & Fittings	5	10
Transport equipment	5	5
Information Technology equipment	4	10

All property plant and equipment are depreciated on a straight-line basis. Buildings are dwellings are based on components and the life is dependent upon the type of component.

Impairments

In accordance with the Department of Health and Social Care 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 are reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

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

De-recognition of non-current assets

Assets intended for disposals are reclassified as 'Held for Sale' once both of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.;

  1. management are committed to a plan to sell the asset
  2. an active programme has begun to find a buyer and complete the sale
  3. the asset is being actively marketed at a reasonable price
  4. the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  5. the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated, government grant and other 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.

1.10 Intangible assets

Recognition

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

Intangible non-current assets are capitalised when they are capable of being used in Trust's activities for more than one year, they can be valued, and they have a cost of at least £5,000.

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

Software & Licences

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.

Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13 Fair Value Measurement, if it does not meet the requirements of IFRS 5 Non-current assets held-for-sale and discontinued operations. Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell"."

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. All intangible assets are depreciated between 5 to 16 years on a straight-line basis.

Impairment

To determine whether an intangible asset is impaired, the Trust entity applies IAS 36 Impairment of Assets That Standard explains when and how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset and when it recognises or reverses an impairment loss.

1.11 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 lessee

Finance lease

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

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

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

Operating leases

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

Leases of land and buildings

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

The Trust as lessor

Finance leases

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

Operating leases

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

IFRS 16 Leases

All NHS bodies were preparing to adopt IFRS 16 Leases as a replacement for IAS 16 Leases from 1 April 2020, however due to the global pandemic as a result of COVID-19 Department of Health and Social Care has instructed NHS bodies to defer implementation until 1 April 2021.

The effect of adopting IFRS 16 Leases will be to bring most leases onto the Statement of Financial Position.

1.12 Investments

Investments in subsidiary undertakings, associates and joint ventures are treated as non-current asset investments and valued at market value. Non-current asset investments are reviewed annually for impairments. Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the Statement of Cash Flows. These assets, and other current assets, are valued at cost less any amounts written off to represent any impairment in value. They are reviewed annually for impairments.

1.13 Revenue from government and other grants

Government grants are grants from Government bodies other than income from NHS Commissioners for the provision of services. Where a grant is used for funding revenue expenditure, including research and development, it is taken to the Statement of Comprehensive Income to match that expenditure. It is recognised at the point that the Trust is entitled to the grant income unless the grantor has imposed a condition that requires the income to be recognised in a later period at which point it is held as deferred income and released to the Statement of Comprehensive Income once the grantor's conditions are met.

1.14 Inventories

Prosthetics, drugs and all other inventories are valued on a first-in, first-out (FIFO) basis.

This is considered to be a close approximation to the lower of cost and net realisable value due to the high turnover of these inventories.

In 2020/21, the Trust received inventories including personal protective equipment (PPE) from the Department of Health and Social Care (DHSC) 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, which is the cost provided by DHSC . The value of PPE stock held at 31 March 2021 is recorded at the lower of cost and net realisable value. The market value at 31 March (provided by DHSC) has been used as net realisable value and where this is lower than the DHSC deemed cost, the difference has been rcorded as a write down (impairment) to the trust.

1.15 Cash and cash equivalents

Cash, bank and overdraft balances are recorded at the current values of these balances in the Trust's cash book. These balances exclude monies held in the Trust's bank account belonging to patients (see "third party assets" below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within payables. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.16 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	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	1.99%

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

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

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

1.17 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 14 but is not recognised in the Trust's accounts.

1.18 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.

1.19 Corporation tax

Section 148 of the Finance Act 2004 amended S519A of the Income and Corporation Taxes Act 1988 to provide power to HM Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation became effective in the 2005/06 financial year.
In determining whether or not an activity is likely to be taxable a three-stage test may be employed:

- The provision of goods and services for purposes related to the provision of healthcare authorised under Section 14(1) of the Health and Social Care Act 2003 (HSCA) is not treated as a commercial activity and is therefore tax exempt;
- Trading activities undertaken in-house which are ancillary to core healthcare activities are not entrepreneurial in nature and not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax; and
- Only significant trading activity is subject to tax. Significant is defined as annual taxable profits of £50,000 per trading activity.

1.20 Research and development (R&D)

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project
- the related expenditure is separately identifiable
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and its resulting in a product or services that will eventually be brought into use; and

- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits granted by the R&D funding organisation and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It is re-valued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible, the Trust discloses the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Non-current assets acquired for use in research and development are amortised over the life of the associated project.

1.21 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 18 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 18, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

1.22 Financial assets

Recognition

Financial assets are recognised when the Trust becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9 Financial Instruments, and is determined at the time of initial recognition.

For all financial assets measured at amortised cost or at fair value through other comprehensive income, lease receivables and contract assets, the Trust will recognise a loss allowance, previously classified as impairment or bad debt provisions, representing expected credit losses on the financial instrument.

The Trust has adopted the simplified approach to impairment, in accordance with IFRS 9 Financial Instruments, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses.

For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 1), and otherwise at an amount equal to 12-month expected credit losses (stage 2).

The Department of Health and Social Care (DHSC) provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies and the Trust will not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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

Where the risk of non-recovery is certain due to death with no assets held by the estate, insolvency or where all avenues of recovery have been exhausted the debt is considered for write off.

1.22.1 Financial assets at amortised cost

Financial assets measured at amortised cost are those held whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most financial assets at amortised costs and other simple debt instruments. Provide brief details of any other financial assets in this category. After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

Financial assets at amortised costs are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Trust's financial assets at amortised cost comprise current investments, cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

All other financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions of the instrument.

De-recognition

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

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

Impairment of financial assets

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Trust recognises a loss allowance representing expected credit losses on the financial instrument.

The Trust adopts the simplified approach to impairment, in accordance with IFRS 9 Financial Instruments, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Trust does not recognise loss allowances for stage 1 or stage 2

impairments against these bodies. For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.23 Financial liabilities

Financial liabilities are recognised when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired. Loans from the Department of Health and Social Care are recognised at historic cost. Otherwise, financial liabilities are initially recognised at fair value plus or minus directly attributable transaction costs for financial liabilities not measured at fair value through profit or loss.

1.23.1 Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from the Department of Health and Social Care, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability.

1.24 Public dividend capital (PDC) and PDC dividend

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 in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.25 Foreign exchange

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

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

- monetary items are translated at the spot exchange rate on 31 March;

- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate;
- at the date of the transaction and:
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined; and

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

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

1.26 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in a note to the accounts.

1.27 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.28 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

1.29 Accounting standards that have been issued but have not yet been 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 a rate 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. 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.

- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

1.30 Accounting standards, amendments and interpretations issued that have been adopted early

The Trust has not early adopted any new accounting standards, amendments or interpretations in 2020/21.

1.31 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.

2 Income from continuing operations	Trust 2020/21	Group 2020/21	Trust 2019/20	Group 2019/20
Income from patient care (by source)				
	£000	£000	£000	£000
NHS Foundation Trusts	894	894	1,042	1,191
NHS Trusts	0	0	19	19
Clinical Commissioning Groups (CCGs)	362,506	362,506	329,635	329,635
NHS England	82,938	82,938	77,866	77,866
Local Authorities	2,715	2,715	3,450	3,450
Department of Health and Social Care	0	0	267	267
NHS Other	0	0	255	255
Non NHS:				
- Private Patients	983	983	1,549	1,549
- Overseas Patients (non-reciprocal)	989	989	972	972
- NHS Injury Scheme (previously Road Traffic Act)	436	436	708	708
- Other	38	38	216	67
Total Income from patient care activities	451,499	451,499	415,979	415,979
Other operating income				
Other operating income recognised in accordance with IFRS 15:				
Research and Development	1,790	1,790	1,554	1,554
Education and training - non CCG	12,887	12,887	11,485	11,485
Non-patient care services to other bodies	232	232	258	258
Provider Sustainability Fund (PSF) and MRET	0	0	8,203	8,203
Reimbursement and top up funding	20,520	20,520	0	0
Other income recognised in accordance with IFRS 15	12,989	12,751	11,843	11,843
Other operating income recognised in accordance with other standards:				
Education and training - notional income from apprenticeship	701	701	869	869
Donated equipment from DHSC	736	736	0	0
Cash grants for the purchase of capital assets	33	33	145	145
Charitable and other contributions to expenditure	7,163	7,163	0	0
Charitable Funds	1,475	1,475	1,219	2,156
Other - Lighthouse grant	9,358	9,358	0	0
Total other operating income	67,884	67,646	35,576	36,513
Total income from continuing operations	519,383	519,145	451,555	452,492

The classification of 'Other operating income' has been changed for 2020/21 and 2019/20 prior year comparables have also been changed in line with the new classification. Other income includes the following: clinical excellence awards £97k (2019/20 £253k); funding for Covid Lighthouse laboratory £3,237k for mobilisation and operational cost); Non-NHS clinical services £2,839k (2019/20 £4,813k); car parking £303k (2019/20 £972k) and catering £543k (2019/20 £754k).

The Trust has one segment that provides healthcare.

2.1 Income from patient care (by nature)

	Trust 2020/21 £000	Group 2020/21 £000	Trust 2019/20 £000	Group 2019/20 £000
Block contract income	428,229	428,229	397,260	397,260
High cost drugs	1,916	1,916	2,032	2,032
Other NHS Clinical Income	4,659	4,659	1,416	1,416
Private Patient Income	1,972	1,972	2,521	2,521
Additional pension contribution central funding	11,013	11,013	10,153	10,153
Other clinical income	3,710	3,710	2,597	2,597
Total	451,499	451,499	415,979	415,979

The classification of Income from patient care has been changed for 2020/21 from a classification 'by type' of income to one of 'by nature' of income. 2019/20 prior year comparables have also been changed in line with the new classification.

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

	Trust 2020/21 £000	Group 2020/21 £000	Trust 2019/20 £000	Group 2019/20 £000
Income recognised this year	989	989	972	972
Cash payments received in-year	495	495	488	488
Amounts added to provision for impairment of receivables	588	588	463	463
Amounts written off in-year	54	54	28	28

2.3 Commissioner Requested Services (CRS)

	Trust 2020/21 £000	Group 2020/21 £000	Trust 2019/20 £000	Group 2019/20 £000
Commissioner Requested Services	445,444	445,444	407,501	407,501
Non-Commissioner Requested Services	73,939	73,701	44,054	44,991
Total income from continuing operations	519,383	519,145	451,555	452,492

Consistent with 2019/120, all CCG and NHS England services have been designated as CRS for 2020/21.

2.4 Additional information on contract revenue recognised in the period

	2020/21 £000	2019/20 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,483	1,472

2.5 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised within one year is £3,017k (2019/20; £1,483k).

3 Operating Expenses

3.1 Operating expenses comprise:	Trust 2020/21	Group 2020/21	Trust 2019/20	Group 2019/20
	£000	£000	£000	£000
Executive directors' costs	1,112	1,112	960	960
Non-executive directors' costs	155	155	155	155
Staff costs	306,385	306,385	264,602	264,602
Total staff costs	307,652	307,652	265,717	265,717
Drug costs	50,480	50,480	50,441	50,441
Purchase of healthcare from NHS and DHSC bodies	888	888	1,169	1,169
Purchase of healthcare from non-NHS and non-DHSC bodies	11,507	11,514	10,181	10,187
Supplies and services - clinical	40,659	40,918	36,763	38,203
Supplies and services - general	4,051	4,056	4,205	4,205
Establishment	3,921	3,946	4,085	4,103
Transport	778	778	503	501
Premises	27,377	24,001	19,669	17,314
Bad debts	1,633	1,633	356	356
Depreciation and amortisation	22,623	23,248	17,338	17,931
Statutory audit services	75	93	75	93
Accounting & Consultancy fees - other	1,254	1,254	909	909
Internal Audit and Local Counter Fraud Service	146	146	181	181
Clinical negligence	18,189	18,189	17,115	17,115
Redundancy costs	58	58	577	577
Other	12,931	13,531	12,837	11,762
	196,570	194,733	176,404	175,047
Total expenses	504,222	502,385	442,121	440,764
Impairment (including reversal)	478	592	2,643	3,557
Operating expenses of continuing operations	504,700	502,977	444,764	444,321

The presentation of the Operating expenses note has been revised to reflect the presentation used in the Consolidated NHS Provider Accounts for greater comparability with other providers. The comparatives have been represented to reflect the revised categories used.
Other cost include mobilisation cost of the Lighthouse Laboratory. Research and development – staff costs amounted to £1,513k (2019/20; £1,508k)

The impairment expense including reversals of £592k disclosed in these financial statements relates to: (i) £369k - in respect of valuation of G land, buildings, plant and equipment undertaken at 31 March 2021; and, (ii) £109k – in respect of market valuation of PPE (Personal Protective Equipment stock held at 31 March 2021.

Fees paid and payable to the Trust's external auditor	**Trust 2020/21**	**Group 2020/21**	Trust 2019/20	Group 2019/20
	£000	**£000**	£000	£000
Audit Services - Statutory Audit	**75**	**93**	75	93
Total fees paid and payable to the Trust's external auditor:	**75**	**93**	75	93
VAT payable	**15**	**19**	15	19
Total fees paid and payable to the Trust's external auditor including VAT:	**90**	**112**	90	112

The Statutory Audit liability limits are:

- Audit Liability – £1m
- All other work – £1m

3.2 Arrangements containing an operating leases for the group

	2020/21	2019/20
	£000	£000
Other operating lease rentals	**1,798**	2,072
	1,798	2,072

3.2.1 Total future minimum operating lease payments for the group

	Other leases	Other leases
	2020/21	2019/20
	£000	£000
Operating leases payments which are payable:		
Within 1 year	**1,825**	1,959
Between 1 and 5 years	**5,535**	6,336
After 5 years	**0**	1,975
	7,360	10,270

The Trust has short term operating leases for various types of equipment and the payments for these are included in the minimum lease payments for the financial year.

4. Staff costs and numbers

4.1 Staff costs

	Trust 2020/21	Group 2020/21	Trust 2019/20	Group 2019/20
	£000	£000	£000	£000
Salaries and wages	218,629	218,629	194,765	194,765
Social security costs	20,539	20,539	18,398	18,398
Employer contributions to NHSPA	25,374	25,374	23,254	23,254
Employer contributions paid by NHSE (6.3%)	11,013	11,013	10,153	10,153
Bank staff	18,498	18,498	11,037	11,037
Agency staff	12,414	12,414	7,021	7,021
Redundancy costs	58	58	577	577
Apprenticeship levy	1,030	1,030	934	934
	307,555	307,555	266,139	266,139

The figures above exclude non-executive directors' costs but includes redundancy costs.

4.2 Average number of persons employed

	Trust 2020/21	Group 2020/21	Trust 2019/20	Group 2019/20
	Number	Number	Number	Number
Medical and dental	692	692	656	656
Administration and estates	947	947	899	899
Healthcare assistants & other support staff	1,234	1,234	1,182	1,182
Nursing, midwifery & health visiting staff	1,670	1,670	1,568	1,568
Nursing, midwifery & health visiting staff - learners	1	1	3	3
Scientific, therapeutic and technical staff	467	467	438	438
Health care Science staff	157	157	148	148
Other	420	420	274	274
Total	5,588	5,588	5,168	5,168

The average number of employees is calculated as the whole time equivalent (WTE) number of employees under contract of service in each month, divided by the number of months in a year.

Agency staff numbers are based on time worked per actual invoices converted to WTEs.

4.3 Retirements due to ill-health

During the year to 31 March 2021 there was 6 early retirement from the Trust agreed on the grounds of ill-health (one in the year to 31 March 2020). The estimated additional pension liabilities of these ill-health retirements are £198k (£58k in the year to 31 March 2020). This information has been supplied by NHS Pensions Agency.

4.4 Salary and pension entitlements of senior managers

Total remuneration paid to directors for the year ended 31 March 2021 (in their capacity as directors) totalled £1,112k (year ended 31 March 2020 £960k). No other remuneration was paid to directors in their capacity as directors. There were no advances or guarantees entered into on behalf of directors by the Trust. Employer contributions to the NHS Pension Scheme for Executive Directors for the year ended 31 March 2021 totalled £135k (for year ended 31 March 2020 £109k). The total number of directors to whom benefits are accruing under the NHS defined benefit scheme (the NHS Pension Scheme) was 7 (for year ended 31 March 2020 - 5).

4.5 Restructuring costs

Restructuring costs which are made up of voluntary redundancies amounted to £191k in respect of 12 members of staff (2019/20 – 38 members of staff incurring payments of £577k) are included within the table below which shows the total cost of staff exit packages during the year.

£	Total no. of exit packages by cost band
<10,000	8
10,000 - 25,000	1
25,000 - 50,000	2
50,000 - 100,000	1
100,000 - 150,000	0
150,000 - 200,000	0
Total number of exit packages by type	12
Total cost (£000)	**191**

5 Late Payment of Commercial Debts (Interest) act 1998

Amounts included within Interest Payable arising from claims under this legislation - £1k (2019/20 - £6k). Compensation paid to cover debt recovery costs arising under this legislation – nil (2019/20 – nil).

6 Finance income and expenses

6.1 Finance income

Interest income

In the year to 31 March 2021 interest of £8k (31 March 2020 - £248k) was received by the Group and £683k (31 March 2020 - £927k) was received by the Trust respectively. These amounts of £8k (31 March 2020 - £248k) and £683k (31 March 2020 - £927k) were earned from working capital balances in interest bearing bank accounts and from investments in National Loan Funds.

6.2 Finance expense

In the year to 31 March 2021 interest charges of £497k (2019/20 £619k) were paid by the Group in line with the loan agreement and finance leases, and £498k (2019/20 £619k) were paid by the Trust.

7 Group Intangible Non-current Assets

Intangible Non-current Assets at the Statement of Financial Position date 31 March 2021 comprise the following elements:

	At 31 March 2021			At 31 March 2020		
	Software & Licences	Assets under Construction	Total	Software & Licences	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April	45,598	235	45,833	34,480	798	35,278
Reclassifications	87	(87)	0	563	(563)	0
Additions - purchased	9,520	2,018	11,538	10,555	0	10,555
Additions - donated by the Charity	5	0	5	0	0	0
Disposals	0	0	0	0	0	0
Gross cost at 31 March	55,210	2,166	57,376	45,598	235	45,833
Accumulated amortisation at 1 April	20,814	0	20,814	16,180	0	16,180
Provided during the year	7,152	0	7,152	4,634	0	4,634
Accumulated amortisation at 31 March	27,966	0	27,966	20,814	0	20,814
Net book value						
Purchased at 31 March	27,244	2,166	29,410	24,784	235	25,019
Total at 31 March	27,244	2,166	29,410	24,784	235	25,019

7 Trust Intangible Non-current Assets

Intangible Non-current Assets at the Statement of Financial Position date 31 March 2021 comprise the following elements:

	At 31 March 2021			At 31 March 2020		
	Software & Licences	Assets under Construction	Total	Software & Licences	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April	45,442	235	45,677	34,324	798	35,122
Reclassifications	87	(87)	0	563	(563)	0
Additions - purchased	9,520	2,018	11,538	10,555	0	10,555
Additions - donated by the Charity	5	0	5	0	0	0
Disposals	0	0	0	0	0	0
Gross cost at 31 March	55,054	2,166	57,220	45,442	235	45,677
Accumulated amortisation at 1 April	20,658	0	20,658	16,024	0	16,024
Provided during the year	7,152	0	7,152	4,634	0	4,634
Accumulated amortisation at 31 March	27,810	0	27,810	20,658	0	20,658
Net book value						
Purchased at 31 March	27,244	2,166	29,410	24,784	235	25,019
Total at 31 March	27,244	2,166	29,410	24,784	235	25,019

8 Property Plant and Equipment

8.0 Group Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2021 comprise the following elements:

	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	Transport Equipment	I.T.	Furniture & fittings	Tot
Cost or valuation:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£00**
At 1 April 2020	26,015	170,216	12,811	63,026	107	35,712	3,458	311,3
Additions - purchased	0	0	44,260	6,095	0	904	22	51,2
Additions - donated by the Charity	0	56	3	406	0	125	1	5
Impairments charged to operating expenses	0	(887)	0	0	0	0	0	(88
Reversal Impairments credited to operating expenses	0	295	0	0	0	0	0	2
Reclassifications	0	21,804	(26,778)	3,546	0	1,428	0	
Revaluations *	(433)	(3,319)	0	0	0	0	0	(3,75
Disposals	0	0	(100)	(1,771)	(15)	(1)	0	(1,88
At 31 March 2021	**25,582**	**188,165**	**30,196**	**71,302**	**92**	**38,168**	**3,481**	**356,9**
Accumulated depreciation:								
At 1 April 2020	0	335	0	40,359	102	23,079	3,160	67,0
Charged during the period	0	7,144	0	5,237	3	3,637	75	16,0
Revaluations	0	(7,102)	0	0	0	0	0	(7,10
Disposals	0	0	0	(1,762)	(15)	(1)	0	(1,77
Depreciation at 31 March 2021	**0**	**377**	**0**	**43,834**	**90**	**26,715**	**3,235**	**74,2**
Net book value 31 March 2020								
- Purchased at 31 March 2020	26,015	168,306	12,804	20,920	5	12,605	283	240,9
- Purchased by the Charity at 31 March 2020	0	1,575	7	1,747	0	28	15	3,3
Total at 31 March 2020	**26,015**	**169,881**	**12,811**	**22,667**	**5**	**12,633**	**298**	**244,3**
Net book value 31 March 2021								
- Purchased at 31 March 2021	25,582	187,788	30,196	27,468	2	11,453	246	282,7
Total at 31 March 2021	**25,582**	**187,788**	**30,196**	**27,468**	**2**	**11,453**	**246**	**282,7**

* See Note 1.5 Key sources of estimation uncertainty and Note 1.9 Property, plant and equipment.

8 Property Plant and Equipment cont'd

8.1 Trust Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2021 comprise the following elements:

	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	I.T.	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 April 2020	22,160	147,484	12,578	61,326	35,573	3,439	282,560
Additions - purchased	0	0	35,220	6,096	518	22	41,856
Additions - donated by the Charity	0	56	3	406	125	1	591
Impairments charged to operating expenses	0	(478)	0	0	0	0	(478)
Reclassifications	0	12,756	(17,501)	3,318	1,427	0	0
Revaluations *	(432)	(2,686)	0	0	0	0	(3,118)
Impairments *	0	0	0	0	0	0	0
Disposals	0	0	(100)	(1,486)	0	0	(1,586)
At 31 March 2021	**21,728**	**157,132**	**30,200**	**69,660**	**37,643**	**3,462**	**319,825**
Accumulated depreciation:							
At 1 April 2020	0	329	0	38,698	22,940	3,160	65,127
Charged during the period	0	6,548	0	5,214	3,637	73	15,472
Revaluations *	0	(6,506)	0	0	0	0	(6,506)
Disposals	0	0	0	(1,477)	(1)	0	(1,478)
Depreciation at 31 March 2021	**0**	**371**	**0**	**42,435**	**26,576**	**3,233**	**72,615**
Net book value 31 March 2020							
- Purchased at 31 March 2020	22,160	145,580	12,571	20,881	12,605	264	214,061
- Donated at 31 March 2020	0	1,575	7	1,747	28	15	3,372
Total at 31 March 2020	**22,160**	**147,155**	**12,578**	**22,628**	**12,633**	**279**	**217,433**
Net book value 31 March 2021							
- Purchased at 31 March 2021	21,728	155,186	30,193	25,478	11,039	214	243,838
- Donated at 31 March 2021	0	1,575	7	1,747	28	15	3,372
Total at 31 March 2021	**21,728**	**156,761**	**30,200**	**27,225**	**11,067**	**229**	**247,210**

* See Note 1.5 Key sources of estimation uncertainty and Note 1.9 Property, plant and equipment

8 Property Plant and Equipment

8.1 Group Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2020 comprise the following elements:

	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	Transport Equipment	I.T.	Furniture & fittings	Total
Cost or valuation:	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2019	27,850	179,241	12,062	55,285	107	27,272	3,350	305,167
Additions - purchased	0	5,358	8,055	6,552	0	6,699	93	26,757
Additions - donated by the Charity	0	104	5	235	0	0	8	352
Reclassifications	0	2,383	(7,311)	3,130	0	1,791	7	0
Revaluations*	(1,835)	(13,313)	0	0	0	0	0	(15,148)
Impairments	0	(3,625)	0	0	0	0	0	(3,625)
Reversal of impairments	0	68	0	0	0	0	0	68
Disposals	0	0	0	(2,176)	0	(50)	0	(2,226)
At 31 March 2020	**26,015**	**170,216**	**12,811**	**63,026**	**107**	**35,712**	**3,458**	**311,345**
Accumulated depreciation:								
At 1 April 2019	0	294	0	38,556	89	21,082	3,091	63,112
Charged during the period	0	7,226	0	3,942	13	2,047	69	13,297
Revaluations	0	(7,185)	0	0	0	0	0	(7,185)
Disposals	0	0	0	(2,139)	0	(50)	0	(2,189)
Depreciation at 31 March 2020	**0**	**335**	**0**	**40,359**	**102**	**23,079**	**3,160**	**67,035**
Net book value 31 March 2019								
- Purchased at 31 March 2019	27,850	177,437	12,059	14,650	18	6,135	251	238,400
- Purchased by the Charity at 31 March 2019	0	1,511	2	2,079	0	55	8	3,655
Total at 31 March 2019	**27,850**	**178,948**	**12,061**	**16,729**	**18**	**6,190**	**259**	**242,055**
Net book value 31 March 2020								
- Purchased at 31 March 2020	26,015	168,306	12,804	20,920	5	12,605	283	240,938
- Donated by the Charity at 31 March 2020	0	1,575	7	1,747	0	28	15	3,372
Total at 31 March 2020	**26,015**	**169,881**	**12,811**	**22,667**	**5**	**12,633**	**298**	**244,310**

* See Note 1.5 Key sources of estimation uncertainty and Note 1.9 Property, plant and equipment.

8 Property Plant and Equipment cont'd

8.1 Trust Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2020 comprise the following elements:

	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	I.T.	Furniture & fittings	Total
Cost or valuation:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2019	23,890	156,799	11,774	53,594	27,133	3,350	276,540
Additions - purchased	0	4,097	7,818	6,543	6,699	74	25,231
Additions - donated by the Charity	0	104	5	235	0	8	352
Reclassifications	0	2,090	(7,019)	3,130	1,791	7	(1)
Revaluations *	(1,730)	(12,963)	0	0	0	0	(14,693)
Impairments *	0	(2,643)	0	0	0	0	(2,643)
Disposals	0	0	0	(2,176)	(50)	0	(2,226)
At 31 March 2020	**22,160**	**147,484**	**12,578**	**61,326**	**35,573**	**3,439**	**282,560**
Accumulated depreciation:							
At 1 April 2019	0	288	0	36,904	20,943	3,091	61,226
Charged during the period	0	6,655	0	3,933	2,047	69	12,704
Revaluations *	0	(6,614)	0	0	0	0	(6,614)
Disposals	0	0	0	(2,139)	(50)	0	(2,189)
Depreciation at 31 March 2020	**0**	**329**	**0**	**38,698**	**22,940**	**3,160**	**65,127**
Net book value 31 March 2019							
- Purchased at 31 March 2019	23,890	155,005	11,772	14,611	6,135	251	211,664
- Donated at 31 March 2019	0	1,506	2	2,079	55	8	3,650
Total at 31 March 2019	**23,890**	**156,511**	**11,774**	**16,690**	**6,190**	**259**	**215,314**
Net book value 31 March 2020							
- Purchased at 31 March 2020	22,160	145,580	12,571	20,881	12,605	264	214,061
- Donated at 31 March 2020	0	1,575	7	1,747	28	15	3,372
Total at 31 March 2020	**22,160**	**147,155**	**12,578**	**22,628**	**12,633**	**279**	**217,433**

8 Property, Plant and Equipment cont'd

8.2 The net book value of land, buildings and dwellings comprises:

	At 31 March 2021		At 31 March 2020	
	Trust	**Group**	Trust	Group
	£000	**£000**	£000	£000
Freehold	**178,489**	**213,370**	169,315	195,896
Total	**178,489**	**213,370**	169,315	195,896

8.3 Loss on Disposal/Derecognition of Non-current Assets

Loss on the disposal/derecognition of non-current assets is made up as follows:

	Trust 2020/21	**Group 2020/21**	Trust 2019/20
	£000	**£000**	£000
Loss on disposal/derecognition of other non-current assets	**(78)**	**(78)**	(19)

9 Investments

	At 31 March 2021		At 31 March 2020	
	Trust	**Group**	Trust	Group
	£000	**£000**	£000	£000
Investment in subsidiary - HFMS	**10,600**	**0**	10,600	0
Charity Investments - Chariguard Fund	**0**	**17**	0	14
Total	**10,600**	**17**	10,600	14

HFMS is 100% wholly owned subsidiary of the Trust, providing healthcare facilities to healthcare providers. It is registered at Princes House, 73A London Road, Reading, Berkshire, RG1 5UZ.

The carrying value of the Trust's investment in the subsidiary HFMS is reviewed by the Trust on a regular basis by considering the forward financial projections of the Company and the open market value of the company's non-current assets. Following further review of the investment in the subsidiary, there are no indications of impairment.

	At 31 March 2021	At 31 March 2020
- Number of ordinary shares of £1.00 each held by the Trust	**15,000,100**	15,000,100
	£000	£000
- Cost of ordinary shares held	**15,000**	15,000

10 Inventories

	Trust	Group	Trust	Group
	At 31 March 2021		At 31 March 2020	
	£000	£000	£000	£000
Total inventories	**6,516**	**6,516**	7,078	7,078

Inventories consumed during the year £93,971k (2019/20 £90,945k).

11 Trade and other receivables

	Trust	Group	Trust	Group
	At 31 March 2021		At 31 March 2020	
	£000	£000	£000	£000
Contract receivables invoiced	**13,451**	**13,267**	10,204	10,204
Contract receivables non-invoiced	**5,679**	**5,522**	8,355	8,720
Prepayments	**4,823**	**4,876**	3,568	3,479
Intercompany receivables - HFMS	**8,790**	**0**	353	0
Other receivables	**4,769**	**4,123**	2,613	2,792
Total	**37,512**	**27,788**	25,093	25,195
Allowance for impaired contract receivables	**(5,383)**	**(5,420)**	(3,770)	(3,807)
Total trade and other current receivables	**32,129**	**22,368**	21,323	21,388
Non-current receivables				
Other receivables	**542**	**542**	760	760
Inter-company loans	**13,054**	**0**	13,406	0
Allowance for impaired contract receivables	**(122)**	**(122)**	(166)	(166)
Total trade and other non-current contract receivables	**13,474**	**420**	14,000	594
Total trade and other receivables	**45,603**	**22,788**	35,323	21,982

The presentation of the Trade and other receivables note has been revised to reflect the presentation used in the Consolidated NHS Provider Accounts for greater comparability with other providers. The comparatives have been represented to reflect the revised categories used.

The Trust has an existing loan with its subsidiary HFMS which has a final repayment date of 30 November 2058. The principle is £35.2m with an interest rate of 5%. The interest paid reduces as the principle is repaid.

Other receivables (falling due after more than one year) represents costs that the Group is claiming from insurance companies for treating injuries from road traffic accidents, via the Injury Cost Recovery Scheme and £542k (31 March 2020 - £760k) is expected to be recovered after 12 months.

Allowance for credit losses

	Trust	Group	Trust	Group
	At 31 March 2021		At 31 March 2020	
	£000	£000	£000	£000
Allowance for credit losses at 1 April	3,936	3,973	3,247	3,357
Increase in provision	1,633	1,633	356	356
Amounts (utilised)/released	(64)	(64)	333	260
Total allowance for credit losses at 31 March	5,505	5,542	3,936	3,973

Ageing of impaired financial assets				
Up to three months	380	380	243	243
In three to six months	219	219	241	241
Over six months	4,210	4,247	3,452	3,489
Total	4,809	4,846	3,936	3,973

Ageing of non-impaired financial assets past their due date				
Up to three months	5,956	5,956	3,700	3,700
In three to six months	600	600	1,286	1,286
Over six months	2,875	2,875	2,724	2,724
Total	9,431	9,431	7,710	7,710

12 Cash and cash equivalents

	Trust	Group	Trust	Group
	At 31 March 2021		At 31 March 2021	
Cash	£000	£000	£000	£000
Cash at commercial banks	319	3,555	282	2,787
Cash with the Government Banking Service	40,442	42,217	20,914	22,689
Scottish Widows 90 day notice account	0	1,597	0	1,595
Total	40,761	47,369	21,196	27,071

13 Trade and other Payables

13.1 Payables at the Statement of Financial Position date comprise:

	Notes	Trust	Group	Trust	Group
		At 31 March 2021		At 31 March 2020	
		£000	£000	£000	£000
Current payables:					
Payments received on account		**674**	**674**	2,661	2,661
Trade payables		**10,448**	**12,444**	8,117	8,117
Capital payables		**23,869**	**23,991**	9,301	9,529
Deferred Income		**2,986**	**3,017**	1,483	1,483
Other payables		**4,899**	**3,719**	3,668	3,864
Accruals		**26,955**	**26,443**	27,262	27,969
Total Trade and other payables		**69,831**	**70,288**	52,492	53,623
Loans - capital repayable		**3,002**	**3,002**	3,002	3,002
Loans - interest payable		**127**	**127**	158	158
Obligations under finance leases and HP contracts		**107**	**107**	101	101
Total Borrowings		**3,236**	**3,236**	3,261	3,261
Tax and social security costs		**6,316**	**6,316**	5,341	5,341
Provisions	14	**518**	**518**	155	155
Total Current Payables		**79,901**	**80,358**	61,249	62,380
Other payables:					
Loans		**8,224**	**8,224**	11,226	11,226
Other Long Term payables				0	0
Obligations under Finance Lease		**35**	**35**	148	148
Deferred Tax		**0**	**103**	0	35
Total Borrowings		**8,259**	**8,362**	11,374	11,409
Provisions	14	**109**	**109**	144	144
Total		**8,368**	**8,471**	11,518	11,553
Total Payables		**88,269**	**88,829**	72,767	73,933

The presentation of the Trade and other payables note has been revised to reflect the presentation used in the Consolidated NHS Provider Accounts for greater comparability with other providers. The comparatives have been represented to reflect the revised categories used.

Both prior year and current year deferred income and payments on accounts relate to contract liability and accrued income relate to contract receivables.

13.2 Loans and other long-term financial liabilities

Loans - Payment of principal falling due:	At 31 March 2021 £000	£000	At 31 March 2020 £000	£000
Within one year	3,002	3,002	3,103	3,103
Between one and two years	2,253	2,253	3,115	3,115
Between two and five years	5,971	5,971	5,286	5,286
After five years	0	0	2,967	2,967
TOTAL	11,226	11,226	14,471	14,471

14 Provisions for liabilities and charges

	Trust	Group	Trust	Group
Current	At 31 March 2021		At 31 March 2020	
	£000	£000	£000	£000
Pensions relating to staff	35	35	35	35
Other	483	483	120	120
Total Current	518	518	155	155
Non-current				
Pensions relating to staff	109	109	144	144
Total Non-Current	109	109	144	144
Total Provisions	627	627	299	299

Group and Trust	Pensions relating to staff £000	Other Provisions £000	At 31 March 2021 £000	At 31 March 2020 £000
At 1 April 2020	179	120	299	1,293
Arising during the year	0	3,696	3,696	4,978
Released during the year	0	(3,213)	(3,213)	(5,938)
Utilised during the year	(35)	(120)	(155)	(36)
Unwinding discount and reversed unused	0	0	0	2
Total	144	483	627	299
Expected timing of cash flows:				
Within 1 year	35	483	518	155
Over 5 years	109	0	109	144
Total	144	483	627	299

All provisions relate to the Trust and there are none in the subsidiaries. The category of other provisions is comprised fully of contract income.

In addition to the above provisions, £550,307k, was included in the provisions in the accounts of NHS Resolution for clinical negligence liabilities of the Trust at 31 March 2021 (31 March 2020 - £525,424k).

15 Notes to the Statement of Cash Flows

15.1 Reconciliation of operating surplus to cash flow from operating activities

	Trust	Group	Trust	Group
	At 31 March 2021		At 31 March 2020	
	£000	£000	£000	£000
Operating surplus	14,683	16,168	6,791	8,171
Impairment of PPE	478	592	2,643	3,557
Income recognised in respect of capital donations (cash and non-cash)	(769)	(769)	0	0
Non-cash income	(9,358)	(9,358)	0	0
Depreciation and amortisation	22,623	23,248	17,338	17,931
Corporation Tax	0	(261)	0	(236)
(Increase)/Decrease in inventories	561	561	(536)	(536)
(Increase)/decrease in receivables	(10,280)	(2,268)	11,312	10,362
Increase/(decrease) in current payables	3,746	3,245	(10,048)	(9,403)
Increase/(decrease) in provisions for liabilities and charges	328	328	(996)	(996)
Movements in charitable fund working capital	0	1,462	0	(1,045)
Cash flows from operating activities	22,012	32,948	26,504	27,805

The layout of this note has been amended for 2020/21 to identify cash and non-cash capital donation income and non-cash income. The 2019/20 comparatives have been amended in line with this change where applicable.

15.2 Reconciliation of Liabilities arising from financing activities.

	DHSC loans 2020/21 £000	Finance leases - with a non-DHSC group counterparty 2020/21 £000	Total liabilities from financing activities 2020/21 £000
Carrying value at 1 April 2020 - brought forward	14,386	249	14,635
Financing cash flows - principal	(3,002)	(107)	(3,109)
Financing cash flows - interest (for liabilities measured at amortised cost)	(517)	(11)	(528)
Interest charge arising in year (application of effective interest rate)	486	11	497
Carrying value at 31 March 2021	11,353	142	11,495

15.3 PDC payable

There was no PDC payable at 31 March 2021 (nil 2019/20)

16 Capital Commitments

Commitments under capital expenditure contracts at the Statement of Financial Position date were £2,704k (31 March 2020: £3,788k).

17 Events after the reporting period

There were no material events after the reporting period at 31 March 2021 (at 31 March 2020 - none reported).

18 Contingencies

There were no material contingencies at the Statement of Financial Position date.

19 Related Party Transactions

Royal Berkshire NHS Foundation Trust's ultimate controlling party is the Department of Health and Social Care. However, the Trust has material dealings with the public bodies below.

	At 31 March 2021			
	Income (Services Provided)	Expenditure (Supplies & Services purchased)	Accounts Receivable balance	Accounts Payable balance
	£000	£000	£000	£000
NHS Blood and Transplant	0	1,743	0	8
Berkshire Healthcare NHS Foundation Trust	2,352	4,139	65	160
Frimley Health NHS Foundation Trust	4,871	10,697	479	3,470
Oxford University Hospitals NHS Foundation Trust	2,206	1,729	1,172	727
NHS Berkshire West CCG	300,630	80	619	1,577
NHS Resolution	0	18,189	4	0
NHS Oxfordshire CCG	27,265	0	3,056	68
NHS England	93,879	0	1,716	176
NHS Buckinghamshire CCG	3,507	0	0	54
NHS Berkshire East CCG	29,632	0	0	7

The Trust has received donations and revenue receipts from a number of charitable bodies.

During the year none of the Trust Board members or members of the key management staff or parties related to them has undertaken any material transactions with Royal Berkshire NHS Foundation Trust other than receipt of salary and benefits, as disclosed in the Remuneration Report.

Staff at the Royal Berkshire NHS Foundation Trust are part of the board of Healthcare Facilities Management Services Ltd and the Charity Committees of Royal Berkshire NHS Foundation Trust Charity and Reading and District Hospitals Charity. None of these staff receive any form of remuneration for these positions.

20 Private Finance Transactions

The Trust had no involvement in any Private Finance Initiative contracts during the year 2020/21 or 2019/20.

21 Pooled Budget Projects

The Trust did not enter into any pooled budget arrangements during the year to 31 March 2021 or the year to 31 March 2020.

22 Financial Instruments

A financial instrument is defined in IAS 32 Financial Instruments - Presentation and IFRS 9 Financial Instruments as a 'contract that gives rise to a financial asset of one Trust and a financial liability or equity instrument of another Trust'. NHS Foundation Trusts could have financial instruments under any area of the following Statement of Financial Position categories - investments, trade receivables (but not prepayments), cash at bank and in hand, trade payables (but not deferred income), loans and provisions (Note 11).

Once financial assets and liabilities have been identified and recognised, they are initially and subsequently measured at fair value through income and expenditure. Fair value is the amount at which an asset can be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

IFRS 7 Financial Instruments – Disclosures requires a disclosure relating to the risks associated with financial instruments. These are defined below.

Market risk

This is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to minimal market risks.

Interest Rate Risk

All the Trust's financial assets and liabilities, with the exception of cash held in UK banks, carry a nil or fixed rate of interest. The Trust is not, therefore, exposed to significant interest rate risks. The following tables show the interest profiles of the Trust's assets and liabilities.

Under IAS 32 and IAS 39 Public Dividend Capital is not a financial instrument. It continues to be classified within 'Taxpayers' Equity'.

The Trust had negligible foreign currency income or expenditure.

The Trust knows of no other specific risks relating to individual instruments.

Liquidity risk

The Group's operating income is predominantly from contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Group has minimised its exposure to any liquidity risks.

Credit risk

This is the risk that one party to a financial instrument will cause financial loss to another party by failing to discharge an obligation.

The majority of the financial contracts entered into by the Group are with other NHS bodies. These are bound by the Better Payment Practice Code and funded by taxpayer's equity, which significantly reduces the risk of non-payment.

The policy reflects the position on the causes of debt, the implications of compliance and the need to identify trading counterparties correctly and the varied level of risk associated with them along with the requirement to maintain an adequate bad debt provision. The Trust maintains a bad debt provision rule set which is flexible and reflects the monthly aged debt position, however it also requires that a line by line review of items to be provided is carried out regularly. Specific credit loss allowances and provided for selected overseas and private patients and general credit loss allowances are provided based on ageing.

Trade debtors consist of high value transaction with NHS England and CCG commissioners under contractual terms that require settlement of obligation within a time frame established generally by the Department of Health and local authorities under contractual terms although these are subject to individual negotiation. Other trade debtors include private and overseas patients, spread across diverse geographical areas.
The maximum exposure of the Trust to credit risk is equal to the total trade and other receivables within Note 11.

Credit risk exposures of monetary financial assets are managed through the Trust's treasury policy which limits the value that can be placed with each approved counterparty to minimise the risk of loss.

Overdue amounts owed by local commissioning bodies for clinical services will be pursued by the Trust's contracting team through monthly contract meetings with the commissioners. Escalation to the Group Financial Controller will be

undertaken on a debt by debt basis if issues arise on the recovery of debt. It appropriate the Group Financial Controller will discuss with the equivalent individual that the NHS organisation concerned. Overdue amounts owed by non-NHS customers passed to the Trust's debt collection agency for recovery. In exceptional circumstances the Financial Controller may propose that the debt should be written-off.

All write-offs of bad debts will be reported to the Audit and Risk Committee.

Cash and cash equivalents are held within a combination of financial institutions (National Loan Fund, Government Banking Service and Lloyds Plc.) all of which have investment grade ratings.

22.1 Financial Assets

	Trust	Group	Trust	Group
	31 March 2021		31 March 2020	
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	**36,495**	**13,896**	31,199	15,743
Investments	**10,600**	**17**	10,600	14
Cash and cash equivalents (at bank and in hand)	**40,761**	**47,543**	21,196	28,707
Total	**87,856**	**61,456**	62,995	44,464

All financial assets are fixed rate.

22.2 Financial Liabilities

	Trust	Group	Trust	Group
	At 31 March 2021		At 31 March 2020	
	£000	£000	£000	£000
Borrowings excluding finance lease	**11,353**	**11,353**	14,386	14,386
Obligations under finance leases	**142**	**142**	249	249
Trade and other payables excluding non financial assets	**66,043**	**67,224**	48,927	48,927
Total	**77,538**	**78,719**	63,562	63,562

All financial liabilities are fixed rate.

Loan provider	Loan value £000	Commencement date	Final repayment date	Interest rate	Covenants
ITFF	15,000	21/03/2011	15/06/2022	2.97%	Covenants referenced the Prudential Borrowing limit which ceased to exist in 2012
ITFF	24,000	15/12/2008	15/12/2026	4.12%	

22.3 Fair Values

Book values of the Trust's and Group's financial assets and liabilities are not considered to be materially different than their fair values and consequently the fair values have not been disclosed separately.

23 Third Party Assets

The Trust held no l cash at bank and in hand at 31 March 2021 on behalf of patients (nil at 31 March 2020).

24 Losses and Special Payments

These payments are charged to the Statement of Comprehensive Income and are recorded in the losses and special payments register on an accruals basis.

Clinical negligence cases are managed by the National Health Service Litigation Authority and transactions relating to such cases are held in their accounts. The Trust pays a contribution for their services and excesses on some cases. Therefore, these cases have not been accounted for in the Trust's accounts.

During the reporting period there were 124 cases of losses and special payments totalling £368k (183 cases totalling £921k for the year ending 31 March 2020). Within this total, there were a number of debts written off totalling £62k (£62k 31 March 2020).

Losses	**2020/21**		2019/20	
	Number	**Value £000**	Number	Value £000
Bad debts and claims abandoned	**76**	**62**	74	62
Other	**6**	**42**	1	0
Total Losses	**82**	**104**	75	62

Special payments	**2020/21**		2019/20	
	Number	**Value £000**	Number	Value £000
Compensation payments	**17**	**65**	7	20
Employment related payments	**13**	**194**	41	830
Ex gratia payments	**12**	**5**	30	9
Total Special payments	**42**	**264**	78	859
Total Losses and Special Payments	**124**	**368**	153	921

The amounts quoted are reported on an accruals basis but exclude provisions for future losses.

There are no cases that were £300,000 or more in 2020/21 or 2019/20.