A lifetime of specialist care

Royal Brompton & Harefield NHS
NHS Foundation Trust

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## Annual Report and Accounts
## for the Ten-Month Period to 31 January 2021

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**of the National Health Service Act 2006**

# Royal Brompton & Harefield NHS Foundation Trust

## Annual Report and Accounts
## For the Ten-Month Period to 31 January 2021

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For queries regarding this Annual Report please contact the Director of Corporate Affairs, Guy's and St Thomas' NHS Foundation Trust, Westminster Bridge Road, London SE1 7EH

# 1. Performance Report

## 1.1 Overview of Performance

As a public benefit corporation, Royal Brompton & Harefield NHS Foundation Trust has been an independent legal entity since 1 June 2009. The powers of the Trust are set out in the National Health Service Act 2006, as amended by the Health and Social Care Act 2012. The Trust governance arrangements are set out in the Constitution of Royal Brompton & Harefield NHS Foundation Trust and include the Trust's membership, the Council of Governors and the Board of Directors.

Royal Brompton & Harefield NHS Foundation Trust is a partnership of two specialist heart and lung hospitals, Royal Brompton Hospital in Chelsea, London and Harefield Hospital near Uxbridge. We are a national centre, the largest specialist heart and lung centre in the country and among the largest in Europe, and as such our patients come from all over the UK (and beyond). The nature of the diseases and conditions we treat means many are with us for a lifetime of specialist care, and we are proud of the life-changing and life-saving treatments that our dedicated clinical teams provide.

Our integrated approach to caring for patients - adults and children, has been replicated around the world and has gained the Trust an international reputation as a leader in heart and lung diagnosis, treatment and research.

In common with other specialist trusts, we treat patients with rare and complex conditions and our clinical teams are skilled in the development and early adoption of new therapies and techniques. We are at the forefront of innovation in healthcare and are often responsible for breakthroughs in treatments, which are then adopted by the NHS and elsewhere.

The following pages constitute the Annual Report of Royal Brompton & Harefield NHS Foundation Trust for the ten-month period 1 April 2020 to 31 January 2021, its eleventh year as a Foundation Trust. On 1 February 2021, the Trust was acquired by Guy's and St Thomas' NHS Foundation Trust under section 56A of the NHS Act 2006. The information contained in this Report is presented and prepared in accordance with the requirements set out by NHS Improvement in the *NHS Foundation Trust Annual Reporting Manual 2020/21*.

**Summary of overall performance**

The Trust is committed to the provision of high-quality services for patients of all ages. During the period 1 April 2020 to 31 January 2021 the Trust cared for more than 180,000 patients at our outpatient clinics and over 19,000 in-patients of all ages on our wards.

Information on how equality of service delivery to different groups has been promoted and recorded can be found in the Clinical Quality Report published on our website and in the Staff Report (page 52).

NHS Improvement has continued to keep the Trust in Segment 2 under its NHS Oversight Framework. More information about performance against the NHS Oversight Framework indicators can be found in section 2.5 of this Annual Report.

The financial outcome for the year was a deficit of £4.6m (after a revaluation loss of £4.7m, absorbing an annual leave pressure associated with COVID-19 of £4.1m, and combined central support and top-ups of £87.3m).

## Joint Statement from the Chair and Chief Executive

This is the last Annual Report of the Royal Brompton & Harefield NHS Foundation Trust, as on 1 February 2021 we were pleased to secure the long-term future for our hospitals by merging with Guy's and St Thomas' NHS Foundation Trust (GSTT). In future years we will report performance in delivering specialist care to patients with heart and lung diseases as a Clinical Group within GSTT's annual report.

### *Responding to COVID-19*

Like the rest of the NHS, our dedicated staff had little respite following the first surge of patients with COVID-19. In December we moved to more than double our critical care capacity to deal with the second wave. As with the first COVID-19 surge, this called for very significant flexibility and commitment on the part of all our teams. We increased our critical care capacity from 42 to 94 adult beds, with our paediatric critical care team again part of this effort. Across both our hospitals we delivered more than a third of the national ECMO (extra-corporeal membrane oxygenation) activity, at one stage in early January (2021) caring for 28 COVID patients on ECMO, probably the highest such caseload in Europe. Up to the end of February, we achieved an overall ECMO survival rate of 78 per cent, compared with the national average of 65 per cent, a testament to the level of expertise across both our hospitals. During this second wave we ensured all our interventional services continued to operate across both hospitals, albeit at reduced levels of elective activity. Since then, our staff yet again have worked tirelessly to return these elective services back up to 'pre- COVID' levels: thanks to a huge combined team effort across both hospitals, we will be delivering close to normal levels of diagnostic and therapeutic activity by early summer.

### *Maintaining non- COVID services*

Daily 'virtual' multi-disciplinary meetings have ensured not only appropriate triage for our cardiac surgery patients but also that our capacity has been utilised to maximum levels of productivity. These meetings have involved colleagues from Harefield, Royal Brompton and referring hospitals presenting cases for surgery. Since April 2020 we have also been working with a technology company to provide a tailor-made app to many of our waiting-list patients, accessible via their smartphones. The app helps identify and prioritise patients for surgery based on changes in their symptoms rather than the date on which they entered the waitlist and has enabled us to re-schedule treatment for c.90 of these patients. We are planning a more advanced version of the app to help monitor the whole pre- and post-op surgical pathway.

The demands of COVID have driven several other technology developments that enable care to be delivered remotely, supporting patients in taking more responsibility for managing their conditions, and improving the efficiency of patients' pathways within our hospitals. Through our programme to transform non-admitted care, around 80% of our follow-up outpatient appointments are now remote (from 20% two years' ago); we have provided spirometers for some of our respiratory patients to use at home to aid remote diagnostics and we continue to expand our home antibiotic infusion service; and a platform with an external partner is under development at Harefield to optimise thoracic cancer patients at home before their surgery. Our existing programmes of patient and public engagement continued virtually throughout the period, giving us valuable input and feedback as patient care evolved in these new and exciting ways. Latterly we have also begun to prepare for the implementation in 2022 of a new electronic patient record system (the Apollo programme) which will extend across all clinical groups within GSTT and King's College Hospital.

### *Building for the future*

During the latter part of 2020, a joint Royal Brompton and Royal Marsden team have been developing a more formal working partnership in thoracic oncology. The principal aim of this partnership will be to transform the patient diagnostic and therapeutic 'journey', making the best possible use of the unique combination of knowledge and expertise that, together, we can bring to bear on cancers of the lung and chest. We look forward to launching the

partnership in 2021/22. One of the facilities that will benefit this partnership is the Royal Brompton Imaging Centre that has been under construction since January 2020, and which will be ready to begin welcoming patients by the end of 2021. Despite COVID constraints, progress has remained steady, to date on budget and on time. Extending over four floors and at a cost of just under £50m, it will house not only MRI and CT scanners, but also interventional bronchoscopy and fluoroscopy facilities able to provide novel treatments to patients with lung cancer and non-malignant diseases. It will greatly improve the experience of Royal Brompton outpatients by bringing diagnostic testing facilities under one roof, which currently are distributed in different locations across the campus.

***Looking back and forward***

Over the past six to seven decades, expert teams at our two hospitals have established traditions in cardiovascular and respiratory medicine that have extended well beyond local geographical boundaries. Their legacy has been a reputation for excellence and innovation which has attracted talented clinicians from all over the world, into specialties such as congenital heart disease, transplantation and cystic fibrosis. This in turn has enabled us to form coherent, UK-leading teams in increasingly diverse sub-specialist areas such as transcutaneous mitral valve therapies, cardio-oncology, lung failure, severe asthma, complex aortic surgery, end-stage mechanical assist, and inherited cardiac conditions. The successful development of these teams has been in no small part due to being able to draw upon a rich supporting 'ecosystem' of multi-disciplinary expertise across critical care, all modalities of imaging, rehabilitation & therapies, laboratory medicine and pharmacy.

More recently we have applied the same critical lens that our clinicians have used over many years, in constantly seeking to improve our specialist services, to our dual specialty model of care. Our focus solely on diseases of the heart and lungs has undoubtedly generated much of the momentum behind our academic output and high levels of clinical performance to date. But the complexity both of our patients' increasingly multiple comorbidities, and of the possibilities of 'precision medicine' that are now opening up, are but two of several factors that have led us to conclude that the future of our clinical services is best provided for within a larger multi-specialty academic medical centre.

Healthcare will undergo radical transformation over the next ten years and hospitals and healthcare providers will need to respond. Joining Guy's and St Thomas' NHS Foundation Trust gives us the best chance of leading and shaping the transformation of heart and lung care and research on a national and international stage. We will build a lasting, world-renowned heart and lung centre, providing the highest quality care for patients from before birth to old age, and conduct world-leading research.

We know that we will thrive in our new environment – in part because of the traditions built up over many years, but more substantially because of the outstanding quality and commitment of our staff, demonstrated in the very recent past at every level and in every discipline across every service. That we have emerged from the pandemic stronger than before is wholly down to the conviction and beliefs of each individual, to the camaraderie and mutual strength of every team, and to the pride and ambition across the whole of each of our two hospitals. We step forward into the future with great confidence and eager anticipation.

**..... Dr Ian Abbs 15 June 2021**
**Chief Executive, Guy's and St Thomas' NHS Foundation Trust**

**.... ..... Baroness (Sally) Morgan of Huyton 15 June 2021**
**Chair, Royal Brompton and Harefield NHS Foundation Trust (until 31 January 2021)**
**Deputy Chair, Guy's and ST Thomas' NHS Foundation Trust (from 1 February 2021)**

## Our Vision and Values

Our vision is to be the UK's leading specialist centre for heart and lung disease, developing services through research and clinical practice to improve the health of people across the world.

**The Trust will achieve this vision by:**

- improving patient safety and satisfaction
- providing world class specialist treatments that others cannot offer
- bringing innovation to clinical practice through our research partnerships
- attracting, developing and retaining world-class clinical leaders
- investing in services, technologies and facilities to support new service models at both sites.

We are supported in this by active patient and community groups who enthusiastically encourage and challenge us to deliver our goals. To further enhance our vision, on 1 February 2021 the Trust was acquired by Guy's and St Thomas' NHS Foundation Trust.

### Our Values

At the heart of any organisation are its values; belief systems that are reflected in thought and behaviour. When values are successfully integrated throughout an organisation, the result is a shared outlook and consequent strength, from performance through the style of communications to the behaviour of employees.

**Our three-core patient facing values are:**

**We care**
We believe our patients deserve the best possible treatment for their heart and lung condition in a clean, safe place.

**We respect**
We believe that patients should be treated with respect, dignity and courtesy and that they should be well informed and involved in decisions about their care. We always have time to listen.

**We are inclusive**
We believe in making sure our specialist services can be used by everyone who needs them, and we will act on any comments and suggestions which can help us improve the care we offer.

**And the following values support us in achieving them:**

**We believe in our staff**
We believe our staff should feel valued and proud of their work and know that we will attract and keep the best people by understanding and supporting them.

**We are responsible**
We believe in being open about where our money goes, and in making our hospitals environmentally sustainable.

**We discover**
We believe it is our duty to find and develop new treatments for heart and lung disease, both for today's patients and for future generations.

**We share our knowledge**
We believe in sharing what we know through teaching so that what we learn can help patients everywhere.

## Key issues and risks for the Trust

During the ten months to 31 January 2021, the Trust continued to identify a number of issues and risks that could affect the safe and effective delivery of our services. The principal issues were addressed by the Audit Committee and Risk & Safety Committee. More information can be found in the Committees' report on page 26 and page 32.

Our top Trust Risks are listed and covered in greater detail in the Annual Governance Statement (page 72). They include: COVID-19 Control Measures, Achievement of Required Standards of Care, Estate General Maintenance Backlog, Failure to Execute the Property Redevelopment Programme Effectively, Cyber Vulnerability, Staff Recruitment and Retention, and Compliance of the Trust Engineering Infrastructure. The Trust's Audit Committee and Risk and Safety Committee meet regularly to ensure these risks are monitored, mitigated and addressed; their reports are on page 26 onwards. An assessment of our significant risks is discussed annually by our Board.

The Board Assurance Framework is the framework for identification and management of the issues and programmes that are key to achieving the Trust's strategic objectives, and of the strategic risks that might compromise their achievement. The Board Assurance Framework is described in more detail on page 36 and page 72.

## Our position in the healthcare market

**A growing market**
Heart and lung diseases are the world's biggest killers. Demand for treatment is high and increasing, a result of both increased need and national policy initiatives to meet that need. Long-term survival has improved for many diseases and more patients in their later years are being seen by our experts. The adoption of new technologies, such as the percutaneous valve programme, also makes possible the treatment of patients who may previously have been too unwell for major surgery.

**Our international role**
The Trust does not operate in a single, local health economy. Patients are referred by NHS colleagues in other parts of the United Kingdom and from other countries, either though government schemes, or as private patients. The size of the patient population served by the Trust creates the opportunity to undertake research projects on a scale that is attractive to global enterprises and academia. During the period to 31 January 2021, the Trust developed a service agreement and Memorandum of Understanding to provide consulting services and technical advice to Ain Shams University Hospital, Cairo.

**A strong reputation**
Our strong reputation, both in the UK and internationally, enables us to maintain and grow our market position, both by developing new interventions and by securing referral patterns through established networks of referring hospitals.

**NHS Services**
The majority (over 80%) of NHS services provided by the Trust are commissioned by NHS England. The bulk of the remainder is commissioned by Clinical Commissioning Groups (CCGs) which cover the whole population of England. The services commissioned by NHS England, and those commissioned by CCGs, are commissioner-requested services covered by the Trust's NHS Provider Licence issued by NHS Improvement. Only a small proportion of our services are commissioned by NHS Trusts located close to our hospitals. However, much or our work comes from local Clinical Commission Groups.

## Private Patients Unit

The Trust's world class private patient (PP) business operates at both Royal Brompton and Harefield Hospitals and has an Outpatient and Diagnostic Centre in Wimpole Street, central London. It operates under the brand name 'Royal Brompton and Harefield Hospitals Specialist Care'. The income derived from private practice is used to support NHS services and infrastructure and is reported as part of the overall financial position.

With the start of the new financial year, the UK was at the beginning of first national lockdown and all of PP's inpatient capacity had been reallocated in part to help with managing the COVID-19 patients' pathway. Half of the Sir Reginald Wilson Ward at the Royal Brompton site was reassigned as the Respiratory ward following the transfer of the service from the Fulham Road building. Harefield's outpatient facility was transformed into a Wellbeing centre for all staff, managed by the PP team together with air crew from Project Wingman (an initiative by Airline Crew from across the industry to support the wellbeing of frontline NHS staff during the COVID-19 pandemic). The Royal Brompton's Private outpatients had been closed due to the new Imaging centre build and converted into staff changing facilities.

For the first six months of the year the majority of private outpatients' appointments were managed remotely by consultants using the adapted Attend Anyway system. Our Wimpole Street outpatient and diagnostic facility remained open and a Green site with the primary focus being urgent diagnostic tests for both NHS and private patients. The NHS GUCH (Grown Up Congenital Heart Disease) outpatient service was also relocated to Wimpole Street for a few months to ensure these patients could receive their tests and see the consultant-led team.

During the second part of the year consultations both remotely and face-to-face across all three sites increased and whilst there was little access to private beds PP managed to admit some patients to any available beds through the agreed pathways. Most Inpatients were UK based patients with a very small number of urgent international patients being admitted.

Whilst it was an extremely challenging period, the business managed revenues of £15.5m during the period. The Trust also received a further £5.6m from NHS England for lost contribution for non-NHS activity, which is made up of predominately Private Patient revenues. There are also on-going discussions to recover some lost income through the Trust's insurance cover.

## Research and Development

Research is a fundamental component of the Trust's mission: "undertaking pioneering and world class research into heart and lung disease in order to develop new forms of treatment which can be applied to the NHS and beyond".

Between 1 April 2020 and 31 January 2021 our research teams recruited 1,714 patients into 57 research studies of which 1,413 (41 studies) were recruited into National Institute for Health Research (NIHR) portfolio research. This is a reduction on 2019/2020 recruitment numbers (2,320) due to the impact of the COVID-19 pandemic. In response to the pandemic, new recruitment was suspended into research studies in early March 2020 and a portfolio of Urgent Public Health (UPH) research was initiated as part of the national COVID-19 response. These studies were identified as a priority by the Chief Medical Officer in identifying treatments and understanding the COVID-19 virus. From March 2020 many research staff were redeployed to support the wider Trust response and those who remained focused on the establishment and delivery of this new UPH research portfolio. Over this period 299 COVID-19 positive patients were recruited into these studies. Levels of non-COVID-19 research activity varied throughout the year as the organisation responded to each surge in COVID-19

admissions. However, the priority in these periods was to maintain enrolment to the UPH portfolio in line with national prioritisation.

Income generated over this period also fell due to the impact of the pandemic to £4.9m.

Other highlights include:

- Trust researchers and their collaborators were successful in securing just under £15m of grant funding awarded by a variety of funding bodies including the NIHR, UKRI, British Heart Foundation, the European Commission, and various commercial organisations such as Abbott Medical and Boehringer Ingelheim. Of the £15m awarded, £2.2m will be received by the Trust. These monies will be drawn down over several years as the individual grants progress;

- Royal Brompton & Harefield NHS Foundation Trust (RBHT) researchers contributed to global COVID-19 research efforts with some important findings, including helping to establish a clear link between COVID-19 and blood clotting, developing a 'simple' innovation to ventilators that could increase oxygen supplies at hospitals, a link between blood vessel disease and severe COVID-19 and a study showing inhaled nitric oxide may help patients with COVID-19 pneumonia;

- RBHT ran its non-medical fellowship programme for the second time, funded by Royal Brompton and Harefield Hospitals charities. Following a highly competitive application process, four fellowships were awarded to RBHT staff across a variety of Trust departments. These awards will allow the recipients to undertake their own research projects and take steps into developing a career in research;

- A record breaking five pre-doctoral clinical academic fellowships (PCAFs) were awarded by NIHR to RBHT staff, a programme which supports early career researchers. The awards meant RBHT received almost a quarter of all PCAFs awarded in London and 10% of PCAFs awarded nationally;

- RBHT staff and teams were recipients of well-deserved honours at the North West London Clinical Research Awards. The cystic fibrosis team's lead research nurse and the AICU research team were both recognised for their outstanding work in research. The awards are an opportunity to showcase and recognise the hard work of individuals and teams across the North West London region. The awards are of special significance this year due to the difficulties of the COVID-19 pandemic and the effect that it has had on research activity across the NHS;

- Over this period the collaboration between King's Health Partners and Royal Brompton & Harefield NHS Foundation Trust intensified in anticipation of the acquisition by Guy's and St Thomas' NHS Foundation Trust on 1 February 2021. Much work was undertaken between the teams to ensure continuity of service on day one and to continue to build opportunities for collaboration; and

- Over this period, Trust researchers produced 836 peer-reviewed publications, including letters and abstracts, with its academic partners, making the Trust a leading centre for cardiovascular, critical care and respiratory research. There was an increase (pro-rata) over 2019/20 publications (866).

The Trust actively encourages collaboration between institutions and as part of Guy's and St Thomas' NHS Foundation Trust from 1 February 2021 will continue to foster collaboration and create opportunities to continue to grow and expand the research portfolio at Royal Brompton and Harefield hospitals for the benefit of our staff, patients and the wider public.

## Education

The Trust continues to recognise the value of delivering high-quality, targeted education and is committed to developing and supporting its workforce to provide the highest of standards of patient care.

The COVID-19 pandemic has led to many unprecedented challenges not only clinically but also educationally. Since the first surge – learning, and to a certain degree, training have moved to an online platform. Multi-disciplinary meetings, outpatient clinics and teaching have been delivered either via MS Teams or Zoom allowing for greater accessibility of learning opportunities for all groups of learners. Availability of educators has also improved due to the ease of delivering training to both trainees and educational staff.

In order to coordinate all learning across Royal Brompton and Harefield hospitals, we successfully created a teaching calendar sharing all learning opportunities available providing learners with diverse and plentiful options every day of the week. This will allow for learning within the same speciality but also for acquiring knowledge and insight from other specialities with a click of a button.

We have created an online platform for the Department of Medical Education on Learn as a source of information on educational governance, departmental handbooks, staff development, international medical graduates and other learning resources accessible to all junior doctors across Royal Brompton and Harefield sites. We have also updated the medical education (intranet) website to allow for more visibility internally and externally.

As a result of the pandemic, Junior Doctors' induction was converted to be entirely conducted online. This was successfully achieved by a coordinated approach and closer working relationships of various support units such as the IT department, pharmacy, HR, the Medical education department and Organisational Leadership & Development. This new approach has allowed for a more blended induction programme combining corporate induction, training and access of medical systems, completion of statutory and mandatory training and local induction. The feedback from the trainees has been very positive and the plan is to continue with this form of induction for the foreseeable future.

Despite the current limitations, the Clinical Skills and Simulation Centre (CSSC) has gained an international reputation for simulation faculty development courses including the creation of close links with the Polish simulation community with regular exchanges of faculty. The CSSC is also hosting a joint Royal Marsden Hospital, RBHT and Medtronic project bringing advanced laparoscopic/ thoracoscopic simulator systems into the centre which will raise the centre profile significantly among the surgical departments of both hospitals and the wider surgical communities both UK and worldwide.

The annually conducted GMC survey which normally measures excellence in training offered by the different Local Education Providers (LEP) was replaced by a COVID-19 GMC survey concentrating more on trainees' wellbeing, team working and supportive environment. It was however not surprising that the worst hit specialities such as anaesthesia and critical care reflected poorly (red flags) in the survey-something seen locally but also nationally. Due to ongoing concerns by the trainees, confounded by rota gaps and re-configuration of the two intensive care units, a virtual visit of both departments was undertaken by Health Education England on 17 December 2020 with suggestions for consideration and improvements. There will be ongoing monitoring of progress by Heath Education England (HEE). Paediatrics, on the other hand, received very positive responses from the trainees despite the reduction in clinical workload and training opportunities.

The Trust received £6,546,820 from HEE under the annual Learning and Development Agreement (LDA). This includes £141,467 for non-medical placements, £339,073 for undergraduate training (short-term placements for year six – 59 Royal Brompton Hospital and 40 Harefield Hospital) and £4,080,567 for 131 postgraduate placements (a combination of salary support and placement fee, with additional support for trainees working less than full-time) plus 15 unfilled posts.

## Going Concern

The Directors have carefully considered the financial position of the Trust and its expected future performance given the demanding financial context in which it is operating and forecast financial deficits.

Key factors have included:

- Anticipated levels of clinical activity and income;
- Anticipated levels of operational costs and planned savings;
- Anticipated additional costs due to COVID-19;
- The level of planned capital expenditures, including completion of the new imaging centre;
- Access to financial resources from Guy's and St Thomas' NHS Foundation Trust; and
- And in extreme circumstances, and subject to approval at the time, the possibility of financial support arrangements from the Department of Health & Social Care to support providers with demonstrable cash needs.

These factors have been the subject of sensitivity analysis against which the Trust's capacity to mitigate downside risks has been assessed.

Having made appropriate enquiries, the Directors have concluded that there is a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

With regard to the COVID-19 pandemic, there is, and remains, significant uncertainty about the likely demand for hospital services and the impact COVID-19 will have on the costs incurred by NHS organisations. In response the Department of Health and Social Care (DHSC), NHS England (NHSE) and NHS Improvement (NHSI) have announced a series of measures to ensure the continuity of services, including the provision of additional funding to NHS Trusts and Foundation Trusts to cover additional costs/lost income relating to the COVID-19 pandemic. In terms of lost income, this includes partially addressing the adverse impact of the decrease in the treatment of private patients. Whilst the Trust has made reasonable estimates of the level of additional costs/lost income claimed, and to be claimed, there is no certainty that all of these will be recovered.

## Events Since 31 January 2021

On 1 February 2021, the Trust was acquired by Guy's and St Thomas' NHS Foundation Trust under section 56A of the NHS Act 2006.

## Accounting Officer's Statement

This Performance Report has been prepared in accordance with the requirements of the *NHS Foundation Trust Annual Reporting Manual 2020/21*.

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**Dr Ian Abbs**
**Chief Executive, Guy's and St Thomas' NHS Foundation Trust**

# 2. Accountability Report

## 2.1 Directors' Report

### Introduction

The Trust's governance structure and arrangements are enshrined in the Trust's Constitution and include:

The Members:

Our Constitution makes provision for the Trust to be supported by a membership drawn from three constituencies: a public constituency; a staff constituency; and a patient constituency. We have 10,674 Members. Our membership community is made up of the public, patients, carers and staff members. From these members, Governors are elected to our Council of Governors to represent their interests and influence the Trust's future plans. Members play an important role in ensuring that our services accurately reflect the needs and expectations of the communities that we serve.

The Council of Governors, with two committees:

(i) The Nominations & Remuneration Committee of the Council of Governors which is responsible for recommending the appointments of the Chair of the Trust Board and the Non-Executive Directors, and also for setting and reviewing their remuneration.

(ii) The Membership Steering Committee of the Council of Governors which is responsible for developing and reviewing the Trust's Membership Strategy.

The Trust Board of Directors to which operational management is devolved. The Board has established four Board Committees to facilitate its direction and monitoring role:

(i) Audit Committee

(ii) Risk & Safety Committee

(iii) Nominations & Remuneration Committee

(iv) Finance Committee

These Committees enable the Board to discharge its responsibilities regarding the management of the financial, risk and control environment within which the Trust operates and to oversee senior managers' pay and conditions.

Detailed disclosures regarding the Council of Governors, the Board of Directors and each of the committees are set out in the next section of the Annual Report.

There is a Redevelopment Advisory Steering Group which includes members drawn from both Executive and Non-Executive Directors. However, it has not been constituted as a formal committee of the Trust Board during 2020/21, although it meets to review progress on major property development programmes, their related risks and plans.

## Council of Governors, Trust Board and Committees

The Board of Directors and Council of Governors have distinct roles. The Board is responsible for all aspects of operation and performance, strategic direction, and for effective governance of the Trust, with the Council of Governors being responsible primarily for seeking assurance about the performance of the Board.

### Council of Governors

The Constitution makes provision for a Council of Governors comprising both elected and appointed members. The elected Governors are drawn from the membership and the appointed Governors represent key stakeholders with whom the Trust is engaged.

The role of the Council of Governors is to challenge the Board and hold the Non-Executive Directors to account for the Board's performance. It appoints or removes the Chair of the Trust and other Non-Executive Directors of the Trust; approves the appointment of the Chief Executive; and decides the remuneration and other terms and conditions of the Non-Executive Directors. Non-Executive Directors are normally appointed for three years and may be re-appointed for a further three years. They may be removed by the Council of Governors following due process under the powers given by the NHS Act 2006. The process followed by the Council of Governors in relation to the appointments of the Chair and Non-Executive Directors is that the Nominations and Remuneration Committee makes recommendations to the Council of Governors for approval.

The Council of Governors also:

(i) provides views to the Board of Directors in respect of forward plans

(ii) is consulted by the Board of Directors in relation to strategic matters affecting the Trust

(iii) approves and reviews the membership strategy

(iv) approves purchase or sale of Trust property assets

(v) approves the appointment of the Trust's external auditors.

The Council of Governors met five times in the ten months to 31 January 2021. Details of attendance, including that of Board members, are given in the table on the following pages of this report.

### Nominations and Remuneration Committee of the Council of Governors

Members of the Committee who served during 2020/21 were:

| **Name** | **Attendance** Actual/Possible |
|---|---|
| Cllr John Hensley (Chair of the Committee) | 1/1 |
| Baroness (Sally) Morgan (Chair of the Trust) | 1/1 |
| Steve Caddick | 1/1 |
| Paul Murray | 1/1 |
| Rt Hon Michael Mates, Lead Governor (Ex Officio) | 1/1 |

Please see the Remuneration Report (section 2.2) for further information about the work of this Committee during 2020/21.

**The Council of Governors Attendance**

| Name | Date of Appointment/ Election | Term of Appointment | Term Expired | Appointing Body/ Constituency | Attendance Record Council of Governors Actual/Possible |
|---|---|---|---|---|---|
| **Governors** | | | | | |
| | | | | | |
| Lady Victoria Borwick | 26.1.19 | 3 years | | Patient | 5/5 |
| Helena Bridgman | 1.6.18 | 3 years | | Patient | 5/5 |
| Steve Caddick | 1.6.18 (2nd term) | 3 years | | Staff | 5/5 |
| Revd Patrick Davies | 7.3.19 | 3 years | | Public | 4/5 |
| Ryan Fletcher | 23.1.20 | 3 years | | Patient | 4/5 |
| Elizabeth Henderson | 1.1.17 (2nd term) | Until 31.12.21 | | Staff | 5/5 |
| Cllr John Hensley | 12.5.17 | 3 years | | London Borough of Hillingdon | 5/5 |
| Caroline Karlsen | 1.6.18 (2nd term) | 3 years | | Patient-Carer | 5/5 |
| Rt Hon Michael Mates (Lead Governor from 12.02.20) | 7.3.19 | 3 years | | Public | 5/5 |
| Paul Murray | 1.6.18 | 3 years | | Patient | 5/5 |
| Maxine Ovens | 1.6.18 | 3 years | | Staff | 5/5 |
| Rishi Pabary | 26.2.20 | Until 31.05.21 | | Staff | 5/5 |
| Ajay Shah | 11.4.19 | 3 years | | King's College London | 4/5 |
| Pravinchandra Shah | 26.1.19 | 3 years | | Public | 3/5 |
| Jeremy Stern | 1.6.18 | 3 years | | Patient | 5/5 |
| Prof Jadwiga Wedzicha | 31.1.19 | 3 years | | Imperial College | 5/5 |
| **Leavers in the year** | | | | | |
| Tim Ahern | 24.1.19 | 3 years | 31.08.20 Resigned | Royal Borough of Kensington & Chelsea | 2/2 |
| Julie Bartlett | 23.1.20 | 3 years | May 2020 Deceased | Patient | 0/0 |
| George Doughty<br><br>Appointed Royal Borough of Kensington & Chelsea Governor | 1.6.18 (2nd term)<br><br>1.9.20 | 3 years<br><br>3 years | 31.08.20 Retired<br><br>15.12.20 Resigned | Public<br><br>RBKC | 2/2<br><br>2/2 |
| Stephen Palmer | 1.6.18 | 3 years | 30.06.20 Resigned | Staff | 1/1 |
| Sean O'Reilly | 1.1.18 | 3 years | 31.12.20 Retired | Patient | 3/4 |

| Other attendees at the Council of Governors meetings including **Board Members:** | | | | **Attendance** Actual/Possible |
|---|---|---|---|---|
| Chair | | | | 5/5 |
| Chief Executive | | | | 4/5 |
| Medical Director | | | | 5/5 |
| Chief Financial Officer | | | | 5/5 |
| Chief Operating Officer | | | | 5/5 |
| Nurse Director & Director of Clinical Governance | | | | 1/5 |
| Director of Development and Partnerships | | | | 5/5 |
| Director of Service Development | | | | 5/5 |
| NED: L Bardin | | | | 5/5 |
| NED: M Batten | | | | 5/5 |
| NED: S Friend | | | | 5/5 |
| NED: J Hogben | | | | 5/5 |
| NED: Professor P Hutton | | | | 5/5 |
| NED: Professor B Keavney | | | | 5/5 |
| NED: Dr J Khan | | | | 2/5 |
| NED: I Playford | | | | 5/5 |
| Trust Secretary | | | | 5/5 |

**Governors' Interests as at 31 January 2021**

| **NAME** | **CONSTITUENCY/APPOINTED BY** | **DECLARATION** |
|---|---|---|
| Lady Victoria Borwick | PATIENT<br>North West London | Founder and Trustee: Edwin Borwick Charitable Trust<br>Director: Poore Ltd, Second Poore Ltd<br>Member: Conservative Party<br>Husband is a Trustee of the Royal Brompton & Harefield Hospitals Charity |
| Helena Bridgman | PATIENT<br>Rest of UK and Overseas | Freelance Nationally Accredited Advanced Communication Skills Trainer<br>Trainer: Oakhaven Hospice Trust, Lymington, Hants and Oxford Centre for Education & Research in Palliative Care |
| Steve Caddick | STAFF | None |
| Revd Patrick Davies | PUBLIC<br>Rest of England and Wales | Patient Representative at the Liverpool Heart & Chest Hospital |
| Ryan Fletcher | PATIENT<br>South London & South-East England | None |

| | | |
|---|---|---|
| Elizabeth Henderson | STAFF | Director: Friends of Royal Brompton (Charity)<br>Director: 215NKR London Ltd<br>Trustee: SEACC (Charity) |
| Cllr John Hensley | APPOINTED<br>London Borough of Hillingdon | Councillor: London Borough of Hillingdon<br>Member: Conservative Party |
| Caroline Karlsen | PATIENT<br>Carers | Director: C-Squared Consulting Ltd<br>Independent Member: National Information Board (NIB)<br>Trustee: Knightsbridge School Educational Foundation.<br>Non-Executive Director : Ecohydra Technologies Ltd<br>Trustee: British Lung Foundation and Asthma UK Partnership |
| Rt Hon Michael Mates | PUBLIC<br>South London and South-East England | Honorary President Royal British Legion – Midhurst Branch<br>Member: Conservative Party |
| Paul Murray | PATIENT<br>South London and South-East England | Nominated as an Attendee by the Somerville Foundation: Patient-Public Reference Group of the RBHT and King's Health Partners Partnership.<br>Patient and Public Lay Member of the RBHT-KHP Cardiovascular Oversight Group<br>Non-Executive Director, Cincinnati Global Underwriting Agency Ltd. |
| Maxine Ovens | STAFF | None |
| Dr Rishi Pabary | STAFF | None |
| Prof Ajay Shah | APPOINTED<br>KING'S COLLEGE | British Heart Foundation Professor of Cardiology and Director, King's College London BHF Centre of Excellence<br>Honorary Consultant Cardiologist at King's College Hospital NHS Foundation Trust<br>Senior editing positions with the American Journal of Physiology, Cardiovascular Research, and the European Heart Journal |
| Pravinchandra Shah | PUBLIC<br>Bedfordshire, Hertfordshire and Essex | Joint owner (with wife): Centra Pharmacy trading as Abalane Ltd |
| Jeremy Stern | PATIENT<br>North West London | Chief Executive: Promo Veritas Ltd |
| Prof Jadwiga Wedzicha | APPOINTED<br>Imperial College | Professor of Respiratory Medicine, National Heart and Lung Institute, Imperial College London<br>Honorary Consultant, Royal Brompton Hospital |

| GOVERNORS WHOSE TENURE ENDED DURING TEN MONTHS TO 31 JANUARY 2021 | | |
|---|---|---|
| Tim Ahern | APPOINTED<br>The Royal Borough of Kensington and Chelsea | Director: Louise Hewlett Property Consultants Ltd<br>Member: Conservative Party |
| Julie Bartlett | PATIENT<br>Bedfordshire, Hertfordshire and Essex | Unavailable |
| George Doughty<br>Lead Governor | PUBLIC<br>North West London | None |
| Sean O'Reilly | PATIENT<br>Bedfordshire, Hertfordshire and Essex | None |
| Stephen Palmer | STAFF | None |
| George Doughty | APPOINTED<br>The Royal Borough of Kensington and Chelsea | None |

**Governor Expenses**

| Name | £ |
|---|---|
| Rt Hon Michael Mates | £116.48 |

These expense claims covered travel expenses for attendance at:

- Meeting with Director of Strategy, Planning & Corporate Affairs
- Meeting with Managing Director, Private Patients and Director of Corporate Affairs

**Trust Board of Directors and Committees**

Led by an independent Chair, the Board of Directors is appointed to exercise the powers of the Trust on its behalf. It plays a key role in shaping the strategy, vision and purpose of the organisation and has a collective responsibility for the performance of the Trust.

Board members bring a wide range of experience and expertise to the stewardship of the Trust. The membership of the Board of Directors meets the requirements of the *NHS Foundation Trust Code of Governance* in respect of balance, completeness and appropriateness. The Board is composed of a Non-Executive Chair, eight independent Non-Executive Directors and seven Executive Directors.

Non-Executive Directors are appointed to provide an independent perspective on, and challenge to, the discharge of the responsibilities of our Chief Executive as the Accounting Officer, who has delegated certain of his powers and functions to his colleague Executive Directors.

Board members are responsible for seeking assurance that risks to the Trust and the public are managed and mitigated effectively.

The arrangements for the appointment and removal of Non-Executive Directors by the Council of Governors are set out in the Trust's Constitution, which is available on the Trust's website. Non-Executive Directors are appointed for a period of three years in the first instance. All of our Board members meet the standards of Code Provision B.2.2 and the Fit and Proper Person Test in Regulation 5 of *The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.*

Between 1 April 2020 and 31 January 2021, the Trust Board convened on seven occasions.

**Board Composition, Committee Duties and Attendance**

| **Name** | **Role/Committee** | **Attendance Record** (Actual/Possible) | | | | |
|---|---|---|---|---|---|---|
| | | **Trust Board** | **Audit Committee** | **Risk & Safety Committee** | **Nominations & Remuneration Committee** | **Finance Committee** |
| **Chair**<br>Baroness (Sally) Morgan of Huyton | Trust Board Chair<br>Nominations and Remuneration Committee<br>Finance Committee | 7/7 | - | - | 3/3 | 7/8 |
| **Executive Directors** | | | | | | |
| Robert Bell | Chief Executive<br>Finance Committee | 6/7 | - | - | - | 7/8 |
| Dr Richard Grocott-Mason | Acting Chief Executive Officer (24/11/20 - 31.1.21) | 2/2 | - | - | - | 2/2 |
| Robert Craig | Director of Development and Partnerships | 7/7 | - | - | - | - |
| Joy Godden | Director of Nursing and Clinical Governance | 7/7 | - | 4/4 | - | - |
| Richard Guest | Chief Financial Officer<br>Finance Committee | 7/7 | - | - | - | 8/8 |
| Dr Mark Mason | Medical Director<br>Finance Committee | 7/7 | - | 3/4 | - | 6/8 |
| Nicholas Hunt | Director of Service Development | 7/7 | - | - | - | - |
| Jan McGuinness | Chief Operating Officer<br>Finance Committee | 7/7 | - | 4/4 | - | 7/8 |

| Name | Role | Attendance Record (Actual/Possible) | | | | |
|---|---|---|---|---|---|---|
| | | Trust Board | Audit Committee | Risk & Safety Committee | Nominations & Remuneration Committee of the Trust Board | Finance Committee |
| **Non-Executive Directors** | | | | | | |
| Luc Bardin | Audit Committee<br>Risk and Safety Committee<br>Finance Committee<br>Education, Training and Research NED | 7/7 | 3/5 | 3/4 | - | 5/8 |
| Mark Batten | Finance Committee (Chair) | 6/7 | - | - | - | 8/8 |
| Simon Friend | Trust Board Deputy Chair<br>Audit Committee (Chair)<br>Risk & Safety Committee<br>Finance Committee<br>Nominations and Remuneration Committee<br>EPRR (Emergency Preparedness Resilience and Response**)** NED | 7/7 | 5/5 | 3/4 | 3/3 | 7/8 |
| Janet Hogben | Audit Committee<br>Nominations and Remuneration Committee (Chair)<br>Patient and Public Engagement Group (PPEG) NED<br>Freedom to Speak Up Guardian NED | 6/7 | 5/5 | - | 3/3 | - |
| Prof Peter Hutton | Audit Committee<br>Risk and Safety Committee (Chair) | 7/7 | 4/5 | 4/4 | - | - |
| Richard Jones (term ended 24/4/20) | Nominations and Remuneration Committee<br>Finance Committee | 1/1 | - | - | - | - |
| Prof Bernard Keavney | Risk & Safety Committee<br>Safeguarding (Adults and Children) NED<br>Children and Young People Service NED | 7/7 | - | 4/4 | - | - |
| Dr Javed Khan | Risk and Safety Committee | 6/7 | - | 3/4 | 3/3 | - |
| Ian Playford | Finance Committee | 7/7 | - | - | - | 7/8 |
| | | | | | | |
| **Other Attendees** | | | | | | |
| Samuel Armstrong | Trust Secretary | 7/7 | 5/5 | - | - | - |

*Note - The Chief Executive and Executive Directors, although attendees at Board Committee meetings, are not formally members of those Committees other than the Finance Committee and Risk & Safety Committee.*

The table in the Governors section of this report demonstrates that Executive and Non-Executive Directors shown above have also been in attendance at meetings of the Council of Governors in order to understand the views of Governors. Non-Executive Directors also attended the Annual Members' Meeting at which the views of members were expressed. It should be noted that some Governors are also regular attendees, as observers, at meetings of the Trust Board.

## Directors' Interests

The Trust has an obligation as a Foundation Trust to compile and maintain a register of Directors' interests, which might influence their role. The register is available to the public via the Trust website. The Trust is also required to publish in its annual report the directorships of any member of the Board in companies that are likely to, or seek to, conduct business with the NHS. In this context, declarations of the Directors of Royal Brompton & Harefield NHS Foundation Trust are as follows:

### Chair

**Baroness (Sally) Morgan of Huyton**
Board Advisor – Absolute Return for Kids (ARK) Charity
Non-Executive Director - Countryside Properties plc
Trustee – Education Policy Institute
Master - Fitzwilliam College, University of Cambridge
Trustee – National Heart & Lung Institute Foundation

### Deputy Chair

**Simon Friend**
Member: Council, Royal Academy of Arts
Chair: Audit Committee, Royal Academy of Arts
Member: Finance Committee, Royal Academy of Arts
Non-Executive Director: - Bevan Brittan LLP
Chair: Audit & Risk Committee, Bevan Brittan LLP
Member: Remuneration Committee. Bevan Brittan LLP
Trustee: Jewish Care
Chair: Residential Homes Committee, Jewish Care
Member: Nominations Committee, Jewish Care
Non-Executive Director: Otsuka Pharmaceutical Europe Limited
Member: Audit & Risk Committee, Otsuka Pharmaceutical Europe Limited

### SID Non-Executive Director

**Luc Bardin**
Director - Strategic Partnering Ltd
Director - The Strategic Brand Ltd
Adjunct Professor - Imperial College Business School
Advisory Board Member - MSc Strategic Marketing, Imperial College Business School
Senior Advisor on Strategic Partnering - UK Government Cabinet Office
Crown Representative – UK Government Cabinet Office
Non-Executive Director – UK Atomic Energy Authority
Advisory Board Member – Managing Partner's Forum

### Non-Executive Directors

**Mark Batten**
Non-Executive Director and Chair: Assured Guaranty UK Ltd
Non-Executive Director and Chair: Audit & Risk Committee - Picton Property Income Ltd
Non-Executive Director and Chair: Audit and Risk Committee – Armour Holdings' UK Regulated Entities
Non-Non-Executive Director: Catalyst Business Finance Limited
Non-Executive Director: Floreat Overseas Holdings Limited
Chair: Governor Body and Chair: Nominations Committee - Westminster School

**Janet Hogben**
Board Trustee – Canal & River Trust (Charity)
Board Member – Ice Wharf Company Ltd (Residential Flats)

**Professor Peter Hutton**
Honorary Professor: Birmingham University
Patron: Birmingham Museums
Mature Student: Oxford University

**Richard Jones (until 24 April 2020)**
Director - RJ Real Estate Consulting Ltd
Non-Executive Director - Commercial Development Advisory Group, Transport for London
Independent Investment Committee Member - Henley Secure Income Property Unit Trust

**Professor Bernard Keavney**
Professor of Cardiology - The University of Manchester
Honorary Consultant Cardiologist - Manchester University NHS Foundation Trust
Member - Medical Research Council (MRC) Population and Systems Medicine Board

**Dr Javed Khan**
Chief Executive – Barnardo's
Director – JayKay Associates Ltd
Non-Executive Advisor **-** Birmingham City Council

**Ian Playford**
Chair: Innovation Gateway
Chair: Kingsbridge Estates
Chair: Ashfield Land
Founder: Gather Coaching

**Executive Directors**

**Robert J Bell**
Board Member - Imperial College Health Partners
Board Member - Institute of Cardiovascular Medicine and Science
Visiting Professor - Imperial College

**Robert Craig**
Nothing to declare

**Joy Godden**
Nothing to declare

**Richard Guest**
Trustee – The London Pathway

**Dr Mark Mason**
Founder and Director - Ayres International Limited

**Nicholas Hunt**
Chair - Governing Body of Manor Farm Community Junior School
Chair - Governing Body of Jordan's School

**Jan McGuinness**
Nothing to declare

## Directors' Profiles

### Chair

**Baroness (Sally) Morgan** was appointed by the Council of Governors' as the Trust's Chair on 1 January 2017 for a term of three years, and again for a second three-year term.

Baroness Morgan was made a life peer in 2001. She has served as minister of state in the Cabinet Office, political secretary to the prime minister and director of government relations at 10 Downing Street. Since leaving government in 2005 she has been a board member in the private, public and charity sectors. She was Chair of OFSTED and board member of the Olympic Delivery Authority, chaired the House of Lord's Select Committee on Digital Skills and was a member of the Science and Technology Select Committee.

Baroness Morgan is currently Master of Fitzwilliam College, University of Cambridge and serves as a Trustee of both the NHLI and Education Policy Institute. She is board adviser to ARK, an education charity and is a non-executive director of Countryside Properties PLC.

### Deputy Chair

**Simon Friend** joined the Board in August 2017. He is a chartered accountant and was a partner at PricewaterhouseCoopers LLP (PwC), where his career spanned more than 30 years. He has extensive experience of finance, governance and audit in healthcare, pharmaceutical and life sciences settings, leading PwC's Global Pharmaceutical and Life Sciences Industry Group, and was a member of PwC's UK and Global Board.

He has a depth of expertise in finance and audit, as well as a thorough understanding of governance across a range of sectors, technical rigour and board experience at the highest level. Simon is a Trustee of Jewish Care, a member of the Council at the Royal Academy of Arts and on the Boards of Bevan Brittan LLP, a UK top 100 commercial law firm and Otsuka Pharmaceutical Europe Limited.

### Non-Executive Directors

**Luc Bardin** was appointed to the Board in June 2015 and brings a wealth of experience in leadership and strategic transformation to the Trust. He spent many years in executive roles with BP plc, including group chief sales and marketing officer, CEO of multiple businesses, and CEO and founder of the "Strategic Accounts" business. He was a group vice president for 12 years and a member of the BP Downstream ExCo. His career in global business leadership spans 30 years and, alongside BP, he has worked for Burmah Castrol, Hoechst and Pechiney groups.

Since January 2014, he has been executive Chair of Strategic Partnering Ltd and THE Strategic Brand Ltd. He is the author of *Strategic Partnering - remove chance and deliver consistent success*, published in 2013 and THE Strategic Brand, published in 2017. Luc is an adjunct professor at Imperial College Business School, and has a PhD from UCL, an MBA from INSEAD and qualifications in engineering, political science and finance.

**Mark Batten** is a former senior partner at PricewaterhouseCoopers (PwC) and a chartered accountant. He has broad experience of corporate finance, restructuring, financial services and real estate. He worked extensively with the UK & Irish Treasury on the restructuring of UK & Irish banking systems through the course of the financial crisis and with a number of other Government departments advising on various restructuring matters. He has many contacts within Government and financial regulatory authorities and acted as a senior advisor to UK Government Investments, part of HM Treasury

Mark is Chair of Assured Guaranty UK (a credit guarantee insurer) and a non-executive director of Picton Property Income (a UK listed property company) and Armour Holdings' UK regulated entities (an insurance run off group);

Mark joined Royal Brompton & Harefield NHS Foundation Trust in November 2017.

**Janet Hogben** started her career with BP where she spent 21 years, before moving to North American conglomerate Seagram as organisational capability director for Europe, Middle East and Africa.

After Seagram was taken over by Diageo and Pernod Ricard in 2002, Janet was invited to join Diageo's management team as HR director for global corporate functions. She later became the company's global talent and organisation strategy director. Janet spent 10 years with the business, before leaving to become HR director for EDF Energy in the UK. She became responsible for a range of HR issues including health, safety and wellbeing.

Janet retired in 2017 and has since become a trustee of the Canal & River Trust. She joined Royal Brompton & Harefield NHS Foundation Trust in December 2018.

**Professor Peter Hutton** until 2018 was a consultant anaesthetist at University Hospital Birmingham and Honorary Professor at the University of Birmingham. He also undertook medical examiner duties. In the past, he has served on hospital boards in both executive and non-executive roles and has a major interest in medical ethics and medical safety.

During his career he has served on a number of national bodies, such as the GMC and the Bar Standards Board, and between 2007 and 2009 as joint clinical lead for unscheduled care for NHS London.

Peter was also president of the Royal College of Anaesthetists (2002-2003) and chair of the Academy of Medical Royal Colleges (2002-2004). He established and chaired a Home Office ethics group to manage the ethical aspects of forensic DNA analysis (2008-2010), and more recently was the independent hospital consultant advisor to the two Mid-Staffs inquiries.

In 2014, he was appointed by the Home Office to lead an enquiry into forensic pathology services in England and Wales and has recently led a review of 'age and the anaesthetist' for the Association of Anaesthetists of Great Britain and Ireland. Peter joined the Trust in February 2019.

**Richard Jones** joined the Trust Board as a Non-Executive Director in February 2014. He is an experienced real estate executive director. He brings to the Board extensive expertise in investment and asset performance and management gained from a long career with Aviva Investors as Head of European Life Funds, Managing Director UK Real Estate and, most recently, Managing Director of Aviva Clients and Global Asset Management. While in this role he was a member of the Aviva Investors Global Real Estate Board, chair of the Real Estate Operational Management Group and chair of the Real Estate Sustainability Group. Richard is the Chair of the Trust's Redevelopment Advisory Steering Group, a member of the Finance Committee and the Nominations and Remuneration Committee. His tenure of office ended on 24 April 2020.

He is a Non-Executive Director of the Transport for London Commercial Development Advisory Group and an Independent Investment Committee member of Henley Secure Income Property Unit Trust.

**Professor Bernard Keavney** comes to the Trust with twenty years' experience as a consultant cardiologist, specialising in the diagnosis and treatment of coronary artery disease, inherited cardiovascular conditions, and heart disease in pregnancy.

Currently British Heart Foundation Professor of Cardiovascular Medicine and a consultant cardiologist at Manchester University NHS Foundation Trust, Bernard's research career at the Universities of Oxford, Newcastle, and Manchester has seen him contribute widely to studies involving genetic cardiovascular diseases, including the first genome-wide association studies of congenital heart disease.

Bernard has served in several advisory roles in organisations such as the UK Biobank, the UK Government's 100,000 Genomes Project, and the Medical Research Council. He joined the Trust in June 2019.

**Dr Javed Khan** is Chief Executive of the charity Barnardo's, leading a staff of over 8,000 and more than 20,000 volunteers. He is a leading figure in the UK public and voluntary sectors, regularly advising government ministers, and is a high-profile contributor in the media and at national and international conferences.

Javed began his teaching career in the West Midlands, and made rapid progress, becoming head of department, assistant principal and then director of development in a further education college, before moving to assistant director of education at Birmingham City Council. He has been awarded honorary doctorates from Birmingham City University (2015) and The University of Salford (2018).

His previous roles include Chief Executive at Victim Support, Executive Director - London Serious Youth Violence Board and Director of Education, Harrow Council. He has also been a member of the advisory board for the Children's Commissioner for England and of the governing body of Hounslow Clinical Commissioning Group and served on the Government's Grenfell Recovery Taskforce and has been a Non-Executive Advisor to Birmingham City Council. He joined Royal Brompton & Harefield NHS Foundation Trust in February 2019.

**Ian Playford** joined the Trust in April 2020 with twenty-five years' experience in international real estate having worked previously as a Fund Manager for Aviva, an Investment Specialist at JLL, an International Property Developer at Parkridge and Group Property Director for Kingfisher plc.

In 2016-18 he was interim CEO of the Government Property Agency, a central body within the Government Property Unit set up to own and manage Central Government's £3bn office, warehouse and science estate. He is currently Chair of Kingsbridge Estates Ltd, Chair of Innovation Gateway Ltd, Chair of Ashfield Land and was a Non-Executive Director for HM Courts and Tribunal Service (HMCTS). He has developed and executed strategies for the investment and management of capital across Europe, Russia and China and has managed senior stakeholders across industries including real estate, retail, and B2C operating and investment companies.

## Executive Directors

**Robert J Bell** joined the Trust as Chief Executive in 2005, from the William Osler Health Centre, Ontario, Canada, where he was president and chief executive officer. He has over 40 years' international experience in hospital and health services management. He is a member of the Board of Directors of Imperial College Health Partners and the Institute of Cardiovascular Medicine and Science. He has previously held positions as vice president Health Care and Life Sciences Market Sectors, Cap Gemini, Ernst & Young Canada Inc; partner at Ernst & Young and KPMG (Peat Marwick), Toronto; vice president, Hilton Universal Hospitals UK Ltd, London; vice president, International Services, Extendicare Inc (London and Toronto); executive director of District Health Councils in the Ministry of Health, Ontario; Treasury Board officer, Management Board of Cabinet, Government of Ontario; and systems engineer, Hospital for Sick Children, Toronto. He has a Bachelor of Applied Science degree in

Industrial Engineering and a Masters in Public Administration. In 2014 he was appointed a visiting Professor of Global Health Innovations by Imperial College and was Chair of University Hospitals Association (UK).

**Richard Guest** joined the Trust as Chief Financial Officer in January 2020 from the professional services firm EY (Ernst & Young). At EY, he was the UK public health sector leader, advising NHS Trusts on financial improvement, integration and collaboration and capital schemes. Prior to joining EY in 2012, he was a Director at the health regulator, Monitor.

Richard is a trustee of Pathway, a charity focused on supporting homeless people in hospitals.

**Robert Craig** is the Director of Development and Partnerships. He joined Harefield Hospital in 1995, having previously worked in community and general hospital services. Following the merger of Harefield with Royal Brompton in 1998, he became site director at Harefield and, in 2001, Deputy Director of Operations for the Trust. Robert has also fulfilled the roles of Director of Governance & Quality (2003-2006) and Director of Planning & Strategy (2006-2009) – in the latter post, he was responsible for the Trust's successful application for Foundation Trust status. He was appointed to the Board in the role of Chief Operating Officer in 2008 and as Director of Development and Partnerships in July 2018.

**Joy Godden**, Nurse Director and Director of Clinical Governance, joined the Trust in 1996 as a Senior Nurse, and worked as the general manager of the lung division between 2004 and 2015. Joy has a broad portfolio that has included a number of corporate and clinical projects.

**Dr Mark Mason** has been a consultant cardiologist at Harefield Hospital since 2001, where he played a key role in developing the nationally acclaimed primary angioplasty programme. More recently he has focused on pacemaker and implantable defibrillator implantation and removal and developed one of the busiest pacing services in the UK.

He has been nationally recognised as a specialist in pacing lead extraction and has been a specialist advisor to the National Institute for Health and Care Excellence (NICE) on the use of laser sheaths to remove pacing leads. He has been medical director at the Trust since July 2019.

Over the last year, he has been heavily involved in representing the Trust within the North West London ICS, the North London Cardiac ODN, and the pan-London Cardiac Services Group. He is a member of the Pan-London Arrhythmia Group looking to improve both elective and emergency care of patients with arrhythmias.

**Nicholas Hunt** is Director of Service Development and also Executive Director for Harefield Hospital, a role he took on in 2006. He has worked at Royal Brompton & Harefield NHS Foundation Trust since its inception. Nicholas began his career at Regional HQ, the forerunner of strategic health authorities. His subsequent career in NHS management has included both operational and strategic roles at a number of London hospitals.

**Jan McGuinness** was substantively appointed Chief Operating Officer in 2018 (interim COO in 2017). Prior to this, she was director of patient experience and transformation, taking up the newly created post in April 2015 after having worked in healthcare over a number of years, and in three international settings, most recently in Canada. She has held numerous senior roles, both clinical and non-clinical. These include director of operations for The Alberta Heart Institute, regional director of cardiac services for Vancouver and Fraser health authorities and at Bupa Cromwell Hospital in London where she improved the patient experience. Her areas of expertise include quality improvement, patient safety and project management related to design and transformation.

## Audit Committee Report

### Role and responsibilities

The Committee's terms of reference state that it will provide the Trust Board with an independent and objective evaluation of the establishment and maintenance of an effective system of integrated governance, risk management (in conjunction with the Risk & Safety Committee) and financial and non-financial internal controls that support the achievement of the organisation's objectives. Within this overarching framework the Committee:

- monitors the integrity of the Trust's financial reporting, compliance with auditing standards and the appropriateness of going concern assumptions;
- challenges, where necessary, the consistency of, and any changes to, accounting and accounting policies;
- reviews the Trust's strategy for the management of key financial risks, ensures the Trust has followed appropriate accounting policies and has made appropriate estimates and judgements;
- ensures that regular reviews are undertaken of governance, risk management and internal controls;
- maintains oversight of the Trust's financial systems, financial information and financial reporting in compliance with relevant law, guidance and regulation;
- reviews and monitors the effectiveness of the Trust's internal audit and counter-fraud functions;
- reviews and monitors the effectiveness of the external audit process, the maintenance of the external auditor's independence and objectivity, and agrees the policy in relation to the external auditor's provision of non-audit services; and
- assesses the disclosures in the narrative sections of the Annual Report to ensure that they are fair, balanced and understandable.

In carrying out its activities, the Committee fully recognises the interests of the Trust's Governors and Members.

The Committee's responsibilities and activities dovetail with those of the Finance and Risk & Safety Committees and procedures are in place to avoid both omission and duplication. It is an integral part of the Trust's Board Assurance Framework.

### Composition of the Committee

The members of the Committee who served during the period under review are disclosed on pages 18 and 19 of this Annual Report. Committee meetings are also regularly attended by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Medical Director, Trust Secretary and other senior members of the finance team.

During 2020/21 Prof Peter Hutton chaired the Risk & Safety Committee, whose agenda links closely to that of the Audit Committee, particularly as regards risk identification and management. Simon Friend, who has chaired the Audit Committee since 1 August 2017, is also a member of the Risk & Safety, Finance and Nominations and Remuneration Committees.

### Summary of Committee meetings

Since the approval of the 2019/20 Annual Report and Accounts the Committee has met on four occasions. These sessions considered the following subjects:

- July 2020

- VOIP Update
- IT/Cyber Updates - IT Risks
- COVID-19 impact on controls and remote working risks and responses
- Estates Risks

- October 2020 – as a joint Committee with Risk & Safety
  - Acquisition risks and due diligence consideration

- November 2020
  - Progress Report (including sector update)
  - Internal audit - Recommendations and Update Report
  - Internal Audit Plan 2020/21
  - Counter Fraud Progress Report
  - Emergency Preparedness, Resilience & Response (EPRR) Assurance – Focus on COVID-19
  - Follow up to Acquisition Risk meeting
  - External audit update

- January 2021
  - VOIP Update
  - Internal Audit - Progress report (including Head of Internal Audit Opinion)
  - Counter Fraud Progress Report
  - Introduction to GSTT
  - External Audit Plan
  - Completion Accounts and requirements
  - Stocktake
  - SFIs
  - Draft Annual Governance Statement
  - Committee Review Effectiveness
  - Close/Handover to GSTT Audit Committee

**Risk management and internal control**

In tandem with the Risk & Safety Committee, which principally focuses on clinical and related risks, the Audit Committee keeps under review the overall risk profile and the financial and certain operational risks to which the Trust is exposed. Throughout the ten-month financial period the Board, through the Committee and assisted by the Internal Audit function, reviews the effectiveness of internal control and the management of risk. The Internal Audit function reports into the Committee and has authority to review any relevant part of the Trust and has a planned schedule of reviews that coincide with the Trust's risks. It also considers the output of the Trust's counter-fraud provider. From all these sources of data the Committee seeks to assess the quality and adequacy of the internal financial controls in place at the Trust. No new major financial risks were identified during the year.

Understandably, the Audit Committee considered the impact of COVID-19 on internal controls and risks. These were discussed during the meetings with a focus on ensuring enhanced controls over the IT control environment, including cyber and additional risks from working from home; and additional risks to the Estate through additional demands on the Estate's infrastructure. Quality and performance risks were addressed by the Risk & Safety Committee.

During the period under review, the Trust's internal auditors (KPMG) issued an overall Head of Internal Audit Opinion of 'significant assurance with minor improvement opportunities' on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. They found that there 'is generally a sound system of internal control which is designed to meet the Trust's objectives and that controls in place are being consistently applied in all key areas reviewed'

The overall opinion is based on (at the time) the completion of three internal audit reviews, with two more at draft stage. The three reviews completed found 'significant assurance with minor improvement opportunities' (Financial Governance during COVID-19, Infection Prevention and Control, Board Assurance Framework (BAF) and Risk Management). In all, there were no high priority, five medium and eight low priority recommendations.

The Committee monitors the implementation by executive management of all auditor recommendations. All recommendations have been accepted, or partially accepted, by management, or are under consideration, and the necessary actions have been agreed and are underway. There were seven overdue responses to recommendations at the end of the period under review.

The Trust's counter-fraud service did not identify any matters of significant financial concern during the period under review emerging either from its own work programme or from reports by members of staff or the public.

**External audit for the ten months to 31 January 2021**

The Committee engaged regularly with the external auditor over the course of the ten-month financial period.

In December 2020, the Trust's auditor, Deloitte LLP resigned from the role, citing independence issues given the Trust's acquisition by Guy's and St Thomas' NHS Foundation Trust. In its resignation letter, Deloitte confirmed that there are no reasons or matters connected with its resignation which it considered should be brought to the attention of the directors or creditors of the Royal Brompton & Harefield NHS Foundation Trust.

Also, in December 2020, Grant Thornton was appointed as the Trust's auditors by the Trust's Governors on the recommendation of the Audit Committee, for the ten-month accounts to 31 January 2021. Grant Thornton are also GSTT's auditor. Grant Thornton were the preferred candidate in the Trust's most recent audit tender in 2019, until independence issues required them to withdraw from that process. These independence issues were subsequently resolved, with no outstanding issues.

**External audit for two months to 31 March 2021**

In finalising the RBHT financial statements for the ten-month period to 31 January 2021, the GSTT Audit and Risk Committee met with the external auditor on two occasions following acquisition on 1 February 2021. Issues discussed included consideration of the external audit plan, matters arising from the audit of the RBHT financial statements including going concern considerations, and recommendations on control and accounting matters proposed by the external auditor. A private session is also planned with the external auditor, the GSTT Audit and Risk Committee Chair and Simon Friend. No executive management will be present.

The Committee has formally reviewed the independence of the external auditor, who has provided a letter confirming that it believes it remained independent throughout the year, within the meaning of the regulations on this matter and in accordance with its professional standards. During 2020/21 no additional fees were earned by the external auditors for other assurance work.

**Internal audit**
Each year the Committee reviews and approves the internal audit plan, and reviews internal audit reports and the internal auditor's annual report and head of internal audit opinion. These items are discussed with the internal auditor at Committee meetings, as are the outstanding recommendations from both internal and external auditors and how these are responded to by management.

**Counter-fraud service**
Each year the Committee reviews and, where appropriate, approves the counter-fraud annual risk assessment and work plan, progress reports and annual report. Details of individual referrals are considered and actions by executive management are noted.

**Significant issues relating to the ten-month accounts to 31 January 2021**

The principal issues addressed have been:

- The Trust's ability to continue as a 'going concern'. The Audit Committee considered cash flow projections for both 2020/21 and 2021/22 (the latter in summary form) including sensitised versions; evaluated the key assumptions underpinning the cash flows; considered the impact of COVID-19; and assessed the reliability of historical forecasts, following which it recommended that the Trust Board make the statement set out on page 10 of this Annual Report.
- The impact on the Trust's financial statements of the independent revaluation of the Trust's operational and investment property portfolios as at 31 December 2020 (updated to consider the position at 31 January 2021). This included a decrease in the valuation of investment properties resulting from rising construction costs (for the Chelsea Farmers Market site) and reduction in rental potential due to the current state of the retail market.
- The adequacy of provisions, for example in relation to debtors and contractual disputes, which are by their nature judgmental.
- An assessment of the internal control environment and its impact on statements made in the Annual Report and Accounts.
- The findings by the external auditor regarding the Annual Accounts, and in particular its qualification of scope relating to the 2020 stocktake.

All matters in relation to the 2020/21 Annual Accounts were resolved to the satisfaction of both the Committee and the Trust's external auditor without requiring accounting adjustments. Where such adjustments are proposed by the auditor, the Committee considers both their nature and materiality in deciding whether the Trust should record them. No significant adjustments were proposed for the ten-month period to 31 January 2021 under review.

## Finance Committee Report

**Role and responsibilities**

Since September 2017, the Finance Committee has been a formally constituted committee established by the Trust Board to which it is directly accountable. Prior to that date the Committee had been an ad hoc Board committee which carried out a similar role. This change in status followed a recommendation resulting from a 'Well-Led' governance review of the Trust carried out in 2016/17 by PricewaterhouseCoopers LLP.

The Committee's objectives are:

- To monitor and oversee on a regular basis: the financial performance of the Trust, budgets and planning including capital expenditure plans, revenue and cash forecasts, liquidity and borrowings, and the effectiveness of the Trust's accounting systems.

- To consider and, where appropriate, make recommendations to the Board with respect to: operating practices which may impact on financial performance; aspects of financial performance which could be detrimental to achieving the Trust's financial objectives; the Trust's financial policies, financial reporting processes and formats; financial aspects of the Trust's strategic planning. Committee recommendations are considered carefully to ensure that they are commensurate with the safety and wellbeing of Trust patients.

The Committee reports to the Trust Board at each Board meeting and at such other times as the Chair of the Trust may request. In carrying out its responsibilities the Committee reviews monthly finance reports and annual budgets and receives reports, principally from the finance team, on other significant financial matters.

**Composition of the Committee**

The members of the Committee who served during the year under review are disclosed on pages 18 and 19 of this Annual Report. Its membership comprises both executive and non-executive Board members. The Chair of the Audit Committee is also a member of the Committee. Other senior members of the finance team attend regularly; other Trust employees do so by invitation in accordance with the Committee's meeting agenda.

**Summary of Committee meetings**

Since the approval of the 2019/20 accounts there have been seven meetings of the Committee. At each meeting there was a review and discussion of the latest monthly finance report which includes details of variances against budget.

Other matters considered and discussed were:

- June 2020
    - Write-offs of self-funded debtor
    - COVID-19 Funding Flows Update
    - Imaging Centre Financing

- July 2020
    - 2020/21 Financial Plan
    - COVID-19 Funding Update
    - Imaging Centre Financing
    - Write-off of uncollectable NHS Overseas debtors

- September 2020
    - 2020/21 Financial Plan/Response
    - Imaging Centre Financing
    - Write-off of uncollectable NHS Overseas debts

- October 2020
    - Acquisition FBC: Finance Case
    - Financial Due Diligence
    - H2 Financial Regime
    - Updated Month 7-12 Forecast Plan submission
    - Acquisition – Due Diligence Findings
    - Acquisition – Financial Business case
    - Imaging Centre Financing
    - Transplant & Retrieval Situation Report
    - SFI review

- November 2020
    - Private patients
    - Darwin Update
    - Updated Month 7-12 Forecast Plan submission
    - Acquisition – Financial Update
    - Extension to temporary SFI changes

- December 2020
    - EHR business case discussion
    - Outline of 2021/22 Plan
    - Annual Leave Accrual
    - CFM – Financing Update

- January 2021
    - Cardiology Contract extension (6 months)
    - Imaging Centre/CFM financing update
    - Approval of revised loan agreement
    - 2021/22 Plan Update
    - Bad Debt provision policy
    - Capital Forecast 2021 & Envelope 2122
    - Approval of write-offs
    - Acquisition Update
    - Future of Finance Committee

## The Risk & Safety Committee Report

### Role and responsibilities

The Risk & Safety Committee (RASC) provides the Trust Board with independent and objective evaluation of the systems and processes currently in place in the Trust to manage patient safety risks, to ensure that these processes are working as intended, and, through its work, encourage continuous quality improvement.

In respect of risk management, the Committee reviews the Trust's overall risk management systems, including clinical and infrastructure risks and its compliance with the terms of its

NHS Provider Licence and Quality Governance Framework. Financial and corporate risks are overseen by the Finance and Audit Committees. In respect of financial and corporate risks which impact on patient care, it draws on, and works with, the Audit and Finance Committees.

The RASC seeks assurance that the organisation has appropriate risk management processes in place to ensure delivery of the annual plan, and to ensure compliance with the registration requirements of the quality regulator.

In respect of risks relating to patient safety and health & safety, the Committee reviews all sources of assurance on patient safety, clinical effectiveness, and patient and staff experience.

These include:

- Performance reports;
- Internal assessments - including, but not limited to, any reviews by internal audit and clinical audit;
- External assessments - including, but not limited to, any reviews by Department of Health and Social Care arm's length bodies or regulators/inspectors and professional bodies with responsibility for the performance of staff or functions; and
- 'Deep dives' into specific areas of risk to review performance and to proactively anticipate future issues.

In carrying out its activities, the Committee is mindful of the interest of the Trust's Governors and Members.

**Composition of the Committee**

During this session, the Terms of Reference of the RASC were revised and accepted by the Trust Board. The members of the Committee who served during the period under review are identified on pages 18 and 19. Committee meetings are also regularly attended by the Chief Executive Officer, Chief Operating Officer, Medical Director, Nurse Director & Director of Clinical Governance and Trust Secretary.

Professor Peter Hutton chaired the Committee during 2020/21. The Committee's agenda links closely to that of the Audit Committee, particularly as regards risk identification and management. The Chair of the Audit Committee is also a member of the Risk & Safety Committee and vice versa. The Committee's responsibilities and activities dovetail with those of the Audit Committee and procedures are in place to avoid both omission and duplication.

**Summary of Committee meetings**

Since the approval of the 2019/20 Annual Report and Accounts the Committee has met on four occasions. These sessions considered the following subjects:

- July 2020
  - Quality Presentation: Optimising Strength & Resilience (OSTAR)
  - Risk Register – Review of Top Trust risks
  - Staff Survey Results
  - Serious Incidents

- Learning from Deaths
- Importance of flu vaccination for staff
- Quality Report 2019/20
- Governance & Quality Committee minutes
- Chairing interview committees – reputational risk
- Working on risk and safety with GSTT
- Infection Prevention & Control BAF

- September 2020
  - Quality presentation: In-patient Survey 2019
  - Risk Register – Review of top Trust risks and deep dive – risk with medication
  - Learning from Deaths
  - Serious Incidents
  - Sustainability update
  - Pathology Quality Assurance Dashboard
  - Q4 Controlled Drugs Report
  - Annual Report 2019/20 - Safeguarding Children and Adults
  - Annual Report 2019/20 – Infection Prevention and Control
  - Annual Report 2019/20 – Complaints
  - Annual Report 2019/20 – Pharmacy and Medicines Optimisation
  - Annual Report – Freedom to Speak Up
  - Annual Report – Health and Safety
  - Governance & Quality Committee minutes
  - Keeping Patients Safe
  - CQC Action Plan
  - Freedom to Speak Up update
  - Pharmacy and Medicines Optimisation
  - Older people
  - End-of-Life Care
  - Controlled Drugs

- October 2020 – as a joint Committee with Finance Committee
  - Acquisition risks and due diligence consideration

- November 2020
  - Quality presentation: End-of-Life care
  - Top Trust risks – deep dive: risk 3802 – failure of ageing medical equipment
  - Leaning from deaths
  - Serious Incidents
  - Trust Insurance schemes
  - 2020/21 Quality Priorities Update - Staff wellbeing during 2020/21
  - 2019 Patient-Led Assessments of the Care Environment (PLACE) Annual Report
  - Older People and Falls Annual Report
  - Mental Health Annual Report
  - Governance & Quality Committee minutes
  - Controlled drugs

The usual timetable of meetings was disrupted during the ten-month period to 31 January 2021 by the pandemic. However, the Committee Chair remained briefed by the relevant Executives during this time.

**Significant issues addressed in the ten months to 31 January 2021**

The principal issues addressed included:

- **Care Quality Commission inspection report (February 2019).** The related action plan was a focus for the Committee. There were two requirements identified in the report – firstly relating to strengthening the documentation of the Board Assurance Framework, and secondly providing assurance that historic gaps in records relating to Fit and Proper Persons processes have been closed. The associated action plan was reviewed and agreed. The Committee also recognised the areas of good practice that were identified during the inspection.

- **Learning from Deaths**. This process continued to evolve across the year, and changes discussed at the Committee included the introduction of the Structured Judgment Review to the current mortality review sessions on the Royal Brompton hospital site, with a view to extending this to Harefield. A new Datix module has been purchased, improving the documentation from the mortality review process, and allowing for cross-reference with incidents, complaints and claims to identify themes and lessons learned by the Trust.

- **Learning Disability Strategy**. This was developed and presented in early 2020.
  Key priorities were identified as:
  - Identification of the total RBHT population
  - Developing the skills of staff to respond to the needs of patients with learning disabilities
  - Working in partnership with patients, family and carers to provide personalised and adjusted care
  - Promotion of the hospital passport system
  - Partnering with health, social care and third sector to ensure seamless and safe care
  - Development of an annual audit plan to track progress against the priorities

- **The structure and membership** of the Committee had been unchanged for a number of years. Both these aspects were reviewed in the light of the best practice of the Committee to meet current needs. This resulted in updated terms of reference, and revised membership for the Committee which were approved by the Trust Board on 24 July 2019.

**Risk management and internal control**

In tandem with the Audit Committee, the Risk & Safety Committee keeps under review the overall risk profile of the Trust and has a particular focus on the clinical risks to which the Trust is exposed. In this work it is informed not only by management but also by staff in the workplace, and in some cases also by reports from internal and external auditors or other review mechanisms. From all these sources of data the Committee seeks to assess the quality and adequacy of the internal controls in place at the Trust.

Across the ten-month period, and following changes to how the risk register is presented to the Committee, a number of deep dives were presented by the overall risk owner to the Committee for discussion.

- Emergency preparedness, resilience and response - presented by the Trust EPRR Officer.

  Overall, the Trust is strong in this area, with a mature programme established over the last few years. This includes a well-established programme of exercise and training; including a three-yearly multi-agency exercise at one of the Trust sites. This was most recently undertaken in partnership with the London Fire Brigade (LFB) and involved a full evacuation exercise at one of the Chelsea site buildings. The Trust EPRR Officer also contributes to a number of workstreams at a national level.

  The Trust has been assessed in this area both by NHSE, and by our internal auditor (KPMG). Both assessments were positive, and actions from the assessments were focused on strengthening the structure surrounding business continuity and clarifying the links between this programme and the governance structures of the Trust.

- Risks associated with medication **-** presented by Chief Pharmacist.

  There are currently detailed programmes of audit and review via our governance structures, identifying that the majority of risk remains the administration of medicines. Controls predominantly rest within the current pharmacy processes, which include working closely with the clinical teams at the bedside, education and advice, and monitoring of pharmacy incidents. Investment in technology to support medicines management includes the roll out of Medchart, and more recently, a software programme connecting syringe pumps with this system.

  Future priorities include working with Medchart to align and improve the system, extending the automated drug cabinet programme outside of critical care areas, reducing the risk of picking errors, and extending the scope of weekend pharmacy services to reduce risk associated with pharmacy errors.

- Cyber security – presented by the Chief Innovation and Technology Officer

  Risks associated with aging IT estate were noted, and mitigations included the roll out of Windows 10 across the organisation. It was also noted that, because of the pace of change of digital technology and the increasing sophistication of attackers, it may be better to move towards a rolling programme of replacement and improvement without intermittent large-scale capital spends.

  The need to balance clinician and patient ease-of-use against cyber-security levels that hampered care was underlined. The importance of good information governance training for all staff, whatever the grade, so that attacks could be recognised at their inception was recognised.

**Key changes to summary risks**

- Risk associated with Brexit – removed January 2020
- Risk associated with COVID-19 – added February 2020. Subset of risks documented covering issues associated with patient safety, staff safety, estates and procurement issues, as well as the potential broader impact on the organisation.

The Risk and Safety Committee has a key role in monitoring the Quality Report's content, the determination of Quality Priorities, their ongoing monitoring and for providing assurance to the

Trust Board that robust quality governance arrangements are in place throughout the Trust and are working effectively. The Risk and Safety Committee and the Governance and Quality Committee were instrumental in agreeing the quality priorities for 2020/21.

The Quality Report is usually subject to review by the Trust's external auditor. However, due to the exceptional circumstances experienced as a result of COVID-19, NHS England waived the external assurance requirements of the 2020/21 Annual Quality Report which, due to the same circumstances, is not required by NHSI to form part of the Annual Report for the period.

## Board Assurance Framework

The Trust has a Board Assurance Framework (BAF), within which the key risks are identified that may prevent the Trust from achieving its stated objectives outlined in the Trust's strategy. The BAF consists of interrelated components: risk management structure (including roles and responsibilities), risk identification and assessment, action planning, monitoring, risk control review and assurance measures. In response to the CQC report published in February 2019, the Board has reviewed and expanded its Board Assurance Framework to include an enhanced focus on strategic risks and the monitoring of progress in delivery of the Trust's strategic objectives. A refreshed version was presented to the Board in November 2019, with a risk and assurance cycle. The Trust continues to review and develop the Board Assurance Framework and a Board facilitated risk workshop was planned for 2020, although this workshop was postponed due to demands of the Trust's response to COVID-19 and in line with NHSI guidance to streamline Board meetings. In advance of our becoming a Clinical Group of Guy's and St Thomas' NHS Foundation Trust, we have been redefining our hospitals' strategic risks and their linkages to our strategy and identifying and prioritising the programmes of activity needed to deliver each of the capabilities/objectives within our strategy.

Our Board Assurance Framework is the framework for identification and management of strategic risks that might compromise the achievement of our strategic objectives. The purpose of the BAF is to:

- Provide timely and reliable information on the effectiveness of the management of major strategic risks and significant control issues;

- Facilitate escalation of risk and control issues requiring visibility and attention by senior management, by providing a cohesive and comprehensive view of assurance across the risk environment;

- Provide an opportunity to identify gaps in assurance needs that are vital to the organisation, and to address them; and

- Provide critical supporting evidence for the production of the Annual Governance Statement.

During 2020/21 the Audit, Risk and Safety and Finance Committees continued to adopt a robust approach to reviewing and monitoring risks associated with their respective remits. Each Committee considers any gaps in risks, the effectiveness of controls and the extent to which they are assured by the evidence presented for each risk.

In turn, these capabilities combine as a strategy to deliver our mission to be a leading centre in the delivery of care for patients with heart and lung diseases, and to help differentiate the Trust from our competitors and guide how we optimise our use of resources. Some

programmes/issues are sufficiently wide-ranging to be linked to several of these capabilities – e.g. the Trust's collaboration with King's Health Partners.

As with the Risk Register, each of these programmes and issues is owned by, or linked to, a (Board or non-Board) Executive Director.

Our assurance framework provides the reliable evidence that underpins the assessment of the risk and control environment for the Annual Governance Statement (from page 72) supported by independent appraisal from our internal auditor.

## Performance Evaluation of the Board of Directors

The Board of Directors recognises the importance of ensuring ongoing assessment of its own performance, that of its committees and of its directors, including the Chair, to ensure all aspects remain fit for purpose and support the sustainability of the Trust and the delivery of its strategic vision.

Monitor published guidance on the Well-Led Framework for governance reviews in April 2015 and NHS Improvement maintained the requirement to carry out these reviews since its inception on 1 April 2016.

Foundation Trusts are required to undertake a Well-Led Governance Review every three years. During 2016/17, the Trust commissioned PricewaterhouseCoopers LLP (PwC) to facilitate an evaluation of the Board of Directors. PwC was appointed following a competitive tendering process. PwC does not have any other connection to the Trust; Non-Executive Directors Simon Friend and Mark Batten are both former partners of PwC, but the appointment of PwC predates their involvement with the Trust.

The review's findings were reported to the Trust Board at a Board Seminar held on 25 January 2017.

No material governance concerns were identified, and this finding was communicated to NHS Improvement in early February 2017 as required.

The *NHS Foundation Trust Code of Governance* requires an external review of Board performance every three years and therefore the next one was expected to be undertaken during 2019/20. A process to procure an external reviewer was underway. However, this was paused due to the effects of COVID-19.

The Chair evaluates through appraisal all Non-Executive Directors. Similarly, the Chief Executive evaluates the Executive Directors; and the Senior Independent Director evaluates the Chair. The Chair reported her appraisals of the non-executive directors to the Nominations and Remuneration Committee (Governors) at its October 2019 meeting. The Senior Independent Director provided an appraisal of the Chair to the same meeting, and the Committee agreed to commend a proposal to reappoint the Chair for a second term, which was ratified by the Council of Governors in October 2019. The Nominations and Remuneration Committee (Board) received appraisals of the Executive Directors at its meeting in March 2020.

## Board of Directors

The Board of Directors brings a wide range of experience and expertise to the Trust and during the ten months to 31 January 2021 has continued to deliver effective governance of the organisation. The Directors have been responsible for preparing this Annual Report and the associated Accounts and consider that, taken as a whole, they are fair, balanced and

understandable and provide the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

During the ten months to 31 January 2021 the Board of Directors comprised:

| Non-Executive Directors | Executive Directors |
|---|---|
| Chair<br>Baroness (Sally) Morgan of Huyton | Chief Executive and Accountable Officer<br>Robert J Bell |
| Deputy Chair<br>Simon Friend | Chief Financial Officer<br>Richard Guest |
| Luc Bardin | Director of Development and Partnerships<br>Robert Craig |
| Mark Batten | Director of Nursing & Clinical Governance<br>Joy Godden |
| Professor Peter Hutton | Medical Director and Responsible Officer<br>Dr Mark Mason |
| Janet Hogben | Director of Service Development<br>Nick Hunt |
| Richard Jones (term ended 24 April 2020) | Chief Operating Officer<br>Jan McGuinness |
| Dr Javed Khan | |
| Professor Bernard Keavney | |
| Ian Playford | |

Further details of Board members, and their periods of office, are provided in Section 2.2 of this Annual Report.

## Accounting Officer's Statement

This Accountability Report has been prepared in accordance with the requirements of the *NHS Foundation Trust Annual Reporting Manual 2020/21*.

**Dr Ian Abbs**
Chief Executive, Guy's and St Thomas' NHS Foundation Trust
On behalf of the Board of Directors

## Disclosures in the Public Interest

NHS Improvement guidance indicates that a set of key disclosures should be incorporated within the Annual Report.

**Income Disclosures required by Section 43 (2A) and Section 43 (3A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012**

The Trust can confirm that the income from the provision of goods and services for the purposes of the health service in England, during the ten months to 31 January 2021, was greater than the income received from the provision of goods and services for any other purposes.

Goods and services for the purposes of the health service in England continued to be delivered throughout 2020/21 and there was no detrimental impact on these services as a result of the other income received during this period.

**Better Payment Practice Code**

The better payment practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is the later. The Trust's performance against the code for the ten months to 31 January 2021 has been calculated as follows:

| **Measure of Compliance** | Number | £000s |
|---|---|---|
| | | |
| **Non-NHS** | | |
| Total non-NHS bills paid in the year | 75,788 | 231,500 |
| Total non-NHS bills paid within target | 75,511 | 227,428 |
| **Percentage of non-NHS bills paid within target** | **100%** | **98%** |
| | | |
| **NHS** | | |
| Total NHS bills paid in the year | 1,571 | 43,744 |
| Total NHS bills paid within target | 1,514 | 43,494 |
| **Percentage of NHS bills paid within target** | **96%** | **99%** |
| | | |
| **Total** | | |
| Total bills paid in the year | 77,359 | 275,244 |
| Total bills paid within target | 77,025 | 270,922 |
| **Percentage of bills paid within target** | **100%** | **98%** |

**Countering Fraud and Corruption**

The Trust contracts with TIAA Ltd to provide counter-fraud services. TIAA Ltd is an accredited counter-fraud specialist. Investigations are carried out as required and outcomes reported to the Audit Committee.

**Remuneration - salary and pension entitlements of directors**

Details of the salary and pension entitlements of directors are set out in the Annual Remuneration Report, at section 2.2 of this document.

**Accounting Policies for Pensions and Retirement Benefits**

Accounting policies for pensions and retirement benefits are set out in note 7 of the Accounts, Annex 1 of this document.

## Staff Consultations

During the ten months to 31 January 2021 the Trust concluded the following formal consultations/organisational changes:

- TUPE consultation for transfer of staff employment following our acquisition by Guy's and St Thomas' Foundation Trust.
- Consultation for TUPE transfer of six paediatric psychologists from Central & North West London NHS Foundation Trust into our organisation.

## Public Consultations

None

## Ill-health Retirements

Details of ill-health retirements during the period are disclosed in note 6.1 of the Accounts.

## Other Operating Revenues

Details of Other Operating Revenues are disclosed in note 3 of the Accounts.

## Data Loss/Confidentiality Breach

All information governance incidents are investigated, and any common themes inform our training, awareness and prevention campaigns. In the ten months to the end of January 2021 Royal Brompton and Harefield hospitals reported one incident to the Information Commissioner's Office (ICO). Confidential information about a patient had been disclosed to someone who should not have had access to it. Following a thorough investigation, it was established that RBHT was not the source of the information – it had been obtained elsewhere. The ICO confirmed that it did not need to take any further action.

## Cost Allocation and Charging Requirements

The Trust has complied with HM Treasury and Office of Public Sector Information guidance with regard to cost allocation and charging.

## Value of Fixed Assets

As noted in the section of this report dealing with Trust Financial Performance for the ten months to 31 January 2021, the Trust's operational and investment portfolios were revalued as at 31 December 2020 by independent valuers (see notes 13-15 to the Financial Statements).

## Donations

The Trust has made no charitable or political donations during the period.

## Events since 31 January 2021

On 1 February 2021, the Trust was acquired by Guy's and St Thomas' NHS Foundation Trust under section 56A of the NHS Act 2006. There have been no other post-balance sheet events requiring disclosure.

## Financial Instruments

The extent to which the Trust employs financial instruments is set out in note 24 to the Accounts.

## Related Party Transactions

During the year, the Trust had numerous material transactions with the Department of Health and Social Care and with other entities for which the Department is regarded as the parent. In addition, the Trust had a number of material transactions with Imperial College of Science, Technology and Medicine (relating to research projects). Related party transactions are set out in note 26 to the Accounts.

# 2.2 Remuneration Report

## Annual Statement of Remuneration

The Chief Executive has confirmed, in line with the *NHS Foundation Trust Annual Reporting Manual 2020/21* (s2.49), that the definition of senior managers to be used for this Remuneration Report covers the Chair, and the Executive and Non-Executive members of the Trust Board.

The Nominations and Remuneration Committee of the Trust Board (composed of Non-Executive Directors) met on 22 October 2020, 17 November 2020 and 7 January 2021. The Committee had met on 27 March 2020 in order to agree remuneration for the Executive Directors during 2020/21. As the acquisition by Guy's and St Thomas' NHS Foundation Trust took effect on 1 February 2021, a review of the remuneration of the Executive Directors for 2021/22 will be undertaken through the governance arrangements of Guy's and St Thomas' NHS Foundation Trust.

……

**Janet Hogben**
**Chair of the Nominations and Remuneration Committee of the Trust Board**

## Annual Statement of Remuneration Continued

In the ten months to 31 January 2021, the Nominations and Remuneration Committee of the Council of Governors (composed of Governors and the Chair of the Trust) met once on 26 May 2020.

Nominations work of the Committee during the period included:

- Recommendation to the full Council of Governors that Simon Friend be re-appointed for a period of three years commencing 1 August 2020;
- Recommendation to the full Council of Governors that Mark Batten be re-appointed for a period of three years commencing 1 November 2020;
- That the Rt Hon Michael Mates, Lead Governor, become an ex officio member; and
- Agreement not to re-tender the recruitment agency contract for non-executive director search pending the outcome of the acquisition.

All these recommendations were subsequently ratified by the full Council of Governors

Remuneration of the Non-Executive Directors did not change between 2019/20 and 31 January 2021.

……

**Cllr John Hensley**
**Chair of the Nominations and Remuneration Committee of the Council of Governors**

## Senior Managers' Remuneration Policy

The Trust policy is for all Executive Directors to be on permanent Trust contracts with six months' notice. Salaries are awarded on an individual basis, taking into account the skills and experience of the post holder, and comparable salaries for similar posts elsewhere. Salary data, taken where appropriate from other NHS organisations and other public-sector bodies, is benchmarked. Pay is also compared with that of other staff on nationally agreed Agenda for Change Terms and Conditions, and Medical and Dental Terms and Conditions. Remuneration consists mainly of salaries (which are subject to satisfactory performance) and pension benefits in the form of contributions to the NHS Pension Fund.

The policy for Non-Executive Directors is to appoint on fixed term contracts of three years. Non-Executive Directors are not generally members of the Pension Scheme, and receive their emoluments based on benchmarking data for similar posts elsewhere in the NHS.

Other than clinical excellence awards, no senior manager received any taxable benefit, annual or long-term performance bonuses in the ten-months to 31 January 2021.

**Future Policy Table**

| Item | Salary / Fees | Taxable Benefits | Annual Performance Related Bonus | Long-Term Related Bonus | Pension Related Benefits |
|---|---|---|---|---|---|
| **Support for the short and long-term strategic objectives of the Foundation Trust** | Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives | None | Ensures recruitment / retention of a high calibre Medical Director | None | Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives |
| **How the component operates** | Paid in even twelfths | None | Clinical Excellence Award; only available to medical staff | None | Contributions paid by both employee and employer |
| **Maximum payment** | As set out on page 46 of this Annual Report | None | As set out on page 46 of this Annual Report | None | Lifetime allowance for taxation purposes; £1,073,100 from April 2020 |
| **Framework used to assess performance** | Trust appraisal system | None | Clinical Excellence Awards | None | N/A |
| **Performance Measures** | Tailored to the post concerned | None | Tailored to the post concerned | None | N/A |
| **Performance period** | Concurrent with the financial year | None | Concurrent with the financial year | None | N/A |
| **Amount paid for minimum level of performance and any further levels of performance*** | Salaries / Fees are agreed on appointment and set down in the contract of employment | None | There are a number of different levels of clinical excellence awards and the amount awarded depends upon an external assessment of the individual undertaken by their peers. | None | N/A |
| **Explanation of whether there are any provisions for recovery of sums paid to directors, or provisions for withholding payments** | Any overpayments may be recovered | None | Any overpayments may be recovered | None | N/A |

*In the case of the Medical Director, the Clinical Excellence Award is based upon his standing within the specialty of Cardiology. This is assessed by his peers, not by the Trust, although the payment is made by the Trust.

## Annual Report on Remuneration

### Nominations & Remuneration Committee of the Trust Board

The Nominations and Remuneration Committee of the Trust Board (composed of Non-Executive Directors) met in October 2020, November 2020 and January 2021.

In discharging its responsibilities to oversee the remuneration of the Executive Directors, the Committee has taken into account information concerning the performance of the Executive Directors supplied by the Chief Executive. The Committee has been advised by the Hay Group in respect of benchmarking rates of pay for senior managers across London. The Hay Group is not connected to anyone at the Trust in any respect and does not provide any other services to the organisation. The policy on diversity and inclusion used by the Committee is described on page 62.

The policy on the pay of Executive Directors during 2020/21 was based upon comparison with salaries paid to directors of comparable healthcare organisations. The Chief Executive undertakes an objective-setting exercise with each senior manager and performance against these objectives is kept under review by the Chief Executive. The Chief Executive is in turn appraised by the Chair of the Trust. The Trust did not consult employees when preparing the senior managers remuneration policy.

Our Remuneration Committee work with respected and regarded agencies to secure appropriate candidates for consideration to executive roles at the Trust. In the past four years all agencies have been directed as part of their work to seek candidates that reflect the diverse and inclusive nature of our organisation and that drive the inclusivity agenda. Further to this, we recruit at all levels, ensuring that all candidates have an equal chance of appointment based solely on their merits.

The contracts of senior managers are normally awarded on the basis of a substantive contract.

During 2020/21 Dr Richard Grocott-Mason was appointed as Managing Director to the Royal Brompton & Harefield Hospitals Clinical Group and is also a Board Executive Director.

Members of the Committee, and their attendance are shown on pages 18 and 19 of the Annual Report, and expenses are shown on page 17 for the Governors and page 45 for the Board.

### Nominations & Remuneration Committee of the Council of Governors

The Nominations and Remuneration Committee of the Council of Governors (composed of Governors and the Chair of the Trust) met once on 26 May 2020.

In discharging its responsibilities to oversee the remuneration of the Chair and the Non-Executive Directors, the Committee has taken into account information concerning the performance of the Chair and the Non-Executive Directors. The policy of diversity and inclusion used is described on page 62.

In the ten-month period to 31 January 2021, the Nominations and Remuneration Committee of the Council of Governors recommended the reappointment of Simon Friend and Mark Batten. These recommendations were subsequently ratified by the full Council of Governors.

The Committee also decided not to re-tender the contract for the services of the NED recruitment agency whilst awaiting the outcome of the impending acquisition by Guy's and St Thomas' NHS Foundation Trust.

When dealing with the appointment of a Chair or Non-Executive Director, the Committee considers the appropriateness of obtaining external advice and support. The views of the

Chair and the Board of Directors are taken into account as appropriate on the qualifications, skills and experience required for each position in order to identify suitable candidates. Following an open and transparent selection process, the Committee makes recommendations to the Council of Governors for appointment. The appointment and renewal of a Chair and Non-Executive Director is decided by the Council of Governors.

The remuneration of the Non-Executive Directors did not change between 2019/20 and 2020/21.

Members of the Committee, and their attendance are shown on page 13 of the Annual Report.

The following Table shows the date of appointment of directors, together with the type of contract issued and the unexpired term of appointment where applicable:

| Name | Role | Date Appointed | Contract / Unexpired Period at 31 January 2021 |
|---|---|---|---|
| **Baroness (Sally) Morgan** | Chair | 1 January 2017 Renewed 1 Jan 2020 | 23 months |
| **Robert J Bell** | Chief Executive | 28 March 2005 | Substantive contract, no end date specified |
| **Luc Bardin** | Non-Executive Director | 1 June 2015 Renewed 1 June 2018 | 4 months |
| **Mark Batten** | Non-Executive Director | 1 November 2017 Renewed 9 June 2020 | 33 months |
| **Simon Friend** | Non-Executive Director Deputy Chair | 1 August 2017 Renewed 9 June 2020 | 30 months |
| **Janet Hogben** | Non-Executive Director | 1 December 2018 | 10 months |
| **Prof Peter Hutton** | Non-Executive Director | 26 February 2019 | 13 months |
| **Richard Jones** | Non-Executive Director | 25 February 2014 Renewed 25 Feb 2017 Renewed 25 Feb 2020 | 1 month |
| **Dr Javed Khan** | Non-Executive Director | 26 February 2019 | 13 months |
| **Prof Bernard Keavney** | Non-Executive Director | 2 June 2019 | 17 months |
| **Ian Playford** | Non-Executive Director | 25 April 2020 | 27 months |
| | | | |
| **Robert Craig** | Director of Development & Partnerships | 25 July 2018 (COO from Oct 2008 until July 2018) | Substantive contract, no end date specified |
| **Joy Godden** | Nurse Director and Director of Clinical Governance | 29 July 2015 | Substantive contract, no end date specified |
| **Richard Guest** | Chief Financial Officer | 7 January 2020 | Substantive contract no end date specified |
| **Nicholas Hunt** | Director of Service Development | 23 July 2014 | Substantive contract, no end date specified |
| **Dr Mark Mason** | Medical Director | 24 July 2019 | Substantive contract, no end date specified |
| **Jan McGuinness** | Chief Operating Officer | 25 July 2018 | Substantive contract, no end date specified |

*Note: Renewal of Non-Executive Director appointments is dated from the meeting of the Council of Governors at which the appointment was ratified. The term of the appointment itself is contiguous with the preceding term and this is reflected in the calculation of the unexpired period. The standard notice period for an Executive Director is six months. No termination payments have been made to Executive Directors during the reporting period.*

**SALARY AND PENSION ENTITLEMENT OF DIRECTORS (Audited Information)**

| £000 unless otherwise stated | 1 April 2020 -31 January 2021 | | | | | | | | 1 April 2019-31 March 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Salary | Other Remuneration | Taxable Benefits | Annual Performance Related Bonuses | Long-Term Performance Related Bonuses | Pension Related Benefits | TOTAL | Expenses | Salary | Other Remuneration | Taxable Benefits | Annual Performance Related Bonuses | Long-Term Performance Related Bonuses | Pension Related Benefits | TOTAL | Expenses |
| | (bands of £5000) | (bands of £5000) | Rounded to the nearest £100 | (bands of £5000) | (bands of £5000) | (bands of £2500) | (bands of £5000) | Rounded to the nearest £100 | (bands of £5000) | (bands of £5000) | Rounded to the nearest £100 | (bands of £5000) | (bands of £5000) | (bands of £2500) | (bands of £5000) | Rounded to the nearest £100 |
| Baroness Sally Morgan<br>Chair | 50 - 55 | | | | | | 50 - 55 | 200 | 60-65 | | | | | | 60-65 | 800 |
| Robert J. Bell<br>Chief Executive | 245 - 250 | | | | | | 245 - 250 | | 290-295 | | | | | | 290-295 | 900 |
| Dr R Grocott-Mason<br>Managing Director RBH-KHP Partnership (until 31/01/21); Managing Director RBH CG (from 01/02/21) | 70 - 75 | 125 - 130 | | 30 – 35* | | | 230 - 235 | | 80-85 | 150-155 | | 35-40* | | 77.5-80.0 | 350-355 | |
| Dr Mark Mason<br>Medical Director | 65 - 70 | 105 - 110 | | 20 – 25* | | | 195 - 200 | | 45-50 | 90-95 | | 10-15* | | 32.5 - 35.0 | 185-190 | |
| Robert Craig<br>Director of Development & Partnerships | 145 - 150 | | | | | | 145 - 150 | | 170-175 | | | | | 10-12.5 | 185-190 | |
| Jan McGuinness<br>Chief Operating Officer | 140 - 145 | | | | | | 140 - 145 | | 160-165 | | | | | 40-42.5 | 205-210 | |
| Joy Godden<br>Director of Nursing | 120 - 125 | | | | | | 120 - 125 | | 140-145 | | | | | 65-67.5 | 210-215 | |
| Richard Paterson<br>Associate Chief Executive - Finance (until 31/1/20) | | | | | | | | | 175-180 | | | | | | 175-180 | |
| Richard Guest<br>Chief Financial Officer (from 07/01/20) | 160 - 165 | | | | | | 160 - 165 | | 45-50 | | | | | 10-12.5 | 55-60 | |
| Nick Hunt<br>Director of Service Development | 105 - 110 | | | | | | 105 -110 | | 130-135 | | | | | | 130-135 | |
| Kim Fox<br>Non-Executive Director (to 31/05/19) | | | | | | | | | 0-5 | 00-Jan | | | | | 0.5 | |
| Richard Jones<br>Non-Executive Director (to 24/04/20) | 0 - 5 | | | | | | 0 - 5 | | 15-20 | | | | | | 15-20 | 800 |
| Ian Playford<br>Non-Executive Director from 25/04/20) | 15 - 20 | | | | | | 15 - 20 | | | | | | | | | |
| Simon Friend<br>Non-Executive Director | 20 - 25 | | | | | | 20 - 25 | | 20-25 | | | | | | 20-25 | |
| Mark Batten<br>Non-Executive Director | 15 - 20 | | | | | | 15 - 20 | | 15-20 | | | | | | 15-20 | |
| Janet Hogben<br>Non-Executive Director | 15 - 20 | | | | | | 15 - 20 | | 15-20 | | | | | | 15-20 | |
| Dr Javed Khan<br>Non-Executive Director | 10 - 15 | | | | | | 10 - 15 | | 15-20 | | | | | | 15-20 | |
| Prof Peter Hutton<br>Non-Executive Director | 15 - 20 | | | | | | 15- 20 | 1,100 | 25-30 | | | | | | 25-30 | 3,900 |
| Prof Bernard Keavney<br>Non-Executive Director | 10 - 15 | | | | | | 10 - 15 | | 10 - 15 | | | | | | 10 - 15 | 600 |
| Luc Bardin - Remuneration given to charity<br>Non-Executive Director | 10 - 15 | | | | | | 10 - 15 | | 15-20 | | | | | | 15-20 | |

* Clinical Excellence Award

The reported figure for pension related benefits is calculated under the HMRC method for valuing pension benefits, and reflects the real increase in value of the individual's pension entitlement in the year, less employee contributions. 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 above disclosure is audited by the Trust's external auditors, Grant Thornton.

**Cabinet Office Senior Pay Transparency Threshold**

£150,000 is the threshold used in the Civil Service for approval by the Chief Secretary to the Treasury, as set out in guidance issued by the Cabinet Office. The threshold is £150,000 to align with the Cabinet Office senior pay transparency threshold. The Cabinet Office approvals process does not apply to NHS Foundation Trusts but is considered a suitable benchmark above which NHS Foundation Trusts should make this disclosure.

It can be seen from the table on page 45 of this report that four members of the Trust Board receive a salary greater than £150,000, disclosed pro rata as required. The Nominations and Remuneration Committee of the Trust Board has taken steps to satisfy itself that this level of remuneration is reasonable through benchmarking comparisons with Trusts of a similar size and complexity.

## Fair Pay Multiple Requirements (Audited Information)

| | | |
|---|---|---|
| **Median salary for Trust employee** | **10 months to 31/01/21** | **2019/20** |
| | £40,534 | £39,030 |

The highest paid officer of the Trust (total remuneration £245k-£250k, 2019/20 £290k-£295k) represented a multiple of 6.1 times that of the median employee (2019/20: 7.5).

The above disclosure is audited by the Trust's external auditors, Grant Thornton.

## Pension Entitlements of Directors

This disclosure is audited by the Trust's external auditors, Grant Thornton.

| Name and title | Real increase/ (decrease) in pension at retirement age at 31 March 2021 (bands of £2,500) £000 | Real increase/ (decrease) in lump sum at retirement age at 31 March 2021 (bands of £2,500) £000 | Total accrued pension at retirement age at 31 March 2021 (bands of £5,000) £000 | Lump sum at retirement age to accrued pension at 31 March 2021 (bands of £5,000) £000 | Cash Equivalent Transfer Value at 31 March 2021 £000 | Real increase/ (decrease) in CETV £000 | CETV at 31 March 2020 £000 | Employer's contribution to stakeholder pension £000 |
|---|---|---|---|---|---|---|---|---|
| Dr Richard Grocott-Mason Managing Director | 2.5 - 5.0 | 5.0 - 7.5 | 65.0 - 70.00 | 195.0 - 200.0 | 1,594 | 67 | 1,480 | 0 |
| Dr Mark Mason Medical Director | 2.5 - 5.0 | 5.0 - 7.5 | 55.0 - 60.0 | 130.0-135.0 | 1,185 | 95 | 1,053 | 0 |
| Richard Guest Chief Financial Officer | 0.0 - 2.5 | 0.0 - 2.5 | 2.5 - 5.0 | 0.0 - 2.5 | 59 | 20 | 11 | 0 |
| Robert Craig Director of Development & Partnerships | 2.5 - 5.0 | 0.0 - 2.5 | 80.0 - 85.0 | 175.0 - 180.0 | 1,581 | 64 | 1,467 | 0 |
| Joy Godden Nurse Director and Director of Clinical Governance | 2.5 - 5.0 | 7.5 - 10.0 | 65.0 - 70.0 | 195.0 - 200.0 | 1,634 | 77 | 1,510 | 0 |
| Jan Mc Guinness Chief Operating Officer | 2.5 - 5.0 | 0.0 - 2.5 | 15.0 - 17.5 | 0.0 - 2.5 | 281 | 37 | 216 | 0 |

Pension calculations are provided by NHS Pensions Agency (NHSPA). Disclosure of Senior Managers' Remuneration (Greenbury) 2021 was requested for the ten-month period to 31 January 2021 via Pensions Online (POL). In response, NHSBSA Pensions Finance Reporting, Assurance and Reconciliation Team confirmed the policy that the Disclosure of Senior Managers' Remuneration (Greenbury) 2021 can only be run once for the financial year ended 31/03/2021 http://www.nhsbsa.nhs.uk/nhs-pensions/. Following acquisition by GSTT on 1 February 2021, independent payrolls and HMRC references were maintained at 31 March 2021. All employing authorities (EAs) are required to submit end of year information to NHS as pensions are recorded on an annual basis. Therefore, statutory annualised pension records continued to 31 March 2021. Matters such as HMRC recovery arrangements, annual allowance tapers and scheme pays elections are for the full 2020/21 financial year. Therefore, we considered that using the 31 March figures provided an accurate and meaningful proxy disclosure and provided a direct comparator with the 2019/20 Greenbury Disclosure. There has been no change to NHS Pension Scheme regulations and no adjustments have been made to the NHSPA audited data reported. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued due to their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The figures include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase in CETV - this reflects the increase in CETV that is funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Off-Payroll Arrangements

In May 2012, HM Treasury published 'Review of the tax arrangements of public sector employees' the focus of which was the minority of individuals who are engaged to provide services within the public sector and who do not have PAYE and NICs deducted at source, and are therefore 'off-payroll'. The review recommended that for all new engagements and contract renewals:

- Board members and/or senior officials with significant financial responsibility should be on the organisation's payroll, unless there are exceptional circumstances, in which case the Accounting Officer should approve the arrangements, and such exceptions should exist for no longer than six months; and

- engagements of more than six months in duration, for more than a daily rate of £245 (deemed 'highly paid'), should include contractual provisions that allow the Trust to seek assurance regarding the PAYE and NICs obligations of the individual, and to terminate the contract if that assurance is not provided.

The Trust engages 'highly paid' individuals off-payroll in circumstances where the engagement is of a project and/or specialist nature and as such does not fit the requirements of a permanent role and has put in place the contractual provisions as recommended in the review. The tables below, which follow reporting requirements as defined in the *NHS Foundation Trust Annual Reporting Manual*, disclose the position at the Trust at 31 January 2021.

All off-payroll engagements as of 31 January 2021, greater than £245 per day:

Table 1

| | |
|---|---|
| Number of existing arrangements as of 31 January 2021 | 17 |
| Of which: | |
| Number that have existed for less than one year at time of reporting | 5 |
| | |
| Number that have existed for between one and two years at time of reporting | 2 |
| | |
| Number that have existed for between two and three years at time of reporting | 7 |
| | |
| Number that have existed for between three and four years at time of reporting | 3 |
| | |
| Number that have existed for four or more years at time of reporting | 0 |

All off-payroll engagements as of 31 January 2021, greater than £245 per day:

Table 2

| | |
|---|---|
| Number of temporary off-payroll workers engaged between 1 April 2020 and 31 January 2021 | 5 |
| Of which: | |
| Number not subject to off-payroll legislation (see note) | 0 |
| Number subject to off-payroll legislation and determined as in-scope of IR35 (see note) | 5 |
| Number subject to off-payroll legislation and determined as out of scope of IR35 (see note) | 0 |
| Number of engagements reassessed for consistency/assurance purposes during the period | 0 |
| Of which: | |
| Number of engagements that saw a change to IR35 status following review | 0 |

Note: A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the department must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes.

**Off-Payroll Board Member/Senior Official Engagements**

For any off-payroll engagements of Board Members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 January 2021:

Table 3

| | |
|---|---|
| No. of off-payroll engagements of Board Members, and/or, senior officials with significant financial responsibility, during the financial year | 0 |
| | |
| Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure must include both on payroll and off-payroll engagements | 18 |

## Exit packages

| Reporting of compensation schemes - exit packages 2020/21 | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |
|---|---|---|---|
| **Exit package cost band (including any special payment element)** | **Number** | **Number** | **Number** |
| <£10,000 | - | - | **-** |
| £10,000 - £25,000 | - | - | **-** |
| £25,001 - £50,000 | - | 1 | 1 |
| £50,001 - £100,000 | - | - | **-** |
| £100,001 - £150,000 | - | - | **-** |
| £150,001 - £200,000 | - | - | **-** |
| >£200,000 | - | - | **-** |
| **Total number of exit packages by type** | **-** | **1** | **1** |
| Total resource cost (£) | £0 | £27,750 | **£27,750** |

| Reporting of compensation schemes - exit packages 2019/20 | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |
|---|---|---|---|
| **Exit package cost band (including any special payment element)** | **Number** | **Number** | **Number** |
| <£10,000 | 1 | 10 | **11** |
| £10,000 - £25,000 | 1 | 5 | **6** |
| £25,001 - £50,000 | - | 3 | **3** |
| £50,001 - £100,000 | 2 | 1 | **3** |
| £100,001 - £150,000 | - | - | **-** |
| £150,001 - £200,000 | - | - | **-** |
| >£200,000 | - | - | **-** |
| **Total number of exit packages by type** | **4** | **19** | **23** |
| Total resource cost (£) | £137,364 | £301,203 | **£438,567** |

| Exit packages: other (non-compulsory) departure payments | 2020/21 | | 2019/20 | |
|---|---|---|---|---|
| | **Payments agreed Number** | **Total value of agreements £000** | **Payments agreed Number** | **Total value of agreements £000** |
| Voluntary redundancies including early retirement contractual costs | 1 | 28 | - | - |
| Mutually agreed resignations (MARS) contractual costs | - | - | 6 | 143 |
| Early retirements in the efficiency of the service contractual costs | - | - | 1 | 27 |
| Contractual payments in lieu of notice | - | - | 8 | 95 |
| Exit payments following Employment Tribunals or court orders | - | - | 4 | 36 |
| Non-contractual payments requiring HMT approval | - | - | - | - |
| **Total** | **1** | **28** | **19** | **301** |

## Average numbers of employees (WTE basis)

| | Permanent Number | | Other Number | | 2020/21 Total Number | | 2019/20 Total Number |
|---|---|---|---|---|---|---|---|
| Medical and dental | 552 | | 6 | | **558** | | 537 |
| Ambulance staff | - | | - | | **-** | | - |
| Administration and estates | 946 | | 67 | | **1,013** | | 984 |
| Healthcare assistants and other support staff | 323 | | 3 | | 326 | | 225 |
| Nursing, midwifery and health visiting staff | 1,448 | | 21 | | 1,469 | | 1,478 |
| Scientific, therapeutic and technical staff | 602 | | 15 | | **617** | | 685 |
| **Total average numbers** | **3,871** | | **112** | | **3,983** | | **3,909** |

This Remuneration Report has been prepared having regard to the requirements of the *NHS Foundation Trust Annual Reporting Manual 2020/21*.

**Dr Ian Abbs** **15 June 2021**
**Chief Executive, Guy's and St Thomas' NHS Foundation Trust**
On behalf of the Board of Directors

# 2.3 Staff Report

## Introduction

This year has been the year of our people. We are proud of them. Proud of the contribution that they make to our organisation and the significant and positive difference that they make to the lives of our patients. The Trust's role in the response to the pandemic has only served to make this a greater truth. So much has been asked of our staff over the last year, emotionally and physically. They have responded with commitment, dedication and compassion. Their professionalism has never faltered.

Clinical staff have risen to the enormous challenge of providing care to COVID-19 patients and delivering a response that is typical of the world-class nature of our organisation. Many staff were redeployed from their usual roles to care for COVID-19 patients, without complaint or concern. Their bravery and compassion have been humbling.

Staff were supported to deliver care by the entire organisation, many on-site and many working remotely. Staff from across the Trust were redeployed to a wide number of support services: staff working with volunteers to produce scrubs and gowns; people to operate 'scrub stations' to help dress and gather the clothing from staff entering and leaving COVID-19 'red zones' - staff producing, collating and submitting on a daily basis the enormous amounts of data essential for the coordination of the Trust, region and nation's response to the pandemic - volunteers boosting the Occupational Health service to deal with the plethora of calls from anxious staff; and creating a staff testing service to work alongside a 'track and trace' service. These are just some of the many examples of where staff were redeployed without hesitation to support their front-line colleagues. For those colleagues who had to leave their normal place of work and set up a new place of work at home, they have faced the challenge of maintaining their service in difficult circumstances often while dealing with the pressures of family life or with increased isolation being away from colleagues.

This is a year which can never be captured in an annual report. The stress, the anxiety, the fear, as well as the sense of camaraderie of being part of a close-knit and compassionate team are impossible to recreate in words. What can be made clear though is the gratitude that the Trust has for all that has been achieved and the pride that it has in all its staff. A medal has been commissioned for every member of staff to recognise their courage and sacrifice. We know that it will be worn with pride.

Throughout the last year, staff have had to adapt to the variations in service caused by the pandemic. As the number of COVID-19 patients within the Trust has fluctuated, we are again recalibrating services and working hard to catch up on delayed elective procedures.

The pandemic has allowed us to accelerate our plans for improving organisational health and staff engagement. In order to drive strong organisational health and resilience, we have rolled out people programmes in health and wellbeing, organisational development and our culture. We continue to develop comprehensive people initiatives that promote organisational health and the values-driven work environment to which we aspire. Throughout the pandemic, staff have been supported by a variety of measures which have contributed to staff reporting an increase in satisfaction with their health and wellbeing.

The results of the National 2020 Staff Survey are one of the key measures of staff engagement and organisational health. National benchmarks were published by the NHS Survey Coordination Centre in March 2021. These results drive our people strategy. Our results and the year-on-year trend are mostly positive with a notable improvement in health and wellbeing.

Finally, staff engagement has been an essential feature of the period to 31 January 2021, especially as we approached the acquisition by Guy's and St Thomas' NHS Foundation Trust on 1 February 2021. Trade Union representatives worked alongside newly elected staff representatives to ensure that they provided an effective voice for staff throughout the eight-week TUPE consultation that preceded the acquisition. Numerous events were held for staff to allow them to understand the reasons for the acquisition, the opportunities that it provides and to meet colleagues from Guy's and St Thomas' NHS Foundation Trust. Managers were provided with regular 'drop-in' sessions for updates on issues and an opportunity to raise concerns, ask questions and provide feedback. These 'drop-in' sessions have continued with up to 150 leaders engaging in sessions on coaching, building resilience, having difficult conversations, bullying and harassment and appraisals. Feedback during the Staff Consultation on the acquisition was positive and included constructive reflections that it had been an exceptionally well-run TUPE consultation, again fitting with the world-class nature of our organisation.

**People Programmes**

During 2020, we maintained our strategic emphasis on Equality, Diversity and Inclusion; harassment and bullying; health and wellbeing and improving the appraisal experience and effectiveness. These are incorporated in the plan below:


With the pandemic having a severe impact on the organisation's ability to deliver and adapt to new initiatives, the emphasis has been placed on equality, diversity and inclusion and on health and wellbeing. A full programme of employee risk assessments was launched early in the pandemic in support our colleagues who were more at risk. Although tackling COVID-19 was the emphasis for 2020/21, the Trust also developed its new coaching and appraisal process and system in preparation for launch in April 2021. The focus is on delivering an enhanced and positive employee experience by upskilling managers and leaders.

The impact of handling the COVID-19 pandemic has exposed staff to a greater occupational risk of musculoskeletal disorders and other wellness issues. While the etiology is multifactorial, staff had a greater frequency and magnitude of contact with critical care patients. However, this risk is well-understood, and a comprehensive programme of mitigation strategies is instituted. Future survey data will confirm the true change over time.

Significant progress was made introducing elements of the Care for the Carers Programme - a framework that provides different levels of care and support for teams, and spaces for people to share their experiences. This has proved invaluable to staff during the pandemic. A team of 30 trained facilitators of psychological first aid was introduced to support individuals and teams with the emotional demands of their roles. These facilitators brought their skills to the workplace including in the staff wellbeing lounges established with Project Wingman in late spring across both sites. The same facilitators supported over 40 team events with staff attending face-to-face and online sessions to share their feelings and experiences.

The trained facilitators now form part of the newly established staff psychology service which came into existence in early 2021. This cross-site service is delivered by four clinical psychologists and led by a consultant clinical psychologist. The service will be fully operational by May 2021 and is already popular with staff across sites. Throughout 2021, the service will develop its provision and will work with Occupational Health on joint ventures such as Musculoskeletal Knowledge Hubs (MSK Hubs). The service will be an essential part of the Trust's efforts to support staff through the effects of the pandemic and the demands of their usual roles. Consequently, it will play a critical part in the retention of staff.

The Trust has also significantly improved its online provision of health and wellbeing by developing its intranet and Learn Now based support. Staff are now able to access a range of apps and information sources including details of the Trust's Employee Assistance Programme. This includes counselling for staff. An enhanced version of the service was put in place for the first wave of the pandemic.

As part of the acquisition by Guy's and St Thomas' NHS Foundation Trust the organisation collaborated with their health and wellbeing team to allow staff to access certain benefits (eg salary sacrifice schemes, leadership circles). Work is now underway to extend the provision of the following GSTT services to our staff – physiotherapy, smoking cessation and dietetics. The collaboration between the health and wellbeing teams will continue throughout 2021 to ensure that all staff access and benefit from the services and information available.

The Trust promotes Schwartz Rounds. These are confidential multidisciplinary forums open to all caregivers to discuss challenging social and emotional issues that arise when caring for patients. The aim of these forums is to help reduce staff stress whilst supporting them to provide compassionate healthcare.

This year we continued our inspiring organisational development programmes with a number of specific interventions. Eight of our senior leaders, both clinical and non-clinical graduated from the six month AHSC Leadership Programme. We continued a Positive Leadership Coaching Programme for 26 Clinical Care Group Leads and our leadership programme for women returning to work from maternity leave went from strength-to-strength. This course has now been widened to members of staff from our BAME communities as part of our EDI strategy. Manager coaching support has continued in both clinical and non-clinical teams to enable better conversations around performance and the values driven delivery of Trust goals.

**Communications with Staff**

The Trust's Chief Executive and the Leadership Team hold Staff Forums and many informal

meetings with staff across the organisation. Our Chief Executive regularly updated staff on recent news and developments from a strategic perspective. He also listened to questions and comments from staff. Questions can be submitted in advance of any forum by anyone uncomfortable asking a question in public. We continue to encourage staff to be confident to speak up. The content of the forums is published on the intranet to inform anyone unable to attend. Throughout the pandemic we have added a number of communications to ensure that staff were informed. On occasions, communication took place daily.

The Trust has a staff magazine 'In Touch', which is complemented by the monthly 'What's New?' news bulletin, both of which are distributed throughout the Trust. The 'Trust News' and 'Trust Matters' pages on the intranet are also widely viewed by Trust staff.

**Summary of Performance - NHS Staff Survey**

Royal Brompton and Harefield Hospitals participated in the annual NHS Staff Survey and the results of the 2020 survey are summarised below.

***Response rate***

We invited 3,829 staff at the organisation to complete the survey. The survey itself consisted of 109 questions correlating to 10 themes which are in turn reflective of the NHS National Workforce Plan. The themes are as follows; Equality, Diversity and Inclusion, Health and Wellbeing, Immediate Managers, Morale, Quality of Care, Safe Environment (Bullying and Harassment) Safe Environment (Violence), Safety Culture, Staff Engagement and Team Working.

The survey was open for eight weeks and 66% (2,513) of our staff responded. Whilst a slight decrease compared to the previous year (during the pandemic), this is still 10% above the average for Acute Specialist Trusts and 19% above the National Response Rate. A 66% response rate is a significant indicator of staff engagement.

| **Response Rate** | | | | |
|---|---|---|---|---|
| **Trust 2018** | **Trust 2019** | **Trust 2020** | **Benchmarking Group Average 2018** | **Clinical Group Improvement/ -Deterioration** |
| 59.2% | 70% | 66% | 56% | -4% |

***How we are improving***

| | Questions | | Scores | | | |
|---|---|---|---|---|---|---|
| | | | 2017 | 2018 | 2019 | 2020 |
| Your job | 4e | Able to meet conflicting demands on my time at work | 49% | 51% | 52% | 55% |
| | 4g | Enough staff at organisation to do my job properly | 48% | 44% | 46% | 54% |
| | 5h | Satisfied with opportunities for flexible working patterns | 52% | 54% | 57% | 59% |
| Your Health, Wellbeing and Safety at Work | 10c | Don't work any additional unpaid hours per week for this organisation, over and above contracted hours | 37% | 39% | 43% | 44% |
| | 13a | Not experienced harassment, bullying or abuse from patients/service users, their relatives or members of the public | 79% | 78% | 78% | 81% |

The above questions are mostly trending positively over the past four surveys (from 2017). What is noticeable is that there are some significant increases over the period. For instance, 'Enough staff at organisation to do my job properly' has jumped from 44% in 2018 to 54% in 2020. Whilst the push on Flexible Working opportunities within the organisation is taking effect with a 7% increase in 2020 compared to 2017. Similarly, 'Harassment, bullying or abuse from patients/service users' has been steadily dropping from 22% in 2018 and 2019, to 19% in 2020.

***Areas for further focus***

| | Staff Survey Areas | | Scores | | | |
|---|---|---|---|---|---|---|
| | | | 2017 | 2018 | 2019 | 2020 |
| Your job | 4c | Involved in deciding changes that affect work | 58% | 56% | 55% | 53% |
| | 4d | Able to make improvements happen in my area of work | 62% | 63% | 61% | 59% |
| Your Health, Wellbeing and Safety at Work | 11b | In last 12 months, have not experienced musculoskeletal (MSK) problems as a result of work activities | 72% | 69% | 68% | 67% |
| | 11c | In last 12 months, have not felt unwell due to work related stress | 62% | 61% | 60% | 57% |

The number of our staff reporting experiencing musculoskeletal (MSK) problems as a result of work activities has been on the increase for the last four years to 33% in 2020. The national average for Specialist Acute Trusts is 27%.

Of the staff responding to the survey this year, 43% reported feeling unwell due to work-related stress compared to an average 40% for Specialist Acute Trusts nationally. Results for the last four years indicate that this is an increasing issue year-on-year although the level of increase, both within our organisation compared to 2019 and nationally, means that the pandemic is most likely a contributing factor.

The organisation is above the Acute Specialist Trusts national average relating to the theme 'Safety Culture'. We are equal to the national average in the themes 'Quality of Care' and 'Staff Engagement'. However, we are below the national average in a number of themes including 'Equality, Diversity and Inclusion', 'Health and Wellbeing', 'Morale' and 'Immediate Manager' – it is to be noted though that some of these ratings are only less than the national average by 0.1.

| Theme | 2020/21 | | 2019/20 | | 2018/19 | |
|---|---|---|---|---|---|---|
| | Clinical Group | Benchmarking Group | Trust | Benchmarking Group | Trust | Benchmarking Group |
| Equality, diversity and inclusion | 9.0 | 9.2 | 8.9 | 9.2 | 8.9 | 9.3 |
| Health and wellbeing | 6.3 | 6.5 | 6.1 | 6.3 | 6.0 | 6.3 |
| Immediate managers | 6.9 | 7.1 | 7.0 | 7.1 | 6.9 | 7.0 |
| Morale | 6.2 | 6.4 | 6.3 | 6.4 | 6.1 | 6.3 |
| Quality of care | 7.9 | 7.9 | 7.9 | 8.1 | 7.9 | 7.8 |
| Safe environment – bullying and harassment | 8.3 | 8.4 | 8.1 | 8.3 | 8.0 | 8.2 |
| Safe environment – violence | 9.7 | 9.8 | 9.7 | 9.8 | 9.7 | 9.7 |
| Safety culture | 7.2 | 7.0 | 7.2 | 7.0 | 7.3 | 6.9 |
| Staff engagement | 7.4 | 7.4 | 7.5 | 7.5 | 7.4 | 7.4 |
| Teamworking | 6.7 | 6.8 | 6.7 | 6.9 | 6.7 | 6.9 |

*Recommendations for addressing areas requiring improvement*

The feedback from staff continues to be largely positive and in line with the other feedback from staff throughout the year. Our staff are highly engaged, patient focused and motivated; reporting excellent teamwork and communication throughout the organisation. They tell us they are proud to work for the Trust

Since embarking, in 2017, on a programme to understand and tackle bullying and harassment amongst staff, we are making progress and continue to show a decline of staff feeling bullied and harassed and so a theme trend upwards from 8.1 in 2016 to 8.3 in 2020. This is 0.1 below the average of the Acute Specialist Trust cohort which stands at 8.4, and 0.4 above GSTT which stands at 7.9. Two of the survey questions which underpin this theme including 'Not experienced harassment, bullying or abuse from patients/service users, their relatives or members of the public' and 'Not experienced harassment, bullying or abuse from other colleagues' have had significant drops and been trending downwards since 2017; particularly the latter question which had the lowest score among the cohort from 2016 to 2018 and is now steadily falling towards the national average. 'Not experienced harassment, bullying or abuse from managers' has stayed static at 12.2% compared to 12.1% in 2019 but has been falling since 2018 when it stood at over 15%.

This downward trend is a notable improvement given that nationally within the NHS bullying is reported to be on the increase. A large number of sessions have been held with staff where they have been encouraged to share their views and experiences on bullying and all forms of harassment. We will continue the values-led interventions which are improving areas where we have invested in education and awareness. Some data on bullying suggests an issue with manager capability. We are working with managers on an ongoing capability training programme.

The case management team has continued to manage workplace grievances and disputes through mediation and well-established policies. The mediation service has been extremely popular as the route to tackle workplace issues in a professional and positive way. Listening groups continue where there have been higher reports of bullying or harassment. Our revised fair and kind approach to tackling disciplinary issues speaks to our culture to embed learning in everything we do. The Freedom to Speak Up Guardians are active across the organisation.

There has been a substantial increase in the Health and Wellbeing offering, particularly over the past 12 months with increased psychological support for staff and a new Staff Psychological Team. There has been a 'statistically significant change' in the Health and Wellbeing score which was 6.0 in 2018 and has risen to 6.3 in 2020. However, this is still 0.2 below the National Average and 0.1 above GSTT. The Health and Wellbeing theme includes the question surrounding flexible working which has been on a positive upward trend from 49% in 2016 to 60% in 2020. This is now just slightly behind the national average. The question asking staff about Musculoskeletal issues in the past 12 months has risen when compared to 2019 and has been on an upward negative trend since 2016 when it was 25% to 32% in 2020. The question asking 'In last 3 months, have not come to work when not feeling well enough to perform duties' was the noticeable anomaly this year and no doubt was linked to the pandemic. Whilst there had been a gradual positive trend downwards since 2018, the score for 2020 of 37% is a drop of 15% when compared to 2019 and now above the national average. This is in line with the trend across the cohort, so suggests that all trusts in the Acute Specialist Group have had the same response to this question to varying degrees.

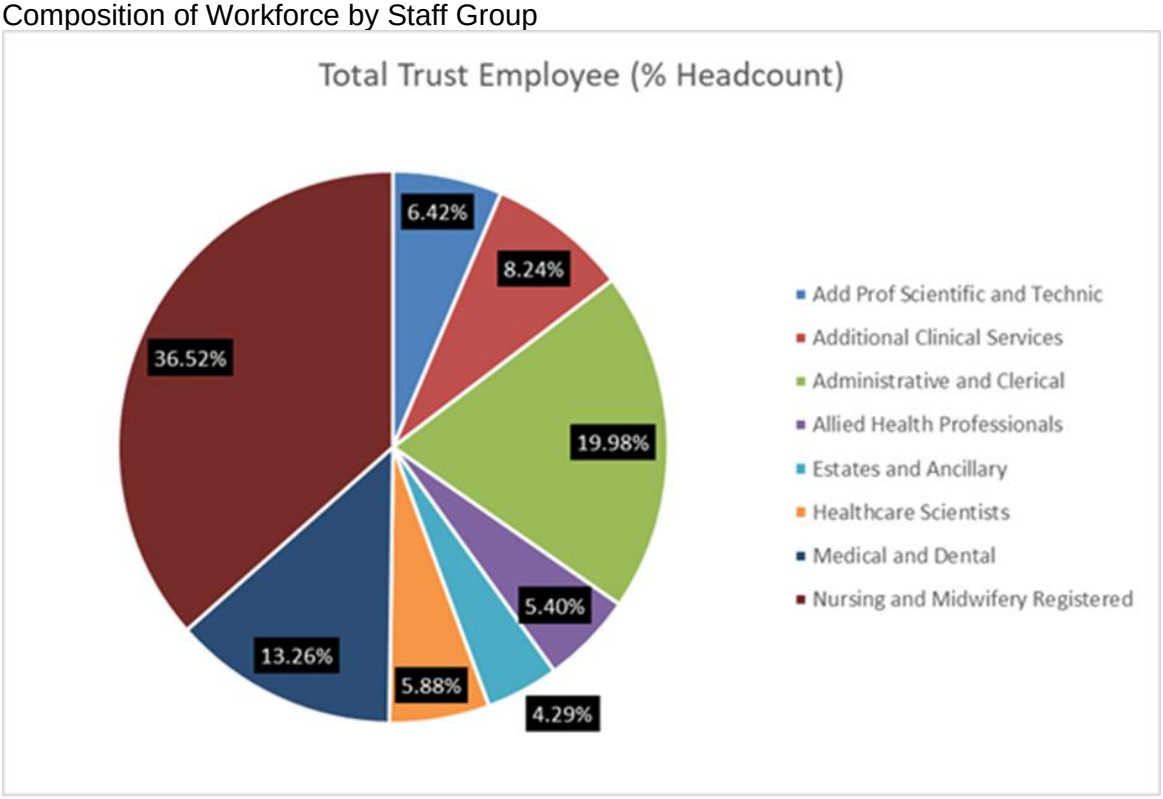
**The Trust's Employees**

As at **31 March 2021**, the Electronic Staff Record showed that the Trust employed **3943** people either on permanent or fixed term contracts (expressed as headcount).[1]

Of these, **1440** were registered as nurses and **523** were doctors. There were **213** allied health professionals and **325** people employed to provide additional clinical services (including healthcare assistants). Scientific and professional staff totalled **253** and there were **232** healthcare scientists.

There were **169** estates and ancillary staff and the administrative and clerical staff numbered **788**. This group includes ward clerks, medical secretaries, clinic receptionists as well as corporate teams such as Finance, Human Resources, Information Technology and members of the operational management team.

Composition of Workforce by Staff Group




[1] Please note:
Workforce information is held in the Electronic Staff Record (ESR) which is the source of data used for external reporting of workforce matters, such as staff sickness. For the purposes of describing the Trust's employees the figures have been expressed as headcount. Elsewhere in this Annual Report, the reader will find reference to staff numbers derived from financial systems which may be expressed as whole-time equivalents (WTE) or full-time equivalents (FTE) which result in a lower figure when compared to headcount.

Breakdown of the number of female and male members of staff in each of the specified groups at **31 March 2021.**

| Role | Female | Male |
|---|---|---|
| Directors | **4** | **8** |
| Senior Managers (Grade 8c or above) | **49** | **32** |
| Employees | **2741** | **1109** |

**Staff Sickness**

The following information has been taken from our Electronic Staff Record and covers the period 1 April 2020 to 31 March 2021 nb this includes all COVID-19 related absence:

| Available Days FTE | Days Lost FTE | Absence Rate % |
|---|---|---|
| **1,354,045** | **70,939** | **5.24%** |

**Sickness Absence Through the Pandemic**

COVID-19 has obviously had a significant impact on Sickness and Absence levels this year with an average of **5.60%** FTE time lost between March 2020 and February 2021 compared to **3.10%** for the same period last year. With the large volume of asymptomatic absences for those needing to shield due to clinical vulnerability and those self-isolating through test and trace etc mandating 14 or 10 day periods out of work and up to a full year for the large numbers of staff shielding, sickness rates peaked at **9.04%** in April 2020 and again at **8.11%** in January 2021. 'Normal' sickness (i.e. non-COVID) has remained low throughout the pandemic at an average of **2.49%** compared with the **3.10%** of a standard year but the usual winter rise in sickness experienced between September to January caused by colds and flu will, instead, have been less distinguishable due to similarities with COVID-19 symptoms. Sickness/Absence overall has remained high over the 12 months with only a brief decline to **3.55%** and **3.98%** in August and September 2020. Rates are expected to drop from April 2021 onwards as long- term shielding staff begin to safely return to work.

| Period Absence Type | M1 March | M2 April | M3 May | M4 June | M5 July | M6 Aug | M7 Sept | M8 Oct | M9 Nov | M10 Dec | M11 Jan | M12 Feb | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2019/2020 - Sickness/Absence (ALL)** | 2.66% | 2.63% | 2.92% | 3.17% | 2.91% | 2.87% | 3.10% | 3.49% | 3.47% | 3.49% | 3.50% | 2.96% | 3.10% |
| | | | | | | | | | | | | | |
| **2020/2021 - Sickness/Absence (ALL)** | 7.73% | 9.04% | 5.86% | 4.67% | 4.18% | 3.55% | 3.98% | 4.45% | 4.64% | 6.00% | 8.11% | 4.93% | 5.60% |
| **2020/2021 - Non-Covid** | 2.75% | 2.22% | 2.40% | 2.34% | 2.23% | 2.42% | 2.73% | 2.93% | 2.76% | 2.33% | 2.30% | 2.44% | 2.49% |
| **2020/2021 - Covid Only** | 4.98% | 6.82% | 3.46% | 2.33% | 1.95% | 1.13% | 1.25% | 1.51% | 1.88% | 3.67% | 5.81% | 2.49% | 3.11% |

**Occupational Health Service**

We provide New Joiner health screening for staff at the moment of joining, which includes providing workplace immunisations and screening staff for immunity to infectious diseases in line with Department of Health and Social Care recommendations.

Staff members are referred to our Occupational Health Service in line with the Trust's Sickness Absence Management policy, or as self-referral.

The main causes of sickness absence are attributed to stress/anxiety and musculoskeletal conditions. To help address these issues, and reduce time lost from work, physiotherapy and counselling services are available to staff on a self-referral basis. Telephone counselling can also be obtained from our Employee Assistance Programme (EAP).

The Occupational Health team, in addition to its normal services as mentioned above, has been leading on or played a key part in COVID-19 staff risk assessments, test and trace service; COVID-19 staff vaccination campaign and a helpline for staff during the first wave of the pandemic. The OH service also led on the Trust's seasonal flu campaign.

**Staff Turnover**

Information on our staff turnover can be found on this link to the NHS workforce statistics published by NHS Digital.

**The Seasonal Flu Campaign for 2020/21**

The seasonal flu vaccination campaign for staff started in September 2020. The flu vaccinations were provided in the form of planned flu clinics in clinical areas but were adapted this year to ensure compliance with infection prevention and control measures including social distancing arrangements. Consequently, walk around flu clinics for staff unable to attend the planned clinics were much reduced. A small number of staff booked appointments in occupational health.

We were again required by NHSE to record the numbers of staff declining the flu vaccination. We collected forms from 58 members of staff who declined the flu vaccination, there were additional staff who declined the vaccination and refused to complete the form.

70.3% of frontline healthcare workers were recorded as being vaccinated against flu this season; an increase of 13.6% compared to the previous flu season. This has reversed the trend of the last 2 years where there had been a decline in the uptake of flu vaccination by 3.4-3.5%.

The flu campaign was concentrated into a period of activity from 28 September until 27 November 2020 although some vaccinations were provided in OH after that date. Concentrating the flu campaign allowed the Trust to maintain clear distance between the flu and COVID-19 vaccine campaigns and therefore ensure that staff were available to deliver the two campaigns and assist at the venues for vaccination stations.

The CQUIN target for 2020/21 was 90%.

The reasons given for not having the flu vaccination were:

| | |
|---|---|
| Don't like needles | 12 |
| Don't think I will get the flu | 2 |
| Not beneficial, I don't think the vaccine is effective | 4 |
| Side effects | 6 |
| Times not convenient | - |
| Multiple reasons | 14 |
| Other | 20 |
| Total declined forms completed | 58 |

In December 2020 we began a COVID-19 vaccination programme for staff, initially enabling our CEV staff to be vaccinated at GSTT and at nearby sites in North West London. In early January 2021 we took delivery of our own vaccination products and began an onsite programme at Royal Brompton Hospital and at Harefield Hospital. To date, we have vaccinated over 80% of staff and we have the highest take up of COVID-19 vaccine in the Black, Asian and Minority Ethnic staff communities in London.

**Health and Safety**

Health and Safety training is provided to all staff when they join the organisation. This is supported with ongoing training throughout their employment to ensure that safety awareness and good practice are maintained. Additional specialist training relevant to the nature of individual roles is also provided. Site-based committees have been established to ensure that safety concerns can be raised through local safety representatives. The Trust also supports staff wellbeing at work through a comprehensive occupational health service to ensure that they, members of the public and patients enjoy a safe environment where occupational and safety risks are minimised. Health and Safety is supported and reported at Board level.

**Policies in Relation to Disabled Employees and Equal Opportunities**

The Trust has an Equality and Diversity Policy which is due to be reviewed in 2021.

The Trust is committed to ensuring equality of opportunity for all patients and staff, by maintaining a culture in which any form of discrimination is unacceptable. Patients, their families and carers, and the staff who care for them deserve to feel respected, valued and empowered. The Trust is committed to eliminating all forms of discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation, in line with current legislation.

The Trust ensures that for people with a disability, full and fair consideration of their applications is given during the recruitment process, having regard to their aptitudes and abilities. Reasonable adjustments are made for people with a disability, and for those who become disabled during their employment. The Trust completed its first Workforce Disability Equality Standard (WDES) submission in 2019 along with an action plan identifying measures to support the outcomes.

The Trust's Equality and Diversity Policy will, in conjunction with the soon to be launched Equality, Diversity and Inclusion Strategy, provide a roadmap which contains clear guidance for managers in respect of training, career development and promotion of people with protected characteristics.

During 2020 the Trust continued to meet its obligations, under the public-sector equality duty, to publish annual equality information in the form required.

**Workforce Race Equality Standard (WRES)**

The Trust completed its 2019/20 WRES submission and it was published on the Trust's website with an accompanying action plan.

For 2021, a greater focus has been placed on the WRES and on developing an action plan to support key targets arising out of it. The data itself showed continued improvement against some of the indicators when compared at a regional and national level.

To this end, an action plan was delivered to focus specifically on that area where we saw a deterioration but also to consolidate the continued trend of improvement in other indicators.

Our action plan is being continually reviewed and it is expected that the 2021 submission will be particularly representative given the staff return rate (66%) of the 2020 Staff Survey.

Separate to the Trust's 2020 WRES plan, we now have a number of staff networks, our LGBT network and growing BAME and Disability Networks, which we hope will provide input, support and review of the Trust's WRES action plan.

**Information on Policies and Procedures with Respect to Countering Fraud and Corruption**

Staff are provided with information on policies and procedures with respect to countering fraud and corruption through the Trust's Conflict of Interest Policy. The Trust's provider of counter fraud services, TIAA, carries out awareness raising activities and provides counter fraud training on a regular basis.

**Analysis of Staff Costs**

This table provides an analysis of staff costs which follows the format in the FTC template. It is the format specified within the Staff report section of the NHS FT Annual Reporting Manual 2020/21.

| NB 2020/21 figures are for a ten-month period to 31 January 2021 | | | | **2020/21** | | **2019/20** |
|---|---|---|---|---|---|---|
| **Staff costs** | **Permanent** | | **Other** | **Total** | | **Total** |
| | **£000** | | **£000** | **£000** | | **£000** |
| Salaries and wages | 175,058 | | 2,164 | **177,222** | | **191,768** |
| Social security costs | 18,155 | | - | **18,155** | | **20,510** |
| Apprenticeship levy | 795 | | - | **795** | | 901 |
| Employer's contributions to NHS pensions | 25,554 | | - | 25,554 | | 28,926 |
| Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%) | 7,785 | | - | **7,785** | | 8,887 |
| Termination benefits | - | | - | - | | 137 |
| Temporary staff | - | | 5,156 | 5,156 | | 8,327 |
| **Total gross staff costs** | **227,347** | | **7,320** | **234,667** | | **259,456** |

In the ten months to 31 January 2021 the Trust paid £0.7m in consultancy fees.

Off-payroll arrangements are shown from page 48.

Staff exit packages are shown on page 50.

The Trust's Gender Pay Gap (GPG) reports are published annually in line with Government requirements on the Trust's website, linked here: https://www.rbht.nhs.uk/about-us/trust-policies under Equality and Diversity and on the Government's GPG Service website linked here: https://gender-pay-gap.service.gov.uk/employer/M4IQmLsc.

The Trust continues to make progress in reducing its Gender Pay Gap with specific targeted actions such as development of professional networks for female members of staff and greater emphasis on raising awareness of the Trust's Flexible Working options for all staff.

**Trade Union Disclosures**

These disclosures are made in order to ensure compliance with the Trade Union (Facility Time Publication Requirements) Regulations 2017.

**Relevant union officials**

What was the total number of your employees who were relevant union officials during the relevant period?

| *Number of employees who were relevant union officials during the relevant period* | *Full-time equivalent employee number* |
|---|---|
| 15 | 15 |

Note: In preparing this table, the assumption was made that all trade union officials are members of the Joint Staff Committee.

**Percentage of time spent on facility time**

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

| *Percentage of time* | *Number of employees* |
|---|---|
| 0% | |
| 1-50% | 15 |
| 51%-99% | |
| 100% | |

Note: An assumption was made that 10% of trade union officials' working hours are spent on facility time.

**Percentage of pay bill spent on facility time**

Provide the figures requested in the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

| *First Column* | £ |
|---|---|
| Total cost of facility time | 64,142 |
| Total pay bill | 224,536,934 |
| The percentage of the total pay bill spent on facility time, calculated as:<br>(total cost of facility time ÷ total pay bill) x 100 | 0.029% |

Note: This calculation is dependent upon the assumptions made above.

**Paid trade union activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

100%

# 2.4 Disclosures NHS Foundation Trust Code of Governance

**Compliance with the *NHS Foundation Trust Code of Governance***

Royal Brompton & Harefield 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 Trust is required to provide a specific set of disclosures in our Annual Report to meet the requirements of the *NHS Foundation Trust Code of Governance.* All provisions which require a supporting explanation in the Annual Report, even where we are compliant with the provision, are described in the appropriate section. A reference to the location of these disclosures is contained in the table below to avoid unnecessary duplication.

| Code Provision | Page Number | Code Provision | Page Number | Code Provision | Page Number |
|---|---|---|---|---|---|
| A.1.1 | 12 & 18 | B.5.6 | - | C.3.9 | 26 |
| A.1.2 | 18 & 20-21 | B.6.1 | 37 | D.1.3 | N/A |
| A.5.3 | 14 | B.6.2 | 37 | E.1.5 | 15 |
| B.1.1 | 20 - 25 | C.1.1 | 72 - 83 | E.1.6 | 66 - 69 |
| B.1.4 | 18 & 20-25 | C.2.1 | 72 - 83 | E.1.4 | 69 |
| B.2.10 | 12-13 & 41-44 | C.2.2 | 27 | | |
| B.3.1 | 20 | C.3.5 | N/A | | |

The Trust is compliant with the requirements of the *NHS Foundation Trust Code of Governance* apart from the following provision where explanation is required:

*B.2.4. The chairperson or an independent non-executive director should chair the nominations committee(s). At the discretion of the committee, a governor can chair the committee in the case of appointments of non-executive directors or the Chair.*

At a meeting of the Nominations and Remuneration Committee of the Council of Governors, held on 12 January 2017, Governors were of the firm view that this Committee must be chaired by a Governor and terms of reference to this effect were ratified by the Council of Governors when it met on 23 February 2017. The Trust Chair is a member of the Committee.

B.5.6

Due to COVID-19 pandemic, the production of the forward plan was delayed.

## Membership

Members of the Trust come from assigned constituencies based on geographical areas and relationship to the Trust, in line with the criteria for membership set out in our Constitution. There are three constituencies: patient; public; and staff. The patient constituency has a subcategory for a carer. The patient and public constituencies consist of: North London; Bedfordshire, Hertfordshire and Essex; South London and South East London; Rest of United Kingdom and Overseas (for patient members); and Rest of England & Wales (for public members). The eligibility requirements for the membership constituencies are as follows:

Patients Constituency – an individual who has attended the Trust's hospitals for diagnosis and / or treatment, in the three years immediately preceding the date of an application to become a member, as either a patient or as the carer of a patient. Public constituency – an individual who resides in one of the four designated geographical areas.

Staff constituency - staff who are eligible for membership are those who are employed by the Trust under a contract, which has no fixed term or has a fixed term of at least 12 months or has been continuously employed by the Trust under a contract of employment for at least 12 months. All eligible staff are automatically given membership. Individuals who exercise functions for the Trust but do not hold a contract of employment - e.g. those employed by a university who hold an honorary contract, those who are a contractor or those employed by contractors - may also become members of the staff constituency. Volunteers to the Trust do not qualify for membership under the staff constituency but are invited to become public members.

Members of the staff constituency may opt out of staff membership by notifying the Membership Manager.

### Membership Strategy and Engagement

The Membership Steering Committee was established in June 2011 and reports to the Council of Governors. During 2020/21 it has been chaired by a patient governor and includes representation from patient, public and staff governors. Its remit includes development of the membership strategy which details the Trust's plan for recruitment, engagement and communication with its members.

The Membership Strategy was reviewed by the Membership Manager and an abbreviated strategy was approved for publication on the website by the Committee in September 2020. The strategy includes the following three objectives: communicate effectively and efficiently with members, offer meaningful opportunities for members to get involved and recruit an engaged and representative membership.

The Trust is mindful of its duties to ensure a representative membership, in both patient and public constituencies. These are enshrined in the Health and Social Care Act 2012. The Membership database, hosted by Civica Engagement Solutions (Civica), has functionality which enables comparisons to be made between the general population of the UK and the membership of the Trust.

### Engaging Members

The Trust held its eleventh Annual Members' Meeting where the annual report and accounts were received online on 14 July 2020. 140 members attended.

The Trust has increased engagement with its members during 2020/21. A refreshed engagement plan was put in place by the new Membership Manager who joined the Trust in April 2020. Engagement has focused on a new events programme that was put together based on feedback from members. Due to restrictions caused by COVID-19 all events have been held online. The programme has focused on clinical topics, wellbeing discussions and

Trust updates. Record numbers have attended the first five events held. These events have provided useful feedback on services and raised awareness of how to get further involved with the patient and public engagement group, the research team, the charities and the volunteer programme. Members have also continued to participate in national and local patient surveys, voting for governors in elections and standing for election. Most volunteering activities had to stop due to the pandemic, but plans are in place for some activity to resume in 2021.

**Analysis of Membership at 31 January 2021: Membership Size and Movements**

| | | 2019/20 | 31 January 2021 |
|---|---|---|---|
| **Public** | At year start (April 1) | 2,764 | 2,756 |
| | New members | 20 | 29 |
| | Members leaving | (28) | (36) |
| | At period end | 2,756 | 2,749 |
| **Staff** | At year start (April 1) | 3,608 | 3,618 |
| | New members | 468 | 175 |
| | Members leaving | (458) | (164) |
| | At period end | 3,618 | 3629 |
| **Patient** | At year start (April 1) | 4,564 | 4,380 |
| | New members | 19 | 79 |
| | Members leaving | (203) | (163) |
| | At period end | 4,380 | 4296 |
| **TOTAL** | | **10,754** | **10,674** |

**Growing the Membership**
The membership profile of the Trust is different to most other Trusts because, as a specialist Trust, there is no `local community'. Without a local community defined by geography, the main strategy for recruitment of new members is to attract patients and visitors to the hospitals. In person recruitment has not been possible due to the pandemic. The membership manager has been able to recruit new members by following up with patients who have indicated interest in learning more about the Trust either through completing the Friends and Family Test or surveys completed after events run by clinical groups at the Trust. In addition, word of mouth about the quality of member events has increased non-members registering to attend member events. Post event follow up by the membership manager has resulted in a high conversion rate of non-members to members.

**Ensuring a Representative Membership**
Analysis of the membership database by age, gender and ethnicity is undertaken to ensure that positive action can be taken to address any areas of under-representation so that the Trust membership is representative of the population that it serves. The demographics of the population of England are taken as the benchmark for the purposes of comparison.

**Communication with Members**
For new patient and public members, a welcome letter is sent by the Membership Manager.

The Trust maintains contact with its members through a digital newsletter, 'Connect'. The newsletter is sent by email to members and is available on the Trust's website. Members' events are advertised on the Trust website and intranet as well as in the Members' newsletters. The printed magazine that was previously sent twice yearly was not sent this year.

Three mailings were sent to postal members (members without an email address in our database) and emailed to email members regarding the Annual Members' Meeting, acquisition by Guy's and St Thomas' NHS Foundation Trust update and acquisition approval. In each instance postal members were asked to update their details with an email address. Email address is now a mandatory field on the membership application (as of July 2020).

All members of RBHT have automatically become members of the Guy's and St Thomas' NHS Foundation Trust. The contact details for people who wish to become members, or members who would like to communicate with the Membership Team are members@gstt.nhs.uk.

## 2.5 NHS Oversight Framework

*NHS Oversight Framework*

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

- Quality of care;
- Finance and use of resources;
- Operational performance;
- Strategic change; and
- Leadership and improvement capability (Well-Led).

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

The NHS Oversight Framework has applied throughout the ten months to 31 January 2021.

*Segmentation*

NHS Improvement continued to keep the Trust in Segment 2 under its NHS Oversight Framework. The financial outcome for the year was a deficit of £4.6m (after a revaluation loss of £4.7m, absorbing an annual leave pressure associated with COVID-19 of £4.1m, and combined central support and top-ups of £87.3m).This segmentation information is the Trust's position as at 31 January 2021. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

## 2.6 Statement of Accounting Officer's Responsibilities

**Statement of the Chief Executive's Responsibilities as the Accounting Officer of Royal Brompton & Harefield 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 Brompton & Harefield 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 Royal Brompton & Harefield 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 Officer Memorandum*.

**.....**

**Dr Ian Abbs**
**Chief Executive and Accounting Officer** **15 June 2021**
**Guy's and St Thomas' NHS Foundation Trust**

## 2.7 Annual Governance Statement for Period 1 April 2020 to 31 January 2021

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

**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 polices, aims, objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of the policies, aims and objectives of Royal Brompton & Harefield NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The current system of internal control has been in place in Royal Brompton & Harefield NHS Foundation Trust for the in-year period ended 31 January 2021 and up to the date of approval of the annual report and accounts.

**Capacity to handle risk**
The Trust ensures that its risk management system receives the appropriate depth and regularity of focus from all levels of clinical and non-clinical staff. The Trust has a risk management strategy in place, which was ratified by the Risk and Safety Committee, and which sets out the details of how risks are managed throughout the organisation.

The Trust has a Board Assurance Framework, within which the key risks are identified that may prevent the Trust from achieving its stated objectives outlined in the Trust's strategy. The BAF risks consist of inter-related components: risk management structure (including roles and responsibilities), risk identification and assessment, action planning, monitoring, risk control review and assurance measures. In response to the CQC report published in February 2019, the Board has reviewed and expanded its Board Assurance Framework to include an enhanced focus on strategic risks and the monitoring of progress in delivery of the Trust's strategic objectives. However, the risks continued to be monitored through the Trust committee structure.

The Risk & Safety Committee, which is a committee of the Board, has been established to provide the Trust Board with high quality objective evaluation of the systems and processes in place to manage risks, particularly those associated with patient and staff care and safety. The committee specifically gives attention to all sources of assurance on patient and staff safety, clinical effectiveness, and patient and staff experience: it ensures that there is evidence of robust governance and assurance processes in these areas. It is assisted in this regard by both the Audit and Finance committees of the Board. The Risk & Safety Committee membership consists of non-executive directors, including its chair, and executive directors.

The Governance & Quality Committee is a Trust-wide committee with oversight of divisional governance activities and accordingly provides relevant reports and advice to the Risk & Safety Committee. The Governance & Quality Committee is chaired by the Medical Director (and deputised by the Director of Nursing and Clinical Governance) and provides scrutiny of the Trust's risk management processes against an integrated governance and patient safety agenda. It receives reports on clinical and non-clinical issues from each of the clinical divisions. In addition to managing risks, it identifies examples of both good and poor practice.

The committee ensures that these areas operate to the highest clinical and quality standards. With representation from each of the clinical and non-clinical divisions present at meetings, the Trust is able to share best practice and respond to identified weaknesses.

The Director of Nursing and Clinical Governance has day-to-day operational responsibility for the management of risk and related governance practice. Directors across all areas of the Trust take responsibility for risk identification, management and mitigation within their areas of work and practice. Divisions are responsible for their own areas, and this is supported by Divisional Quality & Safety reports which contain a wide range of information including risks, incidents, complaints, clinical outcomes, clinical audits and compliance with best practice.

Training in risk management is available for all staff both at induction, and throughout their career at the Trust. In addition, there are detailed guidance and support resources available through the intranet and through a team of staff trained in risk management, including our emergency resilience team.

To ensure that the Trust undertakes its activities within a safe environment, a health and safety lead has been appointed. The health and safety lead is supported by an external specialist contractor who assists with the monitoring of compliance with health and safety obligations. This contractor also provides specialist advice and training in fire, health, safety and manual handling issues.

**The risk and control framework**

The Trust recognises that not all risk can be eliminated or avoided, but specific risks can be effectively mitigated and managed. A statement on acceptable risk (risk appetite) is contained within the Board Statement on Risk within the Risk Management Strategy.

The Trust's Risk Management Strategy is available to all staff through the Trust's intranet. It describes the Trust's overall risk management approach, corporate and divisional responsibilities for risk, the risk management process, and the Trust's risk identification, assessment and control system. It includes guidance on the risk assessment matrix used to evaluate risks for inclusion on the Trust's risk registers, and references the Trust's Risk Assessment Policy and Procedure, which details how staff are to identify, categorise and manage risks in the Trust.

The Trust commits to working with patients and their families to ensure that they fully understand the options for treatment, including the potential risks, intended benefits, alternatives and effects of no treatment, and that they are assisted in balancing the risks to come to a decision to give fully informed consent for treatment and/or research.

Governance structures, as presented in the Risk Management Strategy, have been established to ensure that a detailed assessment of all identified risks (clinical, research, operational, financial and infrastructure) is performed and managed through the Risk Register, where responsibility for mitigation or management of each risk is identified. The Top Trust Risks are split into two categories: Strategic and Operational. These are monitored and presented at the appropriate committees to provide assurance to the Board.

Risks are subject to review by the board committees to assess mitigating actions, the adequacy of resources directed towards managing the risk, and assurance that the controls are effective. Lower scoring risks are managed within the division/department where they originate and held on the Risk Register.

The Top Trust Risks are kept under review by the Trust Board, via the Risk and Safety Committee. For 2020/21 and into 2021/22 the Top Risks included:

- **Achievement of expected, required standards of clinical care**

Mitigations include:

- Medical Director is the Responsible Officer, Divisional Directors/Care Groups Chairs are responsible for clinical services;
- Annual appraisal and established revalidation process for doctors and nurses;
- Clinical structure based around care groups which focus on disease pathway and needs of patients, rather than staff professions;
- Lead clinicians in Clinical Risk on each site and divisional directors have a leadership role for quality and safety in their division;
- Service Level Agreements in place with other trusts to provide specialist input for patients requiring non-cardiothoracic care and treatment;
- Proactive management strategy to monitor patients on the waiting list for treatment, including pre-assessment clinics and regular telephone contact by Clinical Nurse Specialists;
- Reporting from regular Governance & Quality Committee meetings, attended by Divisional Directors (clinical) and Executive Directors, to discuss clinical issues affecting the Trust: underpinned by the divisional Quality & Safety meetings, as well as by groups with a more specialised focus such as the Clinical Practice Committee (to assure the introduction of new procedures), Medicines Management Board, the Tissue Governance Oversight Board, the Research Management Committee and the Medical Devices Safety Group;
- Medical devices policy and quarterly medical devices safety group meetings attended by the Trust Medical Device Safety Officer who attends the national group;
- Monthly clinical governance day, (10 per annum), where non-essential clinical activity is suspended, including a peer review of all patients who die in hospital and review of outcomes and necessary actions;
- Monthly Clinical Quality Review Group led by commissioners (NHS England) – CQRG - being realigned to NWL ICS reporting structures;
- CQC and NHSI requirements evaluated regularly; and
- Joint appointments in non-cardiothoracic specialties with C&W and Hillingdon (e.g. neurology).

- **Estates – general maintenance backlog**

Mitigations include:

- A three-year programme of works (incl. costs) was developed and updated in 2015 to reduce the maintenance backlog;

- Progress against this plan is being monitored by the COO and through the Capital Working Group;
- Maintenance risks are individually listed on the Risk Register;
- Currently on track with maintenance programme;
- A planned, preventative maintenance (PPM) programme focused on high-risk areas;
- A total of £33m has been invested in backlog maintenance capital since 2015, mostly in high risk schemes;
- Condition reports on critical assets families (electrical, water, ventilation etc) have been received from Authorising engineers;
- Increased capital investment in Estates backlog maintenance is still required. Due diligence process, undertaken with GSTT has noted backlog maintenance risks. A mitigation programme has been developed to undertake further surveys to establish up-to-date condition. Risk level will be reviewed when surveys are completed; and
- Survey NIFES has been appointed to carry out a Facet 2 (Functional Suitability) survey which will establish overall backlog liability. The report outcome completed at the end of November 2020 was presented to RBHT Board in December 2020 as part of the due diligence process for the acquisition by Guy's and St Thomas' NHS Foundation Trust.

- **Failure to execute property redevelopment programme effectively and within budget**

Mitigations include:

- Existence of the Redevelopment Advisory Steering Group, an ad hoc Group of the Trust Board which meets regularly to review progress;
- Continuous involvement of the Chief Executive and Chief Financial Officer;
- Appointment of leading property, financial, tax and legal advisors to the project team;
- Application of, and compliance with, the Trust's SFIs for major capital projects;
- Application of and compliance with NHS Improvement's requirements for major capital projects;
- Establishment and maintenance of a detailed project model which includes milestones, cash flows and sensitivities;
- Production of forward plan for capital programme facilitates integration and funding requirements; and
- Phasing of redevelopment such that capital expenditure, wherever possible, is funded from earlier disposals.

- **Cyber vulnerability**

Mitigations include:

- IT & Informatics have a number of technical solutions aimed at preventing, monitoring, detecting and reporting security risks. This includes anti-virus software on servers and PCs, proactive perimeter threat detection and the purchase in 2019 of additional firewalls;
- There has been a significant improvement in security patching of systems to ensure protection against the latest cyber threats. A new patching programme has been introduced and aims to minimise its impact on clinical work, for example by aligning system downtime to clinical governance days;
- Two people have achieved Certified Information Security Manager status and are now the Trust's cyber security leads, with one nominated as incident management lead in the event of a cyber-attack;
- The Trust is covered by a cyber insurance policy; and
- Internal communications about phishing attacks undertaken in 2019/20 after a number of incidents.

- **Staff recruitment and retention**

Mitigations include:

- The Trust recruits using NHS Jobs, generalist and specialist agencies, UK and overseas job fairs;
- We engage directly with universities for newly qualified key professionals;
- We are commencing the introduction of new roles e.g. Physician Associates;
- We work with other organisations for secondments;
- We have started a programme for 16-to-18-year olds to build a future workforce;
- The Trust has a new Talent and succession planning methodology linked to personal development and learning about to be trialled;
- Our transformation programme is delivering change to enable less service pressure and more efficiency;
- We offer a typical range of staff benefits, including subsidised parking;
- We offer well-established professional development provisions;
- We offer Yoga, Mindfulness and Relaxation classes;
- We have implemented an industry-leading approach to bullying and harassment to continue to address the staff survey findings;
- Leadership programmes in place; and

- We provide ‘The way we work together’ education and training on behaviour.

- **Impact of collapse of King’s Health Partners (KHP) collaboration**

Mitigations include

- The Trust and KHP partners (particularly Guy’s and St Thomas’ NHS Foundation Trust) have committed resources and time to planning and development of detailed proposals for the collaboration;
- Involvement of Trust staff in development plans for new facilities at Westminster Bridge campus;
- Revised partnership groups were established in 2019 to foster increased collaboration and joint service planning across all partners;
- Ongoing collaboration with other partners (Royal Marsden NHSFT, Chelsea & Westminster NHSFT) provides a bulwark against some opposition;
- Strong working relationships with commissioners and regulators;
- Appointment in July 2019 of a full-time, Interim Managing Director for Partnership to head the Leadership Team; and
- Acquisition by Guy’s and St Thomas’ NHS Foundation Trust will simplify and accelerate developments.

- **Parts of the Trust Engineering Infrastructure (Electrical Systems, Ventilation, Water Systems) do not meet Health Technical Memorandum (HTM) standards**

Mitigations include:

- Trust Appointed Authorising Engineers carry out an annual compliance audit which is supported by annual system condition reports; and
- Outcome of the compliance audit is fed into risk-assessed Backlog Maintenance liabilities which informs the ongoing capital investment programme.

- **The Helipad at Harefield Hospital does not meet current International Civil Aviation Organisation (ICAO) standards**

Mitigations include:

- A Trust appointed consultant has reviewed the regulations and confirmed that responsibility for safe helicopter operations rests with the operator;
- The Trust is not required to licence the site with CAA; and
- The consultant has suggested a number of actions the Trust should take to ensure that safety and security are not compromised.

- **Inadequate COVID-19 Control Measures**

Mitigations include:

  - Implementation of COVID-19 patient pathways that include pre-admission management, designation of specific clinical areas for the management of low, medium or high-risk patients, testing protocols and discharge processes in line with national and pan London guidance;
  - Staff testing programme in place, with clear guidance on the management of staff who become symptomatic, or are tested positive in line with national guidance;
  - Track and trace programme supporting focused management of COVID-19 outbreaks;
  - Provision and use of PPE in accordance with PHE guidance;
  - Working from home policy to reduce risk for staff; and
  - IPC approach in line with national guidelines including cleaning, social distancing, and hand hygiene.

These mitigations are underpinned by the Trust's IPC Board Assurance Framework.

The Risk Register is designed to reflect risks from all aspects of the organisation and provide details of the controls in place to mitigate the risks and identify where assurance can be found. The Risk Register provides, through ongoing review, assurance to the Board that these risks are being adequately managed and controlled.

The Risk Register recognises, and is informed by, the Trust's wider role and risk profile as a leading centre for the delivery of specialist clinical services, research and innovation activities, and education and training. The views of the Trust's stakeholders are taken into account when managing risk. They include:

- NHSE/I, the main regulator and commissioner for NHS Foundation Trusts, assesses the Trust's risk profile throughout the year using the NHS Oversight Framework. Monthly monitoring meetings are held with the Trust's coordinating commissioner, NHS England, to assess performance against the NHS Standard Contract – reported through the Clinical Quality Review Group;
- Meetings of the Partnership Board continued during 2020/21 and included representation from NHS England;
- The CQC, with whom the Trust undertakes regular engagement, and whose inspectors attend meetings at the Trust in order to keep in touch with standards of performance;
- The External Services Scrutiny Committee of London Borough of Hillingdon and London Borough of Kensington and Chelsea reviews Trust performance;
- Healthwatch in Hillingdon and Central West London: the Healthwatch groups have established a management board and a number of sub-groups focusing on particular health areas. In particular, Healthwatch groups were involved with the development of the Trust's Quality Report;

- The National Heart and Lung Institute of Imperial College London;
- Imperial College Health Partners, the Academic Health Science Network, of which we are a founding member; and
- The acquisition approval process with NHSI undertook risk assessments and NHSI declared the acquisition risk status as material rather than significant.

Early in 2020, the Trust was planning to undertake a NHSI Well-Led Review. However, this was put on hold due to the plans for the Trust to be acquired by Guy's and St Thomas' NHS Foundation Trust. Due regard was paid to the Well-Led Framework published at https://www.england.nhs.uk/well-led-framework/

The Trust is compliant with the 'triangulated approach', recommended by NHS Improvement, for deciding staffing requirements described in National Quality Board's guidance. This combines evidence-based tools, professional judgement and outcomes to ensure that the right staff with the right skills are in the right place at the right time.

The Board maintains ongoing oversight of compliance with those principles, systems and standards of good corporate governance which would reasonably be regarded as appropriate for an NHS Foundation Trust. The Audit, and Risk and Safety committees have a key role to play in providing assurance, receiving detailed reports to support positive declarations of compliance, which are triangulated against internal performance and assurance reporting, internal audit reports and the Board Assurance Framework, with any deviations of risks escalated to the Board of Directors. The Board is also supported by the Finance Committee.

Compliance with Condition FT4 of the NHS Provider Licence was last reviewed by the Trust's internal auditors during 2017/18. The overall report rating was that of significant assurance, being the highest rating that can be achieved on the scale used by KPMG. The systems continued in place during 2018/19, 2019/20 and 2020/21.

The Board made a self-declaration in May in 2018, 2019 and in June 2020 that it was compliant with the conditions of the NHS Provider Licence and with no significant risks identified in relation to the corporate governance statement.

**Care Quality Commission (CQC)**
The Trust is fully compliant with the registration requirements of the Care Quality Commission. As part of the acquisition process, the registration will move to Guy's and St Thomas' NHS Foundation Trust.

The CQC last inspected the Trust in November 2018. We achieved an overall rating of 'good' in the report published in February 2019.

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

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

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

**Review of economy, efficiency and effectiveness of the use of resources**
Service Line Reporting (SLR) and Patient Level Costing (PLC) are reviewed annually by the Finance Committee, including comparators against national averages. There are usually quarterly meetings of the SLR Group, with membership including the Chief Operating Officer, senior clinicians, and senior operational and finance managers. However, it has been unable to meet during 2020/21. Finance and performance reports are reviewed monthly by the Finance Committee, including review of delivery against efficiency plans. Updates are provided to the Board, which are used to identify opportunities for improving efficiency and profitability. The Trust has submitted its Patient Level and Reference Cost submissions.

**Information governance**
The Trust manages its risks related to data security through a number of different approaches. The Trust has a Board level Senior Information Risk Owner (SIRO). The SIRO has overseen the implementation of a wide range of measures to protect the data we hold.

Each year the Trust completes the NHS Digital Data Security and Protection Toolkit. All organisations with access to NHS patient data and systems are required to complete the Toolkit self-assessment. It tests their policy and processes against the National Data Guardian's ten data security standards to provide assurance that they are practising good data security and that personal information is handled correctly.

The Trust has undertaken a range of work to improve the governance and security of its data and information systems. Its self-assessment for the 2019/20 Toolkit was submitted along with an updated improvement plan for a number of areas recognised as requiring further development. The Trust's Toolkit is currently assessed as "Standards Not Fully Met (Plan Agreed)". This grading is given where a small number of items do not yet meet the Toolkit's requirements. Our updated improvement plans were reviewed by NHS Digital, which was satisfied that we have a realistic plan to achieve the evidence requirement. The Royal Brompton and Harefield NHS FT has been gathering evidence for the 2020/21 Toolkit. This must be completed by the end of June 2021, after the Trust's acquisition. Therefore, the evidence will form part of Guy's and St Thomas' NHS Foundation Trust's Toolkit submission.

All information governance incidents are investigated, and any common themes inform our training, awareness and prevention campaigns. In 2020/21 the Trust reported one incident to the Information Commissioner's Office (ICO). Confidential information about a patient had been disclosed to someone who should not have had access to it. Following a thorough investigation, it was established that the Trust was not the source of the information – it had been obtained elsewhere. The ICO confirmed that it did not need to take any further action.

Data quality has been kept under review by the Performance and Information Team and policies are in place to monitor data quality which are compliant with NHS guidelines and incident reporting procedures.

**Data quality and governance**
Throughout the year, data demonstrating the Trust's performance against key quality metrics were reported to the Trust Board through the Clinical Quality Report. The Trust's Risk & Safety Committee maintains oversight of the quality and safety of clinical services, under delegated authority from the Board. The scrutiny undertaken by the Risk and Safety Committee was pivotal in delivering 'Ward to Board' assurance. The Trust's Governance &

Quality Committee received regular updates against a range of quality and safety metrics, both at divisional and Trust-wide level. Both the Governance and Quality Committee and the Risk & Safety Committee were instrumental in agreeing the main areas of focus for the 2020/21 quality priorities.

The Risk & Safety Committee has undertaken a key role in monitoring the outcomes of annual service reviews such as Safeguarding Adults and Children, Tissue Governance and Medicines Optimisation. In addition, the Committee has regularly scrutinised key reports relating to serious incidents and learning from deaths in order to seek assurance that learning from when things go wrong is used to strengthen and improve services.

The Trust's Risk Register tracks critical risks and sets out clear control measures aimed at reducing risk. The Risk and Safety Committee scrutinised the Risk Register at each meeting. The committee undertook deep dives into key risks, seeking assurance that control measures were appropriate and adequate.

The Risk and Safety Committee also sought assurance from frontline staff through regular presentations on issues such as 'improving post-operative nutrition', 'supporting staff to optimise strength and resilience' and 'supporting ethical decision-making'.

NHS England waived the external assurance requirements of the 2019/20 Annual Quality Report. However, the Trust has continued to focus on delivering improvements that underpin the strengthening of data quality. During 2020/21, the Trust's performance and information team participated in a national programme to assure validation processes underpinning Referral to treatment (RTT) performance reporting. The Trust was praised on the local data validation processes that are in place.

The Trust continually works to ensure that where there are issues of data quality, they do not constitute a wider reliability issue in terms of data integrity. We have highly defined data structures that fit our regulatory reporting requirements and there are the functional and non-functional specifications that set our data system's quality characteristics. Our data are subject to legal and regulatory requirements, external interfaces, performance tracking, authentication, assurance and external and internal audit.

**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 auditor, clinical audit and the executive managers and clinical leads within the 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 auditor in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Finance Committee and the Risk & Safety Committee, and plans to address weaknesses and ensure continuous improvement of systems are in place.

The Board has exercised its role of oversight of the system of internal control through regular reports made by the Chair of the Audit Committee to the Board. Reports have been provided to the next meeting of the Trust Board following every meeting of the Audit Committee. Further information on the Board committee structure, attendance of members, coverage of work and reports can be found within the Directors' Report.

The Audit Committee provides the Trust Board with an independent and objective evaluation of the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial internal controls that support the achievement of

the organisation's objectives. The conclusion of this Committee is that it has discharged its duties appropriately during the ten months to 31 January 2021.

As stated, the Risk and Safety Committee provides the Trust Board with independent and objective evaluation of whether the systems and processes in place in the Trust to manage risks, especially patient safety risks, are complete, appropriate, and working as intended. There were no 'never' events from 1 April 2020 to 31 January 2021 at RBHT, and eight serious incidents during the period.

Clinical audits are regularly conducted across all clinical services of the Trust. During the ten months to 31 January 2021 the Trust participated in the 25 national studies that were of relevance to it.

Internal audit services for the Trust are outsourced to KPMG, who have provided an objective and independent opinion to the Chief Executive, the Board and the Audit Committee. They conducted five reviews during the period (GDPR follow up, financial governance during COVID-19 (first wave), Infection Prevention and Control BAF, Cyber Security and Health & Safety Assessment) and provided an overall rating of significant assurance with minor improvement opportunities for their Head of Internal Audit Opinion for the period to 31 January 2021.

Deloitte LLP provided the Trust with its external audit assurance and reports on the annual accounts during the period; however, they were replaced by Grant Thornton LLP at the end of the period.

The Counter Fraud Specialist confirmed that during the course of the year no frauds were subject to investigation that met the materiality threshold for referral to the Trust's external auditor, and no significant system failures or control weaknesses were identified that impact the Trust's Annual Governance Statement.

**COVID-19 Pandemic**

The Board discussed COVID-19 at its meetings in May, June, July, September, November 2020, and January 2021, and noted the Trust's preparations. The Board also conducted special briefings for its non-executive directors and governors; all by videoconferencing. COVID-19 risks were monitored via the Trust Risk Register. The Trust governance structure has been utilised to respond to the challenge and in addition to this an ethics group was established with a non-executive chair and the Trust Medical Director in order to provide governance to making ethical decisions within the COVID-19 emergency; the group is aligned to the NHS, BMA and GMC guidance and principles, and will ensure that it has the appropriate mechanism of compliance with NICE guidelines.

**Conclusion**

My review confirms that we have a sound system of internal control that supports the achievement of our objectives, and that no significant internal control issues have been identified. All significant areas of risk have been properly managed and are identified in this statement as part of the Risk and Control Framework section and are set out within the Audit Committee disclosures made in the Accountability Report of the Annual Report for the ten months to 31 January 2021.

I am satisfied that, to the best of my knowledge and using our processes, including having regard to NHS Improvement's Quality Governance Framework (supported by Care Quality Commission information, our own information on serious incidents and patterns of complaints), the Trust has, and will keep in place, effective arrangements for monitoring and continually improving the quality of healthcare provided to our patients.

**Signed by the Accounting Officer to verify the Annual Governance Statement**

**……..** **15 June 2021**

**Dr Ian Abbs**
**Chief Executive and Accounting Officer. Guy's and St Thomas' NHS Foundation Trust**

**Annex 1**

# FINANCIAL STATEMENTS OF ROYAL BROMPTON & HAREFIELD NHS FOUNDATION TRUST FOR THE TEN MONTH PERIOD ENDED 31st JANUARY 2021

**FINANCIAL STATEMENTS OF ROYAL BROMPTON & HAREFIELD NHS FOUNDATION TRUST FOR THE TEN MONTH PERIOD ENDED 31st JANUARY 2021**

**Accounts for the year 10th Month Period to 31st January 2021**

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# Independent auditor's report to the Council of Governors of Guy's and St Thomas' NHS Foundation Trust in respect of Royal Brompton and Harefield NHS Foundation Trust

## Report on the Audit of the Financial Statements

### Opinion on financial statements

We have audited the financial statements of Royal Brompton and Harefield NHS Foundation Trust (the 'Trust') for the period ended 31 January 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021.

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

- give a true and fair view of the financial position of the Trust as at 31 January 2021 and of its expenditure and income for the period then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and

  have been prepared in accordance with the requirements of the National Health Service Act 2006.

### Basis for qualified opinion

Due to the safety threats imposed by the Covid-19 pandemic, performance of the physical counting of inventories was impracticable at 31 March 2020 and the predecessor auditor was unable to satisfy themselves by using other audit procedures concerning the inventory quantities held at that date, which had a carrying amount in the Statement of Financial Position of £12.6 million. Consequently, the predecessor auditor was unable to determine whether any adjustment to this amount at 31 March 2020 was necessary and the predecessor auditor's opinion on the financial statements for the year ended 31 March 2020 was modified accordingly. Since opening inventories affect the determination of the surplus or deficit for the period, our opinion on the financial statements for the period ended 31 January 2021 is also modified because we were unable to determine whether any adjustments to the surplus for the period and opening income and expenditure reserve might be necessary. In addition, were any adjustments to the opening inventory balance to be required, the Performance Report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled

our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Emphasis of matter – Demise of the organisation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1.29 to the financial statements, which indicates that Royal Brompton and Harefield NHS Foundation Trust was acquired by Guy's and St Thomas' NHS Foundation Trust on 1 February 2021.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report.

In our evaluation of the Accounting Officer's' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2020 to 2021 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

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

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

The responsibilities of the Accounting Officer with respect to going concern are described in the 'Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements' section of this report.

### Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report[1], other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

As described in the basis for qualified opinion section of our report, the predecessor auditor was unable to satisfy themselves concerning the inventory quantities of £12.6m held as at 31 March 2020. Since opening inventories affect the determination of the surplus or deficit for the period, our opinion on the financial statements for the period ended 31 January 2021 is also modified because we were unable to determine whether any adjustments to the surplus for the period and opening income and expenditure

reserve might be necessary. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement[2] does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2020/21 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006[3]; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

### Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Accounting Officers Responsibilities as the accounting officer [set out on pages 70 to 71, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit and Risk Committee of Guy's and St Thomas' NHS Foundation Trust is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Trust's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
- We enquired of management and the Audit and Risk Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit and Risk Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that altered the Trust's financial performance for the period;
  - potential management bias in determining accounting estimates, especially in relation to:
    - the calculation of the valuation of the Trust's land, buildings and investment properties; and
    - accruals of income and expenditure at the end of the financial period.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a particular focus on significant journals at the end of the financial period which impacted on the Trust's financial performance;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment and investment property valuations;

- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations and fraud included the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuations of the Trust's land and buildings and investment properties.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS Improvement's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

## Report on other legal and regulatory requirements – Certificate

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

### Use of our report

This report is made solely to the Council of Governors of the Guy's and St Thomas' NHS Foundation Trust, as a body, in respect of Royal Brompton and Harefield NHS Foundation Trust, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of Guy's and St Thomas' NHS Foundation Trust those matters we are required to state to them in an auditor's report in respect of Royal Brompton and Harefield NHS Foundation Trust and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Guy's and St Thomas' NHS Foundation and the Royal Brompton and Harefield NHS Foundation Trust and the Council of Governors of both Trusts, as bodies, for our audit work, for this report, or for the opinions we have formed.

*Paul Dossett*

Paul Dossett, Key Audit Partner

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

Grant Thornton UK LLP

London

15/06/2021

# Royal Brompton and Harefield NHS Foundation Trust

## Annual Accounts for the ten-month period ended 31 January 2021

**Foreword to the accounts**

**Royal Brompton and Harefield NHS Foundation Trust**

These accounts, for the period ended 31 January 2021, have been prepared by Royal Brompton and Harefield NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

**Signed** 

**Name** **Ian Abbs**
**Job title** **Chief Executive & Accounting Officer**
**Date** **15 June 2021**

# Statement of Comprehensive Income

| | Note | 10 months 2020/21 £000 | 2019/20 £000 |
|---|---|---|---|
| Operating income from patient care activities | 2 | 358,722 | 399,637 |
| Other operating income | 3 | 76,844 | 54,841 |
| Operating expenses | 5, 6 | (428,512) | (447,217) |
| **Operating surplus from continuing operations** | | **7,054** | **7,260** |
| Finance income | 9 | 3 | 138 |
| Finance expenses | 10 | (875) | (1,184) |
| PDC dividends payable | | (6,159) | (8,378) |
| **Net finance costs** | | **(7,031)** | **(9,424)** |
| Other (losses) /gains | 11 | (4,611) | 1,119 |
| **(Deficit) for the period / year** | | **(4,588)** | **(1,045)** |
| **Other comprehensive income** | | | |
| **Will not be reclassified to income and expenditure:** | | | |
| Revaluations | 14 | 3,850 | 16,782 |
| **Total comprehensive (expense) / income for the period / year** | | **(738)** | **15,737** |

Please note that FY 2020/21 is a ten-month period, whereas the prior year comparator is for twelve-months.

There may be some minor rounding differences between the main accounts tables and supporting notes.

## Statement of Financial Position

| | Note | 31 January 2021 £000 | 31 March 2020 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 12 | 10,653 | 11,847 |
| Property, plant and equipment | 13 | 219,287 | 207,308 |
| Investment property | 15 | 90,190 | 94,846 |
| Receivables | 18 | 666 | 536 |
| **Total non-current assets** | | **320,796** | **314,536** |
| **Current assets** | | | |
| Inventories | 17 | 12,000 | 12,631 |
| Receivables | 18 | 53,163 | 70,852 |
| Cash and cash equivalents | 19 | 63,714 | 7,315 |
| **Total current assets** | | **128,877** | **90,798** |
| **Current liabilities** | | | |
| Trade and other payables | 20 | (99,478) | (62,558) |
| Borrowings | 21 | (17,751) | (6,205) |
| Provisions | 22 | (127) | (389) |
| **Total current liabilities** | | **(117,356)** | **(69,152)** |
| **Total assets less current liabilities** | | **332,317** | **336,182** |
| **Non-current liabilities** | | | |
| Borrowings | 21 | (43,908) | (47,745) |
| Provisions | 22 | (1,473) | (1,257) |
| **Total non-current liabilities** | | **(45,381)** | **(49,002)** |
| **Total assets employed** | | **286,936** | **287,179** |
| **Financed by** | | | |
| Public dividend capital | | 109,934 | 109,439 |
| Revaluation reserve | | 78,037 | 74,187 |
| Income and expenditure reserve | | 98,966 | 103,554 |
| **Total taxpayers' equity** | | **286,936** | **287,179** |

Notes 1 to 28 form part of these accounts.

Name Ian Abbs
Position Chief Executive & Accounting Officer
Date 15 June 2021

## Statement of Changes in Equity for the ten months ended 31 January 2021

| | Public dividend capital | Revaluation reserve | Income and expenditure reserve | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Taxpayers' and others' equity at 1 April 2020 - brought forward** | **109,439** | **74,187** | **103,554** | **287,179** |
| Surplus/(deficit) for the year | - | - | (4,588) | **(4,588)** |
| Revaluations | - | 3,850 | - | **3,850** |
| Public dividend capital received | 495 | - | - | **495** |
| **Taxpayers' and others' equity at 31 January 2021** | **109,934** | **78,037** | **98,966** | **286,936** |

Please note that FY 2020/21 is a ten-month period, whereas the prior year comparator is for twelve-months.

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

| | Public dividend capital | Revaluation reserve | Income and expenditure reserve | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Taxpayers' and others' equity at 1 April 2019 - brought forward** | **109,069** | **57,405** | **104,599** | **271,072** |
| Surplus/(deficit) for the year | - | - | (1,045) | **(1,045)** |
| Revaluations | - | 16,782 | - | **16,782** |
| Public dividend capital received | 370 | - | - | **370** |
| **Taxpayers' and others' equity at 31 March 2020** | **109,439** | **74,187** | **103,554** | **287,179** |

**Information on reserves**

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

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

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

# Statement of Cash Flows

| | Note | ten months 2020/21 £000 | 2019/20 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating surplus / (deficit) | | 7,054 | 7,260 |
| **Non-cash income and expense:** | | | |
| Depreciation and amortisation | 5 | 17,168 | 20,774 |
| Income recognised in respect of capital donations | 3 | (1,109) | (166) |
| (Increase) / decrease in receivables and other assets | | 17,559 | (22,017) |
| (Increase) / decrease in inventories | | 631 | (2,449) |
| Increase / (decrease) in payables and other liabilities | | 40,372 | 12,677 |
| Increase / (decrease) in provisions | | (48) | (1,995) |
| **Net cash flows from / (used in) operating activities** | | **81,627** | **14,084** |
| **Cash flows from investing activities** | | | |
| Interest received | | 3 | 138 |
| Purchase of intangible assets | | (1,123) | (2,428) |
| Purchase of PPE and investment property | | (26,156) | (16,074) |
| Sales of Equipment assets | | 708 | - |
| Receipt of cash donations to purchase assets | | 1,109 | 166 |
| **Net cash flows from / (used in) investing activities** | | **(25,460)** | **(18,198)** |
| **Cash flows from financing activities** | | | |
| Public dividend capital received | | 495 | 370 |
| Movement on loans from DHSC | | (3,880) | (3,880) |
| Movement on other loans | | (1,575) | 8,270 |
| Interest on loans | | (1,005) | (1,172) |
| PDC dividend (paid) / refunded | | (4,191) | (7,812) |
| Cash flows from (used in) other financing activities | | - | (49) |
| **Net cash flows from / (used in) financing activities** | | **(10,156)** | **(4,273)** |
| **Increase / (decrease) in cash and cash equivalents** | | **46,011** | **(8,388)** |
| **Cash and cash equivalents at 1 April - brought forward** | | **7,315** | **15,702** |
| **Cash and cash equivalents at 31 January / 31 March (prior year)** | 19 | **53,326** | **7,315** |

Please note that FY 2020/21 is for a ten-month period, whereas the prior-year comparator is for twelve-months.

**Notes to the Accounts**

**Note 1 Accounting policies and other information**

**Note 1.1 Basis of preparation**

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

**Note 1.1.1 Accounting convention**

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

**Note 1.2 Going concern**

The Directors have carefully considered the financial position of the Trust and the expected future performance as a Clinical Group of Guy's & St. Thomas' NHS Foundation Trust (GSTT), given the demanding financial context in which it is operating, forecast financial deficits, but also GSTT's ability to finance the future activity of the Trust. Key factors have included:

- Anticipated levels of clinical activity, income, operational costs, planned savings and additional costs due to COVID-19;
- The level of planned capital expenditures, including the new imaging centre; and the costs associated with the acquisition by Guy's and St. Thomas' NHS Foundation Trust and also associated with the collaboration with King's Health Partners;
- The continuing availability of borrowing facilities, including a bridging facility to finance the imaging centre;

These factors have been the subject of sensitivity analysis against which the Trust's capacity to mitigate downside risks has been assessed.
Having made appropriate enquiries, the Directors have concluded that there is a reasonable expectation that the Foundation Trust (Clinical Group from 1st February 2021) will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Regarding the COVID-19 pandemic, there is, and remains, significant uncertainty about the likely demand for hospital services and the impact COVID-19 will have on the costs incurred by NHS organisations. In response the Department of Health and Social Care (DHSC), NHS England (NHSE) and NHS Improvement (NHSI) have announced a series of measures to ensure the continuity of services, including the provision of additional funding to NHS Trusts and Foundation Trusts to cover additional costs/lost income relating to the COVID-19 pandemic. In terms of lost income, this includes addressing the adverse impact of the decrease in the treatment of private patients.

Whilst the Trust has made reasonable estimates of the level of additional costs/lost income claimed, and to be claimed, there is no certainty that all of these will be recovered, and this has been considered in the sensitivity analysis.

**Note 1.3 Revenue from contracts with customers**

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Standard credit terms are 30 days and so payments are expected within one month after satisfying the performance obligations.

**Revenue from NHS contracts**

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

**2020/21**

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

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

**Comparative period (2019/20)**

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

**Revenue from research contracts**

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

It should also be noted that for the Trust, the majority of the research income falls within the provisions of IAS 20 for government grants from DHSC and NIHR.

**NHS injury cost recovery scheme**

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

**Note 1.4 Other Forms of Income**

**Grants and Donations**

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

**Apprenticeship Service Income**

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

**Note 1.5 Expenditure on Employee Benefits**

**Short-term employee benefits**

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

**Pension Costs**

**NHS Pension Scheme**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS 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.

**NEST Pension Scheme**

Where staff are not eligible for, or choose to opt out of, the NHS Pensions Scheme, they are entitled to join the National Employment Savings Trust (NEST) scheme. NEST is a government-backed, defined contribution pension scheme set up to make sure that every employer can easily access a workplace pension scheme. The employer's contribution rate in 2020/21 was 3% (2019/20: 3%).

A small number of staff are members of the National Employment Savings Trust (NEST) scheme. Further information is provided in note 7.1

**Note 1.6 Expenditure on other Goods and Services**

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

**Note 1.7 Property, plant and equipment**

**Note 1.7.1 Recognition**

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes;

• it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;

• it is expected to be used for more than one financial year;
• the cost of the item can be measured reliably; and
• the item has cost at least £5,000; or

• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control; or

• the items form part of the initial equipping and set-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a substantial asset, for example a building, includes several components with significantly different asset lives, e.g., structure, engineering, external works, then these components are treated as separate assets and depreciated over their own useful economic lives.

**Subsequent expenditure**

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

**Note 1.7.2 Measurement**

**Valuation**

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

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

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

• Land and non-specialised buildings – market value for existing use.
• Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

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

Land and buildings (including investment properties) are valued by an independent registered chartered surveyor on an annual basis and in accordance with Royal Institution of Chartered Surveyors' Valuation Standard as required under IAS16 to reflect fair value. As at 31 December 2020 the land and building assets were revalued, with a subsequent valuer assessment confirming no material movements as at 31 January 2021.
Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Depreciation commences when the assets are brought into use, with subsequent revaluation on an annual basis.

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

**Impact of Covid-19 on the Land & Buildings Valuation by Montagu Evans**

The valuation exercise was carried out in December 2020 with a valuation date of 31 December 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 20117 ('Red Book'), the valuer has removed the declaration of a 'material valuation uncertainty' applied to the 2019/20 valuation report, which was on the basis of uncertainties in markets caused by COVID-19.

**Depreciation**
Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits (straight line). Freehold land is considered to have an infinite life and is not depreciated. Assets under construction are not depreciated until the asset is brought into use, except where there is doubt over the completion of the construction project.
**Revaluation gains and losses**
Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.
Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.
Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.
**Impairments**

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

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

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

**Note 1.7.3 De-recognition**

Assets intended for disposal are reclassified as 'held for sale' once the following criteria is met:

- The sale must be highly probable and the asset available for immediate sale in its present condition.

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

• The profit or loss on disposal of an asset is the difference between the net sale proceeds and the carrying amount (net book value) and is recognised as a non-operating item.
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 life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

**Note 1.7.4 Donated and grant funded assets**

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

Funding for the majority of donated assets is received retrospectively, so that any restrictions that may be imposed by the donor have been met upon the receipt of the donated cash. If donated assets were no longer used for the purpose intended, and they still had a net book value, the donor would be notified. However, there were no specific restrictions placed on the donations received in the year.

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

**Note 1.7.5 Useful economic lives of property, plant and equipment**
The useful economic life reflects the total life and not the remaining life of an asset. The ranges of useful economic lives are shown in the table below:

| | Min life | Max life |
|---|---|---|
| | Years | Years |
| Buildings, including dwellings | 25 | 60 |
| Plant and machinery | 4 | 15 |
| Transport equipment | 2 | 7 |
| Information technology | 2 | 10 |
| Furniture and fittings | 4 | 10 |

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

**Note 1.8 Intangible assets**
**Note 1.8.1 Recognition**
**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. Intangible assets are capitalised when: they are capable of being used in the Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

**Internally generated intangible assets**
Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.
Expenditure on research is not capitalised.
Expenditure on development is capitalised when it meets the requirements set out in IAS 38 only where all the following can be demonstrated:

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

**Software**

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

**Note 1.8.2 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 can operate in the manner intended by management.

Subsequently intangible assets are measured at market value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Where there is no value in use, the asset must be valued using depreciated replacement cost. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they don't meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'. No intangible assets were held for sale as at 31st January 2021.

**Amortisation**
Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits (straight line).

**Note 1.8.3 Useful economic lives of intangible assets**
The useful economic life reflects the total life and not the remaining life of an asset. The ranges of useful economic lives are shown in the table below:

| | Min life | Max life |
|---|---|---|
| | Years | Years |
| Development expenditure | 2 | 12 |
| Software | 2 | 10 |
| Licences & trademarks | 2 | 5 |

**Note 1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. Work-in-progress comprises goods in intermediate stages of production.

Partially completed patient episodes are not accounted for as work-in-progress but as receivables. This is because partially completed patient episodes are verified with NHS providers and commissioners as part of the intra-NHS debtor/ creditor balances agreement exercise.

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

**Note 1.10 Investment properties**

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

Only those assets which are held to generate a commercial return, or capital appreciation, or both, are considered to be investment properties. Where an asset is held, in part, for support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties unless capital appreciation is also a factor.

**Note 1.11 Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value (no investments held during the year).

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

**Note 1.12 Financial assets and financial liabilities**

**Note 1.12.1 Recognition**

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

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

**Note 1.12.2 De-recognition**

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

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

**Note 1.13 Classification & measurement**

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

Financial assets and liabilities are classified as subsequently measured at amortised cost.

**Financial assets and financial liabilities at amortised cost**

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

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

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

The Trust is party to an interest rate cap (a type of interest rate derivative) covering a revised £45m bridging loan (£10m drawn down as at 31st January 2021) in advance of the Chelsea Farmers Market sale.

**Impairment of financial assets**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

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

Expected credit losses are estimated via a provision matrix that assigns differing percentages and timings in terms of categories of debt. These are based on an assessment of: past performance, current/future market and general economic conditions and any other considerations relevant to specific categories of debtor. Credit losses are not normally recognised in relation to other NHS bodies. The Department for Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS Charities).

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

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

**Note 1.14 Leases**

**Finance 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.

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

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

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.

The Trust rents out investment properties under operating leases as a lessor. 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.

The implementation of IFRS 16 leases, in 2022/23, will remove the distinction between finance and operating leases. From then on, most leases will be capitalised in the Statement of Financial Position reflecting the right to use the asset and the liability to pay for it. Exceptions are likely to be leases for under 12 months, for low value assets (under £5k) and intangible assets.

**Leases of land and buildings**

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

**Note 1.15 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation as a result of a past event, 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 31st March 2021.

**Clinical negligence costs**

The NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution, 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 22.1 but is not recognised in the Trust's accounts.

**Non-clinical risk pooling**

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

**Other Provisions**

Other provisions are recognised when the Trust has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. In addition to widely used estimation techniques, judgement is required when determining the probable outflow of economic benefits relating to early voluntary retirement pension and injury benefit liabilities.

**Non-NHS Doubtful Debt**

The impairment assessment takes account of historical payment patterns, as well as economic and other risks associated with our customer base.

**Note 1.16 Contingencies**

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

Contingent liabilities are not recognised, but are disclosed, 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 Trust'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.

The Wimpole St Private Patients Facility, which is a leased building, has been considered under these criteria and management have concluded that no liability requires disclosure.

**Note 1.17 Public Dividend Capital**

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

(i) donated, Covid19 related, and grant funded assets (including lottery funded assets),

(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and

(iii) any PDC dividend balance receivable or payable.

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

**Note 1.18 Value added tax**

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of the assets concerned. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. Monthly reviews are undertaken with regard to Contracted Out Services (COS) VAT recovery under Section 41 of the UK VAT Act 1994.

**Note 1.19 Corporation tax**

The Trust's activities concern the provision of goods and services relating to healthcare and is not registered as a limited company. On this basis the Trust has no corporation tax liability. The Trust is a Health Service Body within the meaning of s519A of the Income and Corporation Tax Act 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this legislation. There is a power for HM Treasury to disapply the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) of the Income and Corporation Taxes Act 1988) but this power has not been exercised.

**Note 1.20 Foreign exchange**

Both 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 January 2021;

• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and

• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

**Note 1.21 Third party assets**

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

**Note 1.22 Losses and special payments**

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

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

**Note 1.23 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.

**Note 1.24 Early adoption of standards, amendments and interpretations**

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

**Note 1.25 Standards, amendments & interpretations in issue but not yet effective or adopted**

IAS 8 requires that the impact of accounting standards that have been issued, but are not yet effective, is disclosed.

**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 1st 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 for tangible assets 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 the remaining lease payments discounted 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 liability, adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liabie reserve
The balance of this reserve is the accumulated surpluses and deficits of the trust.l contribution to ICMS's operating costs in 2020/21 (2019/20: nil).

For leases commencing in 2022/23, the Trust will not recognise a right of use asset or lease liability for short-term leases (less than or equal to 12 months), or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The Trust is in the process of implementing new systems and controls to address the requirements of this lease standard, including education and information for colleagues within the finance and procurement teams, and the wider Trust, and also the introduction of a new specialist lease accounting system.

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

**IFRS17 Insurance Contracts**

This standard requires a discounted cash flow approach to accounting for insurance contracts. It may come into force for accounting periods commencing on or after 1st January 2021. The Trust considers that it has no contracts which meet the definition of insurance contracts.

**Note 1.26 Critical judgements in applying accounting policies**

In accordance with IAS 1.122 the trust has deemed that, apart from those involving estimations (see below), no additional disclosures in relation to judgements are required with regard to significant effects on the amounts recognised in the financial statements when applying the Trust's accounting policies.

**Note 1.26.1 Key sources of estimation uncertainty**

The following disclosures are as required by IAS 1.125. These are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1. The valuation exercise for property assets, including investment properties was carried out in December 2020, with a valuation date of 31 December 2020. The valuation applies the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 ('Red Book'). The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. The valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. For the Trust, specialist assets held at depreciated replacement cost have been valued on an alternative site basis and/or reduced site area basis as this would meet the current location and service requirements.

A proportion of the remaining land, and also non-specialist buildings (offices and staff accommodation, with the latter valued as social housing), have been valued using the 'Existing Use Value' approach. The valuation and sensitives are detailed in the table below. It is possible that the Covid19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

| **classification** | **Harefield** | +5% | -5% | **Brompton** | +5% | -5% | **Total valuation** | +5% | -5% |
|---|---|---|---|---|---|---|---|---|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| specialised land | 3,432 | 3,604 | 3,260 | 14,650 | 15,383 | 13,918 | 18,082 | 18,986 | 17,178 |
| non-specialised land | 940 | 987 | 893 | 2,346 | 2,463 | 2,228 | 3,286 | 3,450 | 3,122 |
| social housing land | 2,228 | 2,340 | 2,117 | 1,459 | 1,532 | 1,386 | 3,687 | 3,872 | 3,503 |
| specialised buildings | 44,983 | 47,232 | 42,733 | 69,354 | 72,821 | 65,886 | 114,336 | 120,053 | 108,620 |
| offices | 2,821 | 2,962 | 2,680 | 7,039 | 7,391 | 6,687 | 9,860 | 10,353 | 9,367 |
| social housing | 6,712 | 7,047 | 6,376 | 4,377 | 4,596 | 4,159 | 11,089 | 11,644 | 10,535 |
| | **61,115** | **64,171** | **58,060** | **99,225** | **104,187** | **94,264** | **160,341** | **168,358** | **152,324** |
| variance | | 3,056 | -3,056 | | 4,961 | -4,961 | | 8,017 | -8,017 |

2. Valuations by qualified surveyors are carried out each year having due cognisance to the latest RICS Guidance. Judgements are made regarding the condition of assets, and estimated remaining lives are also reviewed. Professional estimates are used to assess the fair value of land and buildings assets at each year end, in comparison to the carrying values, which may result in revaluation surpluses or deficits being recognised.

3. One of the properties held by the trust for investment purposes – Chelsea Farmers Market – had planning permission granted for the site during 2017/18 for residential and retail development, which increased its valuation by £61.9m. The subsequent revaluation in 2018/19 led to a decrease in value, reflecting the general state of the market and economic conditions and, although a small upturn in value was reported for 2019/20, this has subsequently again fallen in value in the 10 month period ended 31st January 2021 by £4.7m. As at the period ended 31/01/21, the valuation of Chelsea Farmers Markets stood at £83.75m, subject to safeguarding for the impending arrival by Transport for London (TfL) pending a decision on the route of Crossrail 2, which has significantly depressed the site value. Should this safeguarding be removed in the future we would anticipate the valuation to increase by approximately 25%.

4. The provision for impairment of receivables uses a matrix to reflect both historical payment patterns and future payment risk in line with IFRS9 'financial instruments'. As agreed with the Finance Committee the future risk factor used within our bad debt provision matrix is +10 percentage points for all embassy debt. If the future risk factor was set at 0% the provision would reduce by £1.8m. Similarly for historical debt, if we changed the provision to 75% for debt older than 6 months+ and 100% for debt older than 1 year+ the provision would increase by £5.2m.

5. As a result of the pandemic it became impractical for staff to take all their annual leave within this financial year and therefore a nationally set policy allowing staff to carry-forward up to 20 days of untaken leave into the financial years beginning 1st April 2021 and 1st April 2022 was introduced. Consequently, there has been a significant increase in the annual leave accrual as at 31st January 2021 (period ended 31/01/2021 £8.3m, year ended 31/03/2020 £0.96m), reflecting an increase in leave carried forward into next financial year. The Trust has estimated the level of leave to be carried forward as at 31st March 2021, the end of the annual leave year for most staff, and pro-rated for the period to 31st January 2021. The primary source of information for this exercise is ESR (both for identification of a complete staff cohort as at 31st January 2021 and the calculation of staff hourly rates). This has been combined with information sources existing/collected for the purpose of this exercise.

For nursing staff this estimate is based on information available on e-rostering, and for other staff groups it is based on returns by individual members of staff approved by their line manager. This accounts for just over two thirds of the RBH substantive staff base (£5.9m). The remainder of the estimate uses information already submitted by staff group to approximate an outstanding annual leave amount which is then multiplied through with the necessary information from Electronic Staff Records (ESR) for each individual – (£2.4m).

**Note 1.27 Prior Year Disclosures**

Prior year disclosures are presented on a comparable accounting basis to current year equivalent items (see note 24.4), except that 2020/21 is a ten-month period.

**Note 1.28 Events After Reporting Period**

On 1st February 2021, Royal Brompton & Harefield NHS Foundation Trust was acquired by Guy's & St Thomas' NHS Foundation Trust, as approved by NHS Improvement on 23rd December 2020.

Please refer to Note 27 for further detail of the transfer using absorption accounting principles.

**Note 1.29 Operating Segments**

For 2020/21 the Trust operated as a single operating segment. The Board of Directors, led by the Chief Executive is the chief operating decision maker within the Trust. It is only at this level that revenues are fully reported and the overall financial and operational performance of the Trust is assessed.

In previous financial years, the Board of Directors had been provided with narrative and financial information for each of the three main Clinical Divisions (Royal Brompton Heart, Harefield Heart, and Lung), this ceased for 2020/21 for the following reasons:

- Due to Covid it was not possible to deliver our usual levels of activity, with increased ECMO & Critical Care level 3 activity, and significantly reduced activity in all other areas – in particular, periods with none or minimal theatre or cath lab activity, and no period during 2020/21 when business as usual activity could be delivered.

- To support the changing nature of the care provided by the Trust, staff were redeployed on a regular basis to support activities directly or indirectly related to Covid. Costs remained in the areas staff would have ordinarily worked, they were not transferred to the area they had been redeployed to.
- Under the Financial Regimes for 2021, and continuing for H1 2021/22, Payment by Results and contracting has been suspended, replaced by fixed block payments, creating a disconnect between the activity provided and the level of income received by the Trust.

As a result of the disconnect between income, activity, and expenditure by Division the Trust ceased reporting on Divisional Performance within the financial narrative provided to the Trust Board, consequently the Trust will not report on a segmental basis within our accounts for 2020/21 to 31st January 2021.

The chief mechanism for financial management and control is a detailed budget report and forecast prepared each month. An aggregated summary budget is presented by the Chief Financial Officer and Director of Finance to the Board of Directors at each meeting. This report is made available to the public at the meeting and via the public website of the Trust.

**Note 2 Operating income from patient care activities**

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

| Note 2.1 Income from patient care activities (by nature) | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Block contract / system envelope income* | 255,673 | 291,302 |
| High cost drugs income from commissioners (excluding pass-through costs) | 66,366 | 45,001 |
| Other NHS clinical income | 6,839 | 6,918 |
| Private patient income | 15,090 | 45,563 |
| Additional pension contribution central funding** | 7,785 | 8,777 |
| Other clinical income | 6,969 | 2,076 |
| **Total income from activities** | **358,722** | **399,637** |

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. The FY 2020/21 is for a 10 month period, with the prior year comparators representing the 12 months to 31 March 2020. This does not reflect the contracting and payment mechanisms in place during the prior year.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excl administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding recognised in the 20/21 accounts relates to the 10 month period to 31st January.

**Note 2.2 Income from patient care activities (by source)**

| | 2020/21 | 2019/20 |
|---|---|---|
| **Income from patient care activities received from:** | **£000** | **£000** |
| NHS England | 267,956 | 284,907 |
| Clinical commissioning groups | 65,517 | 56,834 |
| Other NHS providers | 3,627 | 5,805 |
| NHS other | 3,827 | 4,015 |
| Non-NHS: private patients | 15,090 | 45,563 |
| Non-NHS: overseas patients (chargeable to patient) | 398 | 1,911 |
| Injury cost recovery scheme | 16 | 87 |
| Non NHS: other | 2,291 | 514 |
| **Total income from activities** | **358,722** | **399,637** |
| **Of which:** | | |
| All relating to continuing operations | 358,722 | 399,637 |

**Note 2.3 Overseas visitors (relating to patients charged directly by the provider)**

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Income recognised this year | 398 | 1,911 |
| Cash payments received in-year | 229 | 938 |
| Amounts added to provision for impairment of receivables | 85 | 274 |
| Amounts written off in-year | 148 | 217 |

**Note 3 Other operating income**

| | 2020/21 | | | 2019/20 | | |
|---|---|---|---|---|---|---|
| | Contract income | Non-contract income | Total | Contract income | Non-contract income | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Research and development | 736 | 3,964 | **4,699** | 2,687 | 3,082 | **5,769** |
| Education and training | 4,694 | - | **4,694** | 5,752 | 42 | **5,794** |
| Non-patient care services to other bodies | 129 | - | **129** | 415 | - | **415** |
| Provider sustainability fund (2019/20 only) | - | - | **-** | 5,971 | - | **5,971** |
| Financial recovery fund (2019/20 only) | - | - | **-** | 23,864 | - | **23,864** |
| Marginal rate emergency tariff funding (2019/20 only) | - | - | **-** | 428 | - | **428** |
| Reimbursement and top up funding (2020/21 only) | 53,780 | - | **53,780** | - | - | **-** |
| Income in respect of employee benefits accounted on a gross basis | 1,491 | - | **1,491** | 1,750 | - | **1,750** |
| Receipt of capital grants and donations | - | 1,109 | **1,109** | - | 166 | **166** |
| Charitable and other contributions to expenditure | - | 5,119 | **5,119** | - | 1,918 | **1,918** |
| Rental revenue from operating leases | - | 380 | **380** | - | 956 | **956** |
| Other income | 5,443 | - | **5,443** | 7,573 | 237 | **7,810** |
| **Total other operating income** | **66,272** | **10,572** | **76,844** | **48,439** | **6,401** | **54,841** |
| **Of which:** | | | | | | |
| Related to continuing operations | | | 76,844 | | | 54,841 |

Charitable and other contributions to expenditure includes £3.733m of donated PPE

**Note 4 Income from activities arising from commissioner requested services**

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Income from services designated as commissioner requested services | 340,927 | 351,561 |
| Income from services not designated as commissioner requested services | 94,639 | 102,917 |
| **Total** | **435,566** | **454,478** |

**Note 5 Operating expenses**

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Purchase of healthcare from NHS and DHSC bodies | 3,470 | 4,049 |
| Purchase of healthcare from non-NHS and non-DHSC bodies | 223 | - |
| Staff and executive directors costs | 226,855 | 250,432 |
| Remuneration of non-executive directors | 194 | 233 |
| Supplies and services - clinical (excluding drugs costs) | 58,155 | 67,208 |
| Supplies and services - general | 15,584 | 11,809 |
| Drug costs (drugs inventory consumed and purchase of non-inventory drugs) | 76,672 | 56,647 |
| Consultancy costs | 724 | 1,004 |
| Establishment | 7,455 | 8,325 |
| Premises | 10,071 | 14,408 |
| Transport (including patient travel) | 2,269 | 2,777 |
| Depreciation on property, plant and equipment **(note 13)** | 14,851 | 17,984 |
| Amortisation on intangible assets **(note 12)** | 2,317 | 2,790 |
| Movement in credit loss allowance: contract receivables / contract assets | 813 | 1,065 |
| Increase/(decrease) in other provisions | (0) | (720) |
| Audit fees payable to the external auditor | | |
| audit services- statutory audit | 90 | 113 |
| Internal audit costs | 67 | 110 |
| Clinical negligence | 3,432 | 4,071 |
| Legal fees | 397 | 286 |
| Insurance | 323 | 331 |
| Education and training | 374 | 895 |
| Rentals under operating leases | 2,747 | 2,215 |
| Redundancy / Termination benefits | 28 | 137 |
| Car parking & security | 1 | 5 |
| Hospitality | 224 | 346 |
| Other | 1,175 | 697 |
| **Total** | **428,512** | **447,217** |
| **Of which:** | | |
| Related to continuing operations | 428,512 | 447,217 |

Please note that external audit fees for the statutory audit are shown net of VAT, as per the GAM.

**Note 5.1 Other auditor remuneration**

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| **Other auditor remuneration paid to the external auditor:** | | |
| Audit-related assurance services | - | - |
| **Total** | **-** | **-** |

**Note 5.2 Limitation on auditor's liability**

The limitation on auditor's liability for external audit work is £2 million (2019/20: £1 million).

**Note 6 Employee benefits**

| | 2020/21 Total £000 | 2019/20 Total £000 |
|---|---|---|
| Salaries and wages | 177,194 | 191,768 |
| Social security costs | 18,155 | 20,510 |
| Apprenticeship levy | 795 | 901 |
| Employer's contributions to NHS pensions | 25,554 | 28,926 |
| Termination benefits | 28 | 137 |
| Temporary staff (including agency) | 5,156 | 8,327 |
| **Total staff costs** | **226,883** | **250,569** |

**Note 6.1 Retirements due to ill-health**

During 2020/21 there were 2 early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £186k (£24k in 2019/20).

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

**Note 7 Pension costs**

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

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

**a) Accounting valuation**

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

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

**b) Full actuarial (funding) valuation**

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

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

**Note 7.1 NEST Pension**

Where staff are not eligible for, or choose to opt out of, the NHS Pensions Scheme, they are entitled to join the National Employment Savings Trust (NEST) scheme. NEST is a government-backed, defined contribution pension scheme set up to make sure that every employer can easily access a workplace pension scheme. The employer's contribution rate in 2020/21 was 3% (2019/20: 3%).

Employer contributions for 1st April 2020 to 31st January 2021 were £47k (2019/20: £38k)

## Note 8 Operating leases

### Note 8.1 Royal Brompton and Harefield NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Royal Brompton and Harefield NHS Foundation Trust is the lessor.

The Trust owns four investment properties that are leased out under operating leases. From 1 April 2016, new operating leases were agreed, involving a minimum occupancy period of two years, thereafter either party being able to provide six months' notice to terminate.

Each lease is subject to the Landlord and Tenant Act 1954 and the 1995 Landlord and Tenant (Covenants) Act and will be renegotiated at market rate at the end of the lease term. None of the lease agreements provide for an option to purchase.

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| **Operating lease revenue** | | |
| Minimum lease receipts | 380 | 956 |
| **Total** | **380** | **956** |

| | 31 January 2021 | 31 March 2020 |
|---|---|---|
| | £000 | £000 |
| **Future minimum lease receipts due:** | | |
| - not later than one year; | 190 | 478 |
| **Total** | **190** | **478** |

### Note 8.2 Royal Brompton and Harefield NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Royal Brompton and Harefield NHS Foundation Trust is the lessee.

The Trust was a party to 37 operating leases with a total expenditure of £2,747k in the ten month period to 31 January 2021 (33 leases; £2,215k in the year to 31 March 2020). One lease is for buildings (Wimpole Street private outpatient and diagnostic facility); nine are for IT hardware, five are for vehicles and the rest are for plant & machinery. The Wimpole Street lease has a term of 15 years from its inception on 3 July 2015. Terms of renewal or extension to leases are agreed towards the end of the contract terms at market rents. Purchase options are not included in operating lease contracts.

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| **Operating lease expense** | | |
| Minimum lease payments | 2,747 | 2,215 |
| **Total** | **2,747** | **2,215** |

| | 31 January 2021 | 31 March 2020 |
|---|---|---|
| | £000 | £000 |
| **Future minimum lease payments due:** | | |
| - not later than one year; | 2,062 | 2,290 |
| - later than one year and not later than five years; | 5,288 | 6,195 |
| - later than five years. | 3,988 | 5,115 |
| **Total** | **11,338** | **13,600** |
| Future minimum sublease payments to be received | (70) | (70) |

In the case of any dispute between the Trust and the lessor regarding the condition of the assets when returned to the lessor, a jointly appointed expert will be used to arbitrate and to deliver a binding decision. Early termination sums are generally payable in respect of the period up to the end of the full contract, for the full contract price discounted at 4% per annum, and in the event of total loss of the asset, the discounted residual value of the asset.

There is a sub lease to a third party for part of the Wimpole St facility. There were no contingent rents payable.

One condition of the lease for the Wimpole Street private outpatient and diagnostic facility is the Trust's obligation for the removal (and consequent reinstatement works to the property) of all tenant fixtures, fittings, furniture and effects. The current lease expires in 2030, with breaks at five year intervals, however it is possible that the lease would be extended or renegotiated and there is also uncertainty around the amount and extent of expenditure that would be required, as this is to be agreed with the landlord at the end of the lease. As a result, there is no provision for dilapidations as at 31st January 2021.

**Note 9 Finance income**

Finance income represents interest received on bank accounts in the period.

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Interest on bank accounts | 3 | 138 |
| **Total finance income** | **3** | **138** |

**Note 10 Finance expenditure**

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

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| **Interest expense:** | | |
| Loans from the Department of Health and Social Care | 751 | 933 |
| Other loans | 122 | 204 |
| **Total interest expense** | **873** | **1,137** |
| Unwinding of discount on provisions | 2 | (3) |
| Other finance costs | - | 50 |
| **Total finance costs** | **875** | **1,184** |

**Note 11 Other gains / (losses)**

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Gains on disposal of assets | 56 | - |
| Losses on disposal of assets | (11) | (74) |
| **Total gains / (losses) on disposal of assets** | **45** | **(74)** |
| Fair value gains / (losses) on investment properties | (4,656) | 1,193 |
| **Total other gains / (losses)** | **(4,611)** | **1,119** |

**Note 12 Intangible assets - 2020/21**

| | Software licences | Development expenditure | Intangible assets under construction | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Valuation / gross cost at 1 April 2020** | **5,842** | **19,001** | **743** | **25,587** |
| Additions | - | - | 1,123 | **1,123** |
| Reclassifications | (8) | 936 | (928) | **0** |
| **Valuation / gross cost at 31 January 2021** | **5,835** | **19,937** | **938** | **26,710** |
| | | | | |
| **Amortisation at 1 April 2020** | **4,245** | **9,495** | **-** | **13,740** |
| Provided during the year | 615 | 1,702 | - | **2,317** |
| **Amortisation at 31 January 2021** | **4,859** | **11,198** | **-** | **16,057** |
| | | | | |
| **Net book value at 31 January 2021** | **976** | **8,739** | **938** | **10,653** |
| **Net book value at 1 April 2020** | **1,598** | **9,506** | **743** | **11,847** |

Development expenditure is for IT project management and delivery

**Note 12.1 Intangible assets - 2019/20**

| | Software licences | Development expenditure | Intangible assets under construction | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Valuation / gross cost at 1 April 2019** | **5,136** | **18,013** | **9** | **23,159** |
| Additions | - | - | 2,428 | **2,428** |
| Reclassifications | 707 | 988 | (1,694) | **-** |
| **Valuation / gross cost at 31 March 2020** | **5,842** | **19,001** | **743** | **25,587** |
| | | | | |
| **Amortisation at 1 April 2019** | **3,394** | **7,556** | **-** | **10,950** |
| Provided during the year | 851 | 1,939 | - | **2,790** |
| **Amortisation at 31 March 2020** | **4,245** | **9,495** | **-** | **13,740** |
| | | | | |
| **Net book value at 31 March 2020** | **1,598** | **9,506** | **743** | **11,847** |
| **Net book value at 1 April 2019** | **1,742** | **10,457** | **9** | **12,209** |

**Note 13 Property, plant and equipment - 2020/21**

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant & machinery | Information technology | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Valuation/gross cost at 1 April 2020** | **24,753** | **134,423** | **10,016** | **19,071** | **68,072** | **16,049** | **272,383** |
| Additions | - | - | - | 23,644 | - | - | **23,644** |
| Revaluations | 304 | (7,698) | 1,071 | - | - | - | **(6,323)** |
| Reclassifications | (2) | (395) | 4 | (1,485) | 1,878 | - | **-** |
| Disposals / derecognition | - | - | - | - | (601) | (814) | **(1,416)** |
| **Valuation/gross cost at 31 January 2021** | **25,055** | **126,329** | **11,091** | **41,229** | **69,349** | **15,234** | **288,287** |
| | | | | | | | |
| **Accumulated depreciation at 1 April 2020** | **-** | **1,766** | **2** | **-** | **50,213** | **13,094** | **65,075** |
| Provided during the year | - | 9,970 | 570 | - | 3,597 | 715 | **14,851** |
| Revaluations | - | (9,604) | (570) | - | - | - | **(10,173)** |
| Disposals / derecognition | - | - | - | - | (591) | (162) | **(753)** |
| **Accumulated depreciation at 31 January 2021** | **-** | **2,132** | **2** | **-** | **53,220** | **13,647** | **69,000** |

All capital expenditure is initially accounted for as "assets under construction". When capitalised it is reclassified into the appropiate category.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Net book value at 31 January 2021** | **25,055** | **124,197** | **11,089** | **41,229** | **16,129** | **1,588** | **219,287** |
| **Net book value at 1 April 2020** | **24,753** | **132,656** | **10,014** | **19,071** | **17,859** | **2,954** | **207,308** |

Capital expenditure includes £2,249k of Covid19 related costs (£332k capitalised; £1,917k Assets under Construction). Capitalised spend is for plant & machinery.

Costs of assets under construction are shown net of impairments charged in prior years to operating expenses against the value of capitalised construction costs and professional fees in relation to the intended redevelopment of the Trust's Chelsea campus. These costs and fees total £37,338k at 31 January 2021 (31 March 2020: £25,197k) against which the cumulative impairment stands at £6,312k as at 31 January 2021 (31 March 2020: £6,312k).

**Note 13.1 Property, plant and equipment - 2019/20**

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant & machinery | Information technology | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Valuation / gross cost at 1 April 2019** | **24,479** | **126,012** | **9,208** | **9,974** | **65,652** | **14,328** | **249,653** |
| Additions | - | - | - | 18,618 | - | - | **18,618** |
| Revaluations | 261 | 3,855 | 754 | - | - | - | **4,870** |
| Reclassifications | 13 | 4,556 | 54 | (9,521) | 3,170 | 1,729 | **-** |
| Disposals / derecognition | - | - | - | - | (750) | (8) | **(758)** |
| **Valuation/gross cost at 31 March 2020** | **24,753** | **134,423** | **10,016** | **19,071** | **68,072** | **16,049** | **272,383** |
| | | | | | | | |
| **Accumulated depreciation at 1 April 2019** | **-** | **1,112** | **1** | **-** | **46,787** | **11,785** | **59,686** |
| Provided during the year | - | 11,986 | 580 | - | 4,102 | 1,316 | **17,984** |
| Revaluations | - | (11,332) | (580) | - | - | - | **(11,912)** |
| Disposals / derecognition | - | - | - | - | (676) | (8) | **(683)** |
| **Accumulated depreciation at 31 March 2020** | **-** | **1,766** | **2** | **-** | **50,213** | **13,094** | **65,075** |
| | | | | | | | |
| **Net book value at 31 March 2020** | **24,753** | **132,656** | **10,014** | **19,071** | **17,859** | **2,954** | **207,308** |
| **Net book value at 1 April 2019** | **24,479** | **124,900** | **9,206** | **9,974** | **18,865** | **2,542** | **189,967** |

**Note 13.2 Property, plant and equipment financing - 2020/21**

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant & machinery | Information technology | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Net book value at 31 January 2021** | | | | | | | |
| Owned - purchased | 25,055 | 117,945 | 10,857 | 41,229 | 13,016 | 1,581 | **209,682** |
| Owned - donated/granted | - | 6,252 | 233 | - | 3,113 | 7 | **9,605** |
| **NBV total at 31 January 2021** | **25,055** | **124,197** | **11,089** | **41,229** | **16,129** | **1,588** | **219,287** |

**Note 13.3 Property, plant and equipment financing - 2019/20**

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant & machinery | Information technology | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Net book value at 31 March 2020** | | | | | | | |
| Owned - purchased | 24,753 | 125,727 | 9,776 | 19,071 | 14,295 | 2,946 | **196,568** |
| Owned - donated/granted | - | 6,929 | 238 | - | 3,564 | 9 | **10,740** |
| **NBV total at 31 March 2020** | **24,753** | **132,656** | **10,014** | **19,071** | **17,859** | **2,954** | **207,308** |

**Note 14 Revaluations of property, plant and equipment**

Land and buildings were valued by Montagu Evans (an independent valuer) as at 31 December 2020, in accordance with International Financial Reporting requirements. The valuer also confirmed that there had been no material movements between this time and 31 January 2021. The assets were valued by reference to the market conditions prevailing at the valuation date. Under IFRS13, the specialised assets classed under Depreciated Replacement cost (DRC) were valued at level 3 (based on unobservable inputs), whereas assets classed under Existing Use Value (EUV) were valued at level 2 (based on observable market data). The Trust's Chelsea campus for operational and support purposes (land and buildings) was valued on an alternative site basis, and the land area valued at both campuses was reduced to reflect a notional adjustment to exclude space that would not be required in the re-provision of a modern equivalent asset. See also note 1.7.2.

The "material uncertainty" identified by Montagu Evans for the 2019/20 accounts has been removed from the 2020/21 valuation.

The revaluation of land and buildings resulted in a net gain of £3,850k (gain of £16,782k in 2019/20), which is shown in note 13. This net gain is reported with other comprehensive income/expenditure on the Statement of Comprehensive Income.

**Note 15 Investment Property**

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| **Carrying value at 1 April - brought forward** | **94,846** | **93,653** |
| Movement in fair value | (4,656) | 1,193 |
| **Carrying value at 31 January** | **90,190** | **94,846** |

Investment properties were also valued as at 31 December 2020 by Montagu Evans in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual and in accordance with International Financial Reporting requirements. The assets were valued by reference to the market conditions prevailing at the valuation date. Under IFRS13 this valuation is classed as a level 2 valuation (i.e. based on observable market data). The valuer also confirmed that there had been no material movements between this time and 31st January 2021, despite market uncertainties created by the Covid19 pandemic. Also see note 1.7.2.

Most properties are leased out on tenant repairing leases (meaning that the lessee retains responsibility for repairs and maintenance). The Trust incurs only minor costs in this respect, which are not considered material.

The elements of properties rented out for the purpose of relatives' accommodation are classified as investment property.

**Note 16 Disclosure of interests in other entities**

The Trust owns 100 per cent of the ordinary share capital of The Chelsea Private Hospital Ltd, a dormant company. The cost of this investment is £100.

The Trust has established, in collaboration with Imperial College and other nearby Trusts, Imperial College Healthcare Partners Limited ('ICHP'), a company limited by guarantee. This company provides central services to the Imperial Academic Health Science Partnership, in which the Trust participates.

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. Since November 2011 the Trust has had a 50:50 joint venture in The Institute of Cardiovascular Medicine and Science Limited ('ICMS'), a company limited by guarantee, with Liverpool Heart and Chest Hospital NHS Foundation Trust, being the other 50% holder. The founding partners have each contributed £100,000 in total to the funding of ICMS including their original respective contributions of £50,000.

Using the equity accounting method, the investment would be recognised initially at cost in the Trust's Statement of Financial Position and increased or decreased each year to reflect the Trust's share of the annual surplus or deficit, with the gain or loss being recognised in the Statement of Comprehensive Income.

However, the Trust has decided not to reflect any surplus or deficit from ICMS's activities in its accounts as it deems the impact to be immaterial. The Trust has made £nil contribution to ICMS's operating costs in 2020/21 (2019/20: nil).

**Note 17 Inventories**

| | 31 January 2021 | 31 March 2020 |
|---|---|---|
| | £000 | £000 |
| Drugs | 1,467 | 2,857 |
| Consumables | 10,533 | 9,774 |
| **Total inventories** | **12,000** | **12,631** |

Inventories recognised in expenses for the year were £134,810k (2019/20: £123,855k). Write-down of inventories recognised as expenses for the year were £0k (2019/20: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £3,733k of items purchased by DHSC.

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

Note that no year-end inventory count was undertaken for the 2019/20 accounts due to access restrictions necessary as a result of the Covid19 pandemic. As a result, auditors were unable to complete the procedures required by auditing standards, and so a qualified opinion was issued for 2019/20. A number of trusts in the country were affected by the same issue. For 2020/21 an approach was agreed with the external auditors Grant Thornton UK LLP to complete a stocktake exercise at 31/03/2021, attended by auditors, with a countback approach undertaken to provide assurance on stock levels as at 31/01/2021 in accordance with auditing standards.

**Note 18 Receivables**

| | 31 January 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Current** | | |
| Contract receivables | 57,934 | 75,457 |
| Allowance for impaired contract receivables / assets | (11,636) | (11,473) |
| Prepayments (non-PFI) | 4,496 | 4,476 |
| VAT receivable | 112 | 332 |
| Other receivables | 2,258 | 2,059 |
| **Total current receivables** | **53,163** | **70,852** |

Other receivables consists primarily of funding for purchase of donated assets; salary overpayment recovery.

| | | |
|---|---|---|
| **Non-current** | | |
| Other receivables | 666 | 536 |
| **Total non-current receivables** | **666** | **536** |
| | | |
| **Of which receivable from NHS and DHSC group bodies:** | | |
| Current | 23,852 | 34,724 |
| Non-current | 666 | 536 |

The Trust operated under a block contract for 2020/21, and so the following is disclosed for information and comparative purposes only: contract and other receivables include £5,307k at 31 January 2021 (£3,272k at 31 March 2020) for partially completed patient episodes.

The non-current receivable relates to the Clinicians pension tax reimbursement due beyond 20/21. This liability will be funded by NHS England when due.

**Note 18.1 Allowances for credit losses**

| | 2020/21 Contract receivables and contract assets £000 | 2019/20 Contract receivables and contract assets £000 |
|---|---|---|
| **Allowances as at 1 April** | **11,473** | **10,987** |
| New allowances arising | 4,278 | 2,057 |
| Changes in existing allowances | - | 202 |
| Reversals of allowances | (3,466) | (1,195) |
| Utilisation of allowances (write offs) | (650) | (579) |
| **Allowances as at 31 Jan** | **11,636** | **11,473** |

If we changed the provision to 75% for debt older than 6 months+ and 100% for debt older than 1 year+ the provision would increase by £5.2m.

**Note 19 Cash and cash equivalents movements**

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

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| **At 1 April** | **7,315** | **20,818** |
| Net change in year | 56,399 | (13,503) |
| **At 31 January / 31 March** | **63,714** | **7,315** |
| **Broken down into:** | | |
| Cash at commercial banks and in hand | - | 1,117 |
| Cash with the Government Banking Service | 63,714 | 6,198 |
| **Total cash and cash equivalents as in SoFP** | **63,714** | **7,315** |
| Bank overdrafts (GBS and commercial banks) **(note 21)** | (10,388) | - |
| **Total net cash and cash equivalents as in SoCF** | **53,326** | **7,315** |

NB cash as at 31st January 2021 included £10.388m one day "paper only" overdraft due to timing as funds are transferred between bank accounts.

**Note 19.1 Third party assets held by the trust**

Royal Brompton and Harefield NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest.

| | 31 January 2021 | 31 March 2020 |
|---|---|---|
| | £000 | £000 |
| Monies on deposit | 277 | 70 |
| **Total third party assets** | **277** | **70** |

This represents funds held prior to transfer to the RBH independent Charity, and also tenants deposits. These are included in payables.

**Note 20 Trade and other payables**

| | 31 January 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| **Current** | | |
| Trade payables | 8,317 | 17,261 |
| Capital payables | 2,472 | 4,984 |
| Accruals ** | 31,592 | 18,906 |
| Receipts in advance / payments on account * | 45,972 | 12,688 |
| Social security costs | 3,146 | 3,036 |
| Other taxes payable | 2,911 | 2,660 |
| PDC dividend payable | 1,988 | 20 |
| Other payables | 3,081 | 3,003 |
| **Total current trade and other payables** | **99,478** | **62,558** |
| **Of which payables from NHS and DHSC group bodies:** | | |
| Current | 4,704 | 7,616 |

* For the 10 month period to 31 January 2021, this included advance receipt of the monthly block payment from commissioners in April 2020 of £32,101k, due to be unwound in March 2021.

** This includes £8.3m for the annual leave accrual.

**Note 21 Borrowings**

| | 31 January 2021 | 31 March 2020 |
|---|---|---|
| | £000 | £000 |
| **Current** | | |
| Bank overdrafts | 10,388 | - |
| Loans from DHSC | 4,102 | 4,234 |
| Other loans | 2,167 | 1,971 |
| Obligations under finance leases | 1,095 | - |
| **Total current borrowings** | **17,751** | **6,205** |
| as at 31 January 2021 the Trust had an "accounting only" overdraft for one day. | | |
| **Non-current** | | |
| Loans from DHSC | 30,599 | 34,479 |
| Other loans | 11,496 | 13,267 |
| Obligations under finance leases | 1,813 | - |
| **Total non-current borrowings** | **43,908** | **47,745** |

NB cash as at 31st January 2021 included £10.388m one day "paper only" overdraft due to timing as funds are transferred between bank accounts (31 March 2020: £nil)

**Revolving credit facility**

The Trust has a £10m Revolving Credit Facility, from HSBC Bank PLC which has a nil balance drawn down at 31 January 2021 (31 March 2020: £nil).

**Loans from the Department of Health and Social Care**

A £30m loan facility from the Independent Trust Financing Facility, a Department of Health and Social Care funding entity, drawn down to support the Trust's capital expenditure programme from 2014/15 to 2016/17 is set at a fixed rate of 2.54%. Interest is calculated on any outstanding balance - being £20.4m at 31 January 2021 (31 March 2020: £22.8m). Repayments on the loan commenced in April 2017 (with final repayment due in April 2029) and the amount due within 12 months is included within the current balance in the table above.

A further £20m loan facility from the Independent Trust Financing Facility drawn down to support the capital expenditure programme from 2015/16 to 2017/18 is set at a fixed rate of 2.06%. Interest is calculated on any outstanding balance - being £14.08m at 31 January 2021 (31 March 2020: £15.56m). Repayments on the loan commenced in June 2017 (with final repayment due in June 2030) and the amount due within 12 months is included within the current balance in the table above.

Accrued interest on the above two loans amounts to £222k and is included in the current balance in the table above.

**Other loans**

A £10m loan facility has been granted by Barclays Bank PLC to fund the costs associated with fitting out and equipping the leased suite of private patient outpatient and diagnostic facilities at Wimpole Street. During the period of the Progress Payment (PP) agreement interest only was payable, at 1.95%pa above base rate. The PP period concluded in January 2017 and the £10m capital balance then rolled into a 5 year amortising 'mortgage-style' loan facility, at an interest rate of 2.76%. Repayments commenced in January 2017 and at 31 January 2021 the balance is £3.7m (31 March 2020: £5.2m). The amount due within 12 months is £2.17m, as included within the current balance in the table above. Equipment assets are pledged as full security against the loan.

A £45m bridging loan from HSBC Bank was taken out in 2019/20 to fund construction of the Trust's new Imaging Centre, of which £nil has been drawn down in-year (£10m drawn in 2019/20). This loan is secured against the Chelsea Farmers Market investment land. A balance of £35m remains available to be drawn.

**Note 21.1 Reconciliation of liabilities arising from financing activities - 2020/21**

| | Loans from DHSC | Other loans | Finance leases | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Carrying value at 1 April 2020** | **38,712** | **15,238** | **-** | **53,950** |
| **Cash movements:** | | | | |
| Financing cash flows - payments and receipts of principal | (3,880) | (1,575) | - | **(5,455)** |
| Financing cash flows - payments of interest | (883) | (122) | - | **(1,005)** |
| **Non-cash movements:** | | | | |
| Additions | - | - | 2,908 | **2,908** |
| Application of effective interest rate | 751 | 122 | - | **873** |
| **Carrying value at 31 January 2021** | **34,700** | **13,663** | **2,908** | **51,271** |

**Note 21.2 Reconciliation of liabilities arising from financing activities - 2019/20**

| | Loans from DHSC | Other loans | Finance leases | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Carrying value at 1 April 2019** | **42,627** | **6,968** | **-** | **49,595** |
| **Cash movements:** | | | | |
| Financing cash flows - payments and receipts of principal | (3,880) | 8,270 | - | **4,390** |
| Financing cash flows - payments of interest | (968) | (204) | - | **(1,172)** |
| **Non-cash movements:** | | | | |
| Application of effective interest rate | 933 | 204 | - | **1,137** |
| **Carrying value at 31 March 2020** | **38,712** | **15,238** | **-** | **53,950** |

**Note 22 Provisions for liabilities and charges analysis**

| | Pensions: early departure costs | Pensions: injury benefits | Legal claims | Other | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| **At 1 April 2020** | **200** | **371** | **20** | **1,055** | **1,646** |
| Arising during the year | 14 | 15 | 5 | 528 | **562** |
| Utilised during the year | (46) | (31) | (25) | (28) | **(131)** |
| Reversed unused | - | - | - | (479) | **(479)** |
| Unwinding of discount | - | 2 | - | - | **2** |
| **At 31 January 2021** | **167** | **357** | **-** | **1,076** | **1,600** |
| **Expected timing of cash flows:** | | | | | |
| - not later than one year; | 46 | 31 | - | **50** | **127** |
| - later than one year and not later than five years; | 70 | 262 | - | **915** | **1,247** |
| - later than five years. | 51 | 64 | - | **111** | **226** |
| **Total** | **167** | **357** | **-** | **1,076** | **1,600** |

The provision for injury benefits relates to three former employees. Costs are billed quarterly by NHS Business Services Authority and charged to utilisation

Legal Claims: NHS Resolution were unable to provide a breakdown as at 31 January 2021 and the full year figure is included in the information reported by Guy's & St. Thomas' NHS FT. Therefore, due to these factors, along with immateriality, it has been excluded from these accounts, although RBHT remained liable as at 31st January.

The provision for pensions is calculated using expected life tables and is discounted over the estimated period of the pension. Costs are billed quarterly by NHS Business Services Authority

Other provisions as at 31 January 2021 primarily relate to clinicians pension tax reimbursement (to be refunded by NHSE when due).

**Note 22.1 Clinical negligence liabilities**

At 31 January 2021, £95,937k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Royal Brompton and Harefield NHS Foundation Trust (31 March 2020: £89,065k).

**Note 23 Contractual capital commitments**

| | 31 January 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| Property, plant and equipment | 26,020 | 25,371 |
| Intangible assets | 375 | 45 |
| **Total** | **26,395** | **25,416** |

## Note 24 Financial instruments

### Note 24.1 Financial risk management

International Financial Reporting Standard (IFRS) 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with NHS commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by most business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which this Standard mainly applies. The Trust has limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities rather than being held to manage the risks it faces in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Treasury activity is subject to review by the Trust's internal auditor.

**Currency risk**

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust makes some purchases in foreign currency and these are converted to Sterling at the spot rate on the day of payment, and overall the Trust has minimal exposure to currency rate fluctuations.

**Interest-rate risk**

Where appropriate, the Trust may borrow from Government and commercial sources, as disclosed in Note 21. Interest rates on the two ITFF (Govt) loans and Barclays loan are fixed and interest rate on the bridging loan is variable. The Trust therefore has minimal exposure to interest rate fluctuations.

**Credit risk**

Because the majority of the Trust's income comes from contracts with other UK public sector bodies, it has low exposure to credit risk. The maximum exposure as at 31 January 2021 is in receivables from other customers, in particular private patient debt with foreign embassies who are traditionally slow payers, as disclosed in Note 18 and adequate consideration of impairment of receivables is made for such debtors on an annual basis.

**Liquidity risk**

Most of the Trust's operating costs are incurred under contracts with NHS commissioners, which are financed from resources voted annually by Parliament. The Trust funds its capital programme from its own resources and donations, and where necessary by accessing loans from government and commercial bodies.

**Note 24.2 Carrying values of financial assets**

| Carrying values of financial assets as at 31 January 2021 | Held at amortised cost | Held at fair value through I&E | Total book value |
|---|---|---|---|
| | £000 | £000 | £000 |
| Trade and other receivables excluding non financial assets | 48,556 | - | **48,556** |
| Cash and cash equivalents | 63,714 | - | **63,714** |
| **Total at 31 January 2021** | **112,270** | **-** | **112,270** |

| Carrying values of financial assets as at 31 March 2020 | Held at amortised cost | Held at fair value through I&E | Total book value |
|---|---|---|---|
| | £000 | £000 | £000 |
| Trade and other receivables excluding non financial assets | 65,913 | - | **65,913** |
| Cash and cash equivalents | 7,315 | - | **7,315** |
| **Total at 31 March 2020** | **73,228** | **-** | **73,228** |

**Note 24.3 Carrying values of financial liabilities**

| Carrying values of financial liabilities as at 31 January 2021 | Held at amortised cost | Total book value |
|---|---|---|
| | £000 | £000 |
| Loans from the Department of Health and Social Care | 34,700 | **34,700** |
| Other borrowings | 24,051 | **24,051** |
| Trade and other payables excluding non financial liabilities | 36,147 | **36,147** |
| **Total at 31 January 2021** | **97,806** | **97,806** |

| Carrying values of financial liabilities as at 31 March 2020 | Held at amortised cost | Total book value |
|---|---|---|
| | £000 | £000 |
| Loans from the Department of Health and Social Care | 38,712 | **38,712** |
| Other borrowings | 15,238 | **15,238** |
| Trade and other payables excluding non financial liabilities | 43,192 | **43,192** |
| **Total at 31 March 2020** | **97,142** | **97,142** |

Management considers that the carrying values of financial assets and liabilities are equal to their fair values.

**Note 24.4 Maturity of financial liabilities**

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

| | 31 January 2021 £000 | 31 March 2020 restated* £000 |
|---|---|---|
| In one year or less | 54,461 | 49,924 |
| In more than one year but not more than five years | 31,047 | 31,801 |
| In more than five years | 15,862 | 19,731 |
| **Total** | **101,371** | **101,456** |

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

**Note 25 Losses and special payments**

| | 2020/21 | | 2019/20 | |
|---|---|---|---|---|
| | Total number of cases | Total value of cases | Total number of cases | Total value of cases |
| | Number | £000 | Number | £000 |
| **Losses** | | | | |
| Cash losses | 2 | - | 4 | 1 |
| Bad debts and claims abandoned | 80 | 676 | 58 | 238 |
| Stores losses and damage to property | 10 | 132 | 12 | 92 |
| **Total losses** | **92** | **808** | **74** | **331** |
| **Special payments** | | | | |
| Compensation under court order or legally binding arbitration award | - | - | 2 | 5 |
| Ex-gratia payments | - | - | 1 | 2 |
| **Total special payments** | **-** | **-** | **3** | **7** |
| **Total losses and special payments** | **92** | **808** | **77** | **338** |
| Compensation payments received | | - | | - |

There have been no individual cases in excess of £300k.

These amounts are reported on an accruals basis when identified, but exclude provisions for future losses.

**Note 26 Related parties**

The Trust is a body corporate established by order of the Secretary of State for Health and Social Care. During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust other than receipt of remuneration. The Department of Health and Social Care is the parent department. During the year the Trust has had numerous material transactions with the Department, and with other entities for which the Department is regarded as the parent. These entities include NHS England, Clinical Commissioning Groups, NHS Foundation Trusts, NHS Trusts, NIHR, Health Education England, the NHS Litigation Authority and NHS Supply Chain.

In addition, the Trust had a number of material transactions with other Government departments and other central and local Government bodies. Most of these latter transactions have been with Imperial College of Science, Technology and Medicine (relating to research projects) and The London Borough of Hillingdon and the Royal Borough of Kensington and Chelsea (relating to national non-domestic rates). The Trust operates in close collaboration with the National Heart and Lung Institute of Imperial College of Science, Technology and Medicine to deliver education, research and medical care.

The Trust also had a number of transactions with non consolidated charities with connections to the Trust. Material transactions with the Royal Brompton & Harefield Charity amounted to £2.5m in 2020/21 (£2.1m in 2019/20).

### Major Counterparties (>£500k income and/or expenditure in 2020/21)

Department of Health and Social Care
NHS England
NHS Pension Scheme
NHS Resolution
Health Education England
HM Revenue & Customs
NHS Blood and Transplant
Chelsea and Westminster NHS Foundation Trust
Frimley Health NHS Foundation Trust
Guy's & St Thomas' NHS Foundation Trust
The Hillingdon Hospitals NHS Foundation Trust
The Royal Marsden NHS Foundation Trust
Imperial College Healthcare NHS Trust
NHS Bath & NE Somerset, Swindon & Wiltshire CCG
NHS Bedfordshire CCG
NHS Brent CCG
NHS Buckinghamshire CCG
NHS Central London CCG
NHS Devon CCG
NHS Ealiing CCG
NHS East & North Herts CCG
NHS East Berkshire CCG
NHS East Sussex CCG
NHS Hammersmith & Fulham CCG
NHS Harrow CCG
NHS Herts Valleys CCG
NHS Hillingdon CCG
NHS Hounslow CCG
NHS Kent & Medway CCG
NHS Luton CCG
NHS North Central London CCG
NHS South East London CCG
NHS South West London CCG
NHS Surrey Heartlands CCG
NHS West Essex CCG
NHS West London CCG
NHS West Sussex CCG
Cwm Taf Local Health Board

**Note 27 Transfers by absorption**

None in the Financial Year to 31st January, although please see note below regarding acquisition by Guy's & St Thomas' NHS Foundation Trust.

**Note 28 Final period of operation as a Trust providing NHS healthcare**

On 1st February 2021, Royal Brompton & Harefield NHS Foundation Trust will be acquired by Guy's & St. Thomas' NHS Foundation Trust, as approved by NHS Improvement on 23rd December 2020 under section 56A of the NHS Act 2006.

The net assets of the Trust will be transferred to Guy's & St. Thomas' NHS Foundation Trust via a Grant of Application issued by NHS Improvement, as approved by the Secretary of State for Health & Social Care.

All of the services previously provided by Royal Brompton & Harefield NHS Foundation Trust will continue to be provided following the acquisition, by the Royal Brompton & Harefield Clinical Group as part of Guy's & St Thomas'.

**Analysis of Balances transferred to the successor organisation (£000's)**

As per the Statement of Financial Position reported in these accounts to 31st January 2021:

| Amounts transferred from: | | | Amounts transferred to: | |
|---|---|---|---|---|
| **Royal Brompton & Harefield NHS Foundation Trust** | **£000's** | | **Guy's & St. Thomas's NHS Foundation Trust** | **£000's** |
| Non-Current Assets | 320,796 | | Non-Current Assets | 320,796 |
| Current Assets | 128,877 | | Current Assets | 128,877 |
| Current liabilities | (117,356) | | Current liabilities | (117,356) |
| Non-Current Liabilities | (45,381) | | Non-Current Liabilities | (45,381) |
| **Net Assets** | **286,936** | | **Net Assets** | **286,936** |

The Transfer by Absorption will be transacted in accordance with the instructions set out in the Group Accounting Manual 2020/21