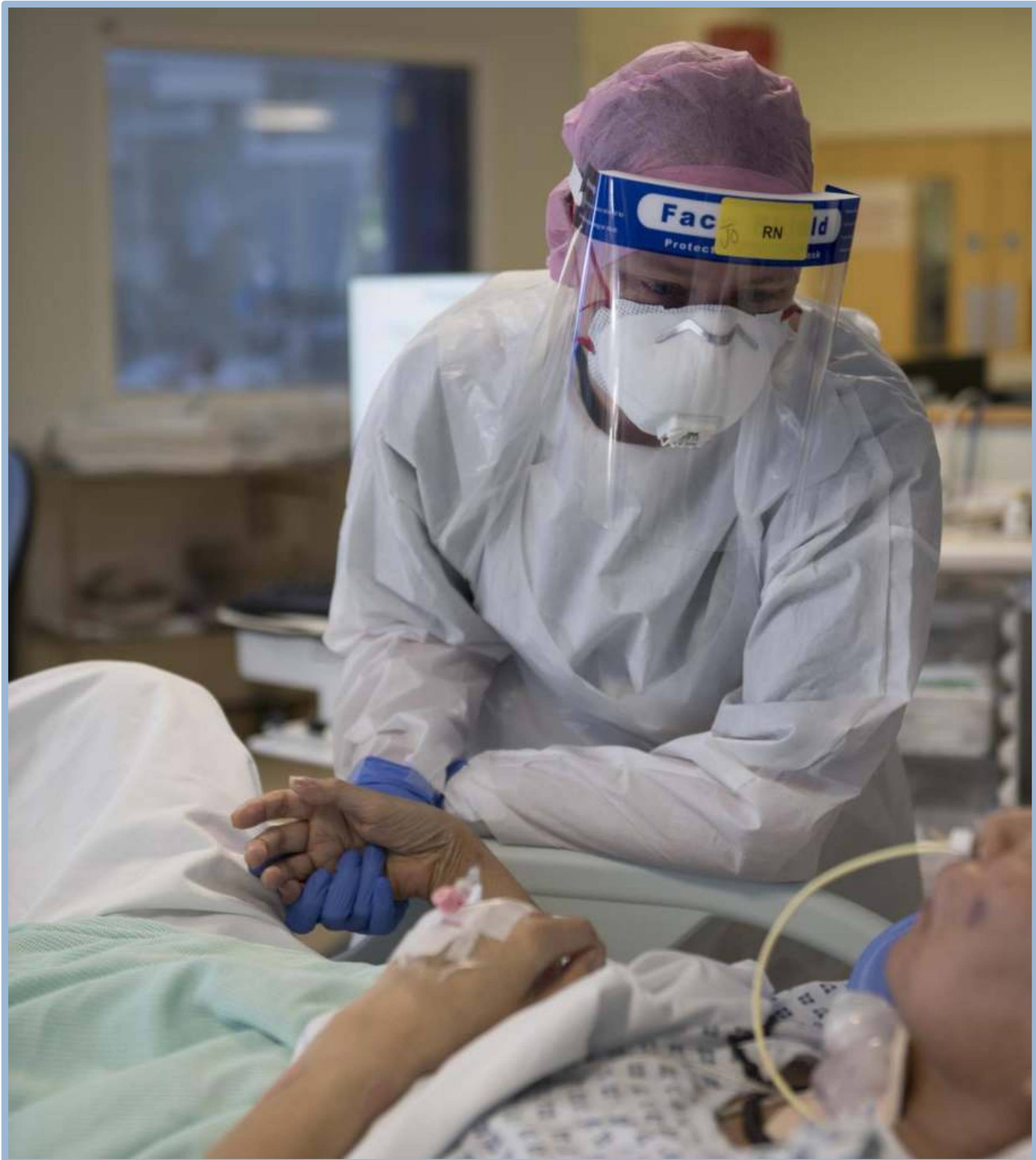
NHS
Royal Free London
NHS Foundation Trust

Annual Report and Accounts 2020/21



Royal Free London NHS Foundation Trust includes:
the Royal Free Hospital, Barnet Hospital and Chase Farm Hospital.

Royal Free London NHS Foundation Trust Annual Report and Accounts 2020/21

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Please note: Due to COVID-19, the Quality Report will be produced and published under a separate cover later in 2021.

Performance report

1.1 Overview

This section is a summary of the Royal Free London NHS Foundation Trust (RFL) – our purpose, objectives, risks and information on our performance during 2020/21.

1.1.1 About the Royal Free London

- **1828** - The Royal Free Hospital was founded 193 years ago to provide free healthcare to those who could not afford medical treatment.
- **1837** - The title 'Royal' was granted by Queen Victoria in recognition of the hospital's work with cholera patients.
- **1887** - The Royal Free was the first hospital in London to accept women medical students.
- **1991** - In April 1991, the Royal Free became one of the first NHS trusts.
- **2012** - The hospital was authorised as a foundation trust under the name the Royal Free London NHS Foundation Trust.
- **2014** - In July 2014 Barnet and Chase Farm Hospitals NHS Trust became part of the Royal Free London.
- **2016** - The trust received a 'good' rating from the Care Quality Commission.
- **2017** - The Royal Free London group is established, and North Middlesex University Hospital NHS Trust joins us as our first clinical partner.
- **2018** – The new Chase Farm Hospital opens, and West Hertfordshire Hospitals NHS Trust joins the group as our second clinical partner.
- **2019** Chase Farm Hospital is awarded HIMMS level 6, making it one of the most digitally advanced hospitals in the country.
- **2020** The Royal Free London is one of four trusts to admit the first UK COVID-19 patients.

1.1.2 Our work and activities

The Royal Free London is a large NHS foundation trust, employing more than 10,000 staff and serving a population of more than 1.6 million people across 20 sites in north London and Hertfordshire.

We attract patients from across the country and beyond to our specialist services in liver, kidney transplantation, haemophilia, renal, HIV, infectious diseases, plastic surgery, immunology, vascular surgery, Parkinson's disease, cardiology, amyloidosis and scleroderma.

The Royal Free Hospital provides the only high-level isolation unit of its kind for the care of patients with the Ebola virus and similar infectious diseases. We were one of the first four trusts to treat UK patients for COVID-19 in our specialist infectious diseases centre in February 2020.

The trust is a member of the academic health science partnership, UCL Partners.

The Royal Free London group

Our ambition is to become the leading healthcare group in Europe – bringing the best of the NHS to every patient no matter which one of our hospitals they are treated in.

The Royal Free London (RFL) is one of four NHS trusts which have the permission to develop and lead a group of NHS providers who will share services and resources in order to improve the quality and experience of patients.

By working as a group, we can bring together larger numbers of clinicians to share their knowledge about the very best ways to treat patients in line with the very best care available across the globe.

We continue to work closely with West Hertfordshire Hospitals NHS Trust and North Middlesex University Hospital NHS Trust in clinical partnerships to share best practice and improve efficiency. Over time we believe this collaboration with other organisations will continue to develop, either through growth in the RFL group or via our work as part of the NHS focus on integrated care systems.

In 2021 we also agreed a formal partnership with the Royal National Orthopaedic Hospital NHS Trust (RNOH) with a particular focus on practical collaboration at Chase Farm Hospital and Stanmore Hospital, to improve services for patients with musculoskeletal conditions.

Our focus will take us outside of our hospital walls, expanding our horizons to the health of the population we serve. This will mean working more closely with our non-hospital partners in the NHS and social care to help people to live longer in good health, rather than just treating people when they are sick. Our group will help us deliver this aspiration.

1.1.3 Key issues and risks

The board assurance framework identifies the biggest risks to delivering our group goals aligned to the committees responsible for managing those risks. The framework describes each risk and provides details of the mitigations in place, sources of board assurance and further actions required. See page 123.

1.1.4 World class care values

All of our staff are expected to treat our patients, visitors and each other in line with our world class care values which expect us to be:

- positively welcoming
- actively respectful
- clearly communicating
- visibly reassuring

1.1.5 A word from our chair and chief executive

It has been a year like no other and it’s hard to put into words just how proud we are of our staff for their phenomenal dedication, compassion and resilience as the NHS faced what is by far and away the biggest challenge in its 73-year history.

Providing our patients with the very best care and treatment in the most testing of times has been our absolute focus.

In February 2020, as one of four specialist centres for infectious disease in the UK, the Royal Free Hospital admitted some of the first patients with COVID-19 at a time when the aim was to contain its spread.

Within the space of a few days, our whole trust had re-organised itself as we began to admit increasing numbers of COVID-19 patients and our clinical teams adopted new models of care at huge speed. Over the course of 2020/21 we learnt a lot, innovated at pace, collaborated with our partners and transformed our hospital services in a way we have never seen before. The collective response has been phenomenal.

Since the start of the pandemic, we have treated more than 5,000 patients and our staff stepped up to the challenge in a remarkable way. For 1,500 colleagues that meant keeping everything going, but doing so working from home, which at times must have felt very isolating. For more than 500 others it meant redeployment to unfamiliar areas of the trust and having to learn new skills in a time of crisis.

And for those on the frontline – from our doctors, nurses, therapists, radiologists and allied health professionals to our porters, cleaners and caterers – it has meant a truly monumental effort just to keep the show on the road. We would also like to thank colleagues from other trusts who stepped in to help us and to our staff who were seconded elsewhere in the system as required.

Anyone in any doubt at the scale of the challenge needed to look no further than BBC Two's BAFTA-nominated documentary series, Hospital, which we were privileged to take part in to showcase the extraordinary NHS response. Filming started on 23 March, the first day of lockdown, capturing the amazing work of our staff and the bravery of our patients. Two special episodes were broadcast in May, to an overwhelmingly positive response from critics and the public, and the crew returned to film with us in the autumn for a further six episodes aired over the winter.

It was fantastic to be able to celebrate the efforts of our staff, whether focused on saving the lives of our COVID-19 patients or maintaining our other services to ensure patients, including those needing transplants or cancer treatment, received the care they needed.

Supporting our colleagues has been absolutely crucial throughout this pandemic and we are indebted to the Royal Free Charity for managing the incredibly generous donations of food and essential items that flooded in from our local communities, as well as setting up an emergency fund which raised more than £2.5 million.

This meant we could offer 350,000 free meals to staff in our canteens and on the wards; set up a free supermarket at the Royal Free Hospital so staff could get the supplies they needed after long shifts, and deliver much-needed items to staff rooms and kitchens across Barnet Hospital. The generosity of our local communities, whether through donations or by letting us know how much we have been in their thoughts and prayers, has been overwhelming.

Recognising the impact on our colleagues' wellbeing and mental health has also been incredibly important. New, or improved, staff spaces have been created giving colleagues

the chance to recharge their batteries in calm and comfortable surroundings; psychological support has been made available to those who need it; a dedicated support line was introduced for staff to get rapid answers to their questions; and we set up a resilience and emotional support team.

During the summer months we restarted our elective services but we also prepared for the future – including the building of the new Rainbow Ward at Barnet Hospital, providing 35 beds to support the care of in-patients. The ward opened its doors to patients at the beginning of October and provided vital space during the second wave of the virus when numbers increased dramatically in the second half of December.

During the past year, restrictions have meant that many families have been unable to visit their loved ones. We kept them connected via 'virtual visiting' and some redeployed members of staff took on the role as virtual visiting volunteers, liaising with the friends and families of in-patients and arranging video or voice calls using a tablet or phone.

Amid the darkness there has also been light. In early December the Royal Free London was one of the first trusts in the country to launch the COVID-19 vaccinations. The national success of the vaccine roll-out is a great source of pride for us and the NHS. We are delighted to also be running a mass vaccination centre at StoneX stadium in Barnet, home to Saracens Rugby Club. The centre has the potential to vaccinate many hundreds of people every day.

In addition, a record number of patients and staff were recruited to clinical trials at the Royal Free London in the past year – with the trust leading the way on studies that led to dramatically improved outcomes for patients with COVID-19. We are playing a key role in the first stage of a landmark COVID-19 Human Challenge Programme, hosting healthy volunteers who are exposed to a low dose of COVID-19 to discover the smallest amount it takes to cause a person to become infected. This is the first study of its kind in the world and will be conducted at the Royal Free Hospital's specialist infectious diseases unit.

In addition, our commitment to research will also take a huge leap forward in the summer of 2021 when we open the new Pears Building, home to the UCL Institute of Immunity and Transplantation, on the Royal Free Hospital campus – a partnership between us, UCL and the Royal Free Charity. The building will be able to accommodate up to 200 researchers looking for cures and new treatments for global health problems including type 1 diabetes, cancer and organ rejection after transplantation, enabling it to attract further world class talent.

While our incredible staff have undoubtedly saved hundreds of lives during the past 12 months, we recognise that there will be many patients who have been waiting longer than they should have for the treatment they need. This has been an inevitable consequence of the pressure the pandemic has put on NHS hospitals. We would like to reassure patients and their families that we have plans in place within our trust – and across the whole of north central London – to ensure you are seen as quickly and safely as possible - you have not been forgotten.

As you return to our hospitals, you will notice we've made a lot of changes to ensure your safety, and the safety of our staff. Your visit may feel different but we hope you will feel reassured by the measures we have put in place.

While we celebrate our NHS heroes, we also recognise that they have also not been immune to the pressures, the loss and the frustrations which have been the experience of so many.

They too have had to juggle work commitments with the need to look after their families. Many have gone days, weeks and months without seeing their loved ones. And many have seen their colleagues fall ill, or in some cases pass away. Their sacrifice has been huge and we thank every single one of them.

Dominic Dodd
Chair
14 June 2021

Caroline Clarke
Chief Executive
14 June 2021

*Please note Dominic Dodd was chair of the Royal Free London for the period covered by this annual report (1 April 2020 to 31 March 2021) and has provided his reflections of that period in the welcome note above. He was replaced by Mark Lam as chair on 1 April 2021.

1.1.6 Our objectives

1. **Excellent outcomes in clinical services, research and teaching**

Clinical services

- During the first and second waves of the COVID-19 pandemic we took the difficult decision to temporarily pause some non-urgent planned procedures/operations and out-patient services across the trust. Planned services were maintained for urgent and cancer patients, as well as imaging and endoscopy services. We are working hard to restart services as quickly as we can and are recovering more rapidly from the second wave than we did after the first. Patients are being clinically prioritised and we are focusing on those with the most urgent requirements first.

- Three new MRI scanners have been installed at the Royal Free Hospital providing us with the latest, state-of-the-art technology to ensure our patients receive the best care possible. By replacing two older MRI machines with three new ones, the department's scanning capacity has increased and means patients can be seen sooner. The new equipment offers reduced scanning times, increased image quality, and a range of advanced scanning techniques. Two cardiac catheter labs have also been updated, work is ongoing to upgrade three interventional radiology labs and the Royal Free Hospital's nuclear medicine department has installed two cutting edge gamma cameras, which will help them to expand the department.

Research

- A record number of patients and staff were recruited to clinical trials at the Royal Free London in the past year – with the trust leading the way on studies that have led

to dramatically improved outcomes for patients with COVID-19. During 2020, the trust undertook 56 COVID studies and a further four are underway so far in 2021. One drug study took just 10 days for the rigorous checks to be completed, allowing patients to be enrolled on to the trial and begin treatment without delay. Among the trials to which Royal Free London patients have been recruited is REMAP CAP, which demonstrated that the anti-inflammatory drugs tocilizumab and sarilumab, when given to critically unwell patients requiring intensive care unit level support, reduced death rates by about a third and the number of days needing high level support by 10 days. The trust also participates in the ongoing RECOVERY trial, which has already shown the benefits of an everyday steroid called dexamethasone. The drug cuts the risk of death by a third for patients on ventilators and by a fifth for those on oxygen. This trial has also shown that the anti-inflammatory drug tocilizumab, when given to patients who have high levels of inflammation and require oxygen, can reduce the risk of dying and the risk of requiring intensive care support. Almost 500 patients at Barnet Hospital and the Royal Free Hospital have been recruited to the RECOVERY trial, making the Royal Free London one of the leading recruiting trusts in the country.

- Two out of three patients who are hospitalised due to COVID-19 still suffer from symptoms more than seven weeks after being discharged from hospital, according to new data published in November. The research, conducted by clinicians at the Royal Free London and University College London Hospitals, showed that 54 days after discharge, 69% of patients were still experiencing fatigue and 53% were suffering from breathlessness, while 34% still had a cough. The research was led by Royal Free London respiratory consultant Dr Swapna Mandal and Professor John Hurst from UCL. The team looked at a total of 384 patients who had been treated for COVID-19 at either Barnet Hospital, the Royal Free Hospital or University College Hospital.

2. Excellent experience for our patients and staff

Patients

- A new multi-speciality adult assessment unit (AAU) opened at Barnet Hospital offering consultant-led care for patients seven days a week. The AAU team is responsible for looking after emergency patients who need assessment or treatment before returning home or admitting to a specialist ward. Typically, patients will stay in AAU no longer than 24 hours. This is part of our same day emergency care programme and provides 45 dedicated assessment spaces, including specific COVID-19 areas to ensure infection control processes can be observed. In addition, Barnet Hospital has a new ward, called Rainbow, which opened at the beginning of October and provided 35 new beds during the winter months. It has 15 side rooms so staff can follow infection control requirements to safely manage patients.

- Restrictions on the number of in-person appointments due to COVID-19 led us to introduce Attend Anywhere - a system offering secure video consultations for patients and an acceleration of our pre-existing remote access plans. Patient feedback has shown that the new technology provided them with an opportunity to

access vital services during a difficult time, as well as being more convenient, facilitating time and money savings and reduced stress. Based on our initial findings, video appointments could save patients thousands of hours in travel time and thousands of pounds in fares every year. The benefits were felt particularly keenly by those who have been shielding, many of whom told us that they would like video appointments to become part of our standard service.

Staff

- We know that every day our staff go above and beyond to care for our patients and this has never been more apparent than during the COVID-19 pandemic. Supporting our workforce's wellbeing is more important now than ever. As well as upgrading old staff areas to give staff the chance to take a well-deserved break in relaxing surroundings, we have also created new spaces enabling staff to socially distance. We offer free wellbeing apps and exercise videos and a range of mental health and wellbeing services are available for one-to-one and team support. We are grateful to the Royal Free Charity for harnessing the support of the community to deliver much of this important work.

3. Excellent value for taxpayers' money

- In 2020/21 NHS funding arrangements changed to support the COVID-19 response, with additional funding received for pandemic related expenditure. The pressures on the NHS meant that the requirement to deliver a significant efficiency programme was suspended, although we continued to monitor the cost and value for money of our services. The trust delivered a deficit of £2.71 million for the year as reported in the financial statements. However, it is worth noting that the trust achieved an adjusted surplus of £1.85 million for the year in line with the control total agreed with NHS Improvement and NHS England. As a result of this position, we did not need to access additional borrowing, and in common with all trusts in England during the year, our working capital facility was converted into equity via public dividend capital.

4. Safe and compliant with our external duties

- We launched the My RFL Care patient portal in August 2020 and by the beginning of February our 60,000th patient had registered. The portal enables patients to see all of their upcoming out-patient appointments in one digital, online space, anytime and anywhere. In January new appointment management features were piloted on the portal providing some patients with the ability to reschedule and cancel appointments. Early data shows patients have already started to take up the opportunity, and the new features will be rolled out across other services in the coming months.

5. A strong and resilient organisation

- The response to COVID-19 has been a collaborative effort from teams across the trust as well as members of our local community and volunteers. One huge contribution came from nearly 500 medical students who stepped into new roles to

support their colleagues in a range of positions including anaesthetics, ITU, family liaison and ward work. To ensure these junior doctors still received the specialist training they required, numerous adaptations were made to ensure teaching could continue, including a large switch to digital training.

Our governing objectives are now supported directly through our Royal Free London group goals framework. In the group we are focused on our ambitions around the health outcomes for our population, the experience of care received, enabling our people to deliver the care they aspire to and providing services that are sustainable to the taxpayer and the planet.

Our priorities for 2021/22 include:

- Reducing the number of patients facing long waits
- Building an inclusive workforce and improving the wellbeing of our staff
- Improving staff and patient experience by completing our Electronic Care Record and infrastructure upgrades across all sites
- Making our local partnerships work for patients.

1.1.7 Highlights of the year

April 2020

Supporting the Royal Free London COVID-19 heroes

At the start of the pandemic, the trust and the charity asked the public to lend their immediate support to staff via the Royal Free Charity Covid-19 Emergency Fund.

From the provision of care packages at the end of a very long shift, to psychological support and the creation of physical respite spaces, to responding to staff suggestions for things that would help, the charity worked tirelessly to get a complete support service in place as soon as possible.

Project Wingman in full flight

Project Wingman, an initiative backed by members of the airline industry offering support to staff during the COVID-19 outbreak, took off at the Royal Free London.

Volunteer airline staff from across the capital were based at Barnet Hospital and the Royal Free Hospital in designated 'first class lounges' giving staff the chance to unwind and chat to fellow professionals who are used to the pressures of working in a stressful environment.

Having been trained in compassionate listening and stress reduction techniques, the pilots and cabin crew were on hand to offer a listening ear and advice for managing stressful and pressurised situations.

May 2020

BBC documentary ‘Hospital’ filmed at the Royal Free London

The Royal Free London took centre stage on national TV when a special edition of the BBC documentary Hospital was broadcast on BBC Two on 11-12 May.

The two-part edition of the award-winning programme, called Hospital: Fighting COVID-19, shone a light on the work of staff at Barnet Hospital and the Royal Free Hospital and the experience of the patients we have been treating and their families.

Filmed during a three-week period in March and April when the virus was hitting its peak, the documentary captured the challenges facing the trust and the incredible care provided to our patients and their families. The programme received widespread critical acclaim and viewers declared it ‘extraordinary’ and ‘unmissable’.

Wall to wall support for our ICU staff

A plain corridor that staff walk along on their way to shifts on the intensive care unit (ICU) at the Royal Free Hospital was transformed into an uplifting space to show them how much they are appreciated.

A combination of art sent in following a public appeal, work produced by specialist graffiti and street art team Graffiti Kings and donations to the Royal Free Charity, was used to fill the walls with colourful pictures and messages.

“We want staff to smile and take a little time away from thinking about work,” said Sinead Hanton, ICU matron. “When they arrive or leave the ICU they are usually deep in thought, especially if it’s been a particularly difficult shift. We hope this will give them a lift.”

June 2020

20,000 surgical gowns handmade by our volunteers

A team of volunteers produced an impressive 20,000 surgical gowns for the Royal Free London from the WAC Arts building in Belsize Park. The Royal Free Charity co-ordinated the volunteers and funded the project, paying for 35 new sewing machines. The gowns made use of surplus material to help boost supplies at the Royal Free Hospital and Barnet Hospital.

July 2020

“No task too small or too big” for trainee doctors in response to COVID-19

Trainee doctors across the trust were celebrated for their remarkable transformation in response to COVID-19. Nearly 500 trainee doctors were redeployed at very short notice, with a new shift pattern developed to meet our hospitals’ new demands. Throughout the redeployment, they maintained their emphasis on balancing clinical skill sets and different groups of doctors were given the opportunity to work regularly together.

Spearheading these efforts was the postgraduate medical education COVID-19 task force, who came together to manage the postgraduate medical education centre’s COVID-19

response and ensure that they could quickly redeploy their medical staff and adjust shift patterns.

The task force also helped daily in the operations room, and with many other vital activities: mortuary and bereavement services; oxygen supplies, scrubs and PPE availability; supporting the physical and mental wellbeing of all staff and even recycling of oxygen masks.

August 2020

A legacy fit for our heroes

Donations that flooded in during the pandemic from the public to the Royal Free Charity have been converted into a very special long-term legacy for staff working in intensive care.

As well as the artwork supplied by local children, which has already gone up on the walls of the intensive care unit (ICU) corridors, the trust and charity went one step further to deliver 15 new and improved spaces for ICU staff to take vital breaks during their grueling shifts.

Speaking at the opening of the four ICU team rooms and the wellbeing room at the Royal Free Hospital, chief executive, Kate Slemeck, said: “The health and wellbeing of our staff is so important. Healthy and happy staff enable us to deliver good care to our patients. ICU was at the epicentre of all the work we were doing with COVID-19 and staff worked so hard for so long. It’s wonderful to be able to provide them better areas to rest which also give them time to think and talk to each another.”

We also…

Launched our patient portal, My RFL Care, enabling patients to see all their upcoming appointments in one digital space, anytime and anywhere.

September 2020

COVID-19 vaccine study began at Royal Free Hospital

Members of the public were invited to take part in the Novavax COVID-19 vaccination study at the Royal Free Hospital. The controlled trial began on 3 October. Dr Fiona Burns, consultant physician, is the principal investigator and has successfully recruited 600 people to the study – far exceeding expectations.

October 2020

Over the rainbow: new ward opens at Barnet Hospital

Rainbow ward, Barnet Hospital’s new modular unit, opened its doors to patients providing 35 new beds to create extra capacity to help treat patients through the winter months.

Rainbow ward has 15 side rooms to help ensure that staff can follow the infection control requirements needed to safely manage patients – particularly important given the challenges posed by COVID-19. Long-term it will be used for patients receiving medical in-patient care.

Construction started in April, while the hospital was tackling the first wave of the pandemic and was completed over just a few short months. Teams from across the hospital worked

with external contractors to make this possible – and staff were also given the opportunity to choose the ward's name. 'Rainbow ward' reflects the bright spirit of our hospitals and the incredible hard work of staff in response to COVID-19.

We also…

Had the honour of accepting a Pride of Britain award on behalf of the entire NHS from the Duke and Duchess of Cambridge. The event was broadcast on ITV.

November 2020

BBC's Hospital returns to the Royal Free London

The six-part series showed how the hospital was gearing up for winter and revealed how the battle for COVID-19 was far from over.

December 2020

Landmark moment as first NHS patients receive COVID-19 vaccination

Eighty-year-old grandmother Josephine Faleye was the first person at the Royal Free Hospital to receive the lifesaving COVID-19 jab.

We also…

Were part of new research published which shows COVID-19 immunity for those who had a mild version of the disease lasts for at least four months. Staff at the RFL were among those who took part in a study by scientists, some of whom work at the trust.

January 2021

Prime Minister visits Chase Farm Hospital vaccination centre

Prime Minister Boris Johnson visited Chase Farm Hospital and met with staff who were among the first to receive the Oxford AstraZeneca vaccine.

We also…

Published results from the Royal Free Hospital Novavax COVID-19 trial, which showed the vaccine is 83.9% effective in preventing coronavirus in participants.

February 2021

New trust chair appointed

Mark Lam was appointed the new chair of the trust, joining the Royal Free London from Barnet, Enfield and Haringey Mental Health Trust and East London Foundation Trust where he is currently chair. His term started when Dominic Dodd stood down at the end of March after serving his maximum tenure.

We also…

Celebrated the installation of two new gamma cameras at the Royal Free Hospital's nuclear medicine department which will help the team provide better support for the treatment of patients.

March 2021

Human challenge study starts at Royal Free Hospital

The COVID-19 human challenge study began at the Royal Free Hospital. Up to 90 volunteers aged 18-30 years are being exposed to COVID-19 in a safe and controlled environment to increase understanding of how the virus affects people.

Participants are being inoculated with a low dose of COVID-19, introduced via droplets in the nose, and carefully monitored by clinical staff over a two-week period.

By the end of March, the first participants recruited to the trial had completed their period of quarantine and were able to leave the hospital. They will continue to be monitored by the clinical team.

We also…

Bid farewell to Dominic Dodd, who has been chair of the trust since 2009. During his time as chair the Royal Free London underwent significant changes. Dominic oversaw the acquisition of Barnet and Chase Farm Hospitals NHS Trust, the construction of the new Chase Farm Hospital and the creation of the Royal Free London group. More recently Dominic was a crucial part of our response to the COVID-19 pandemic. We wish Dominic all the best for the future and thank him for his outstanding contribution to the trust.

1.2 Performance analysis

1.2.1 Key performance measures and meeting standards

2020/21 was another challenging year at the Royal Free London and across the country. The pandemic, and subsequent pause in elective activity, has meant it has been difficult to maintain performance against a range of standards.

Throughout the year, the trust has focused on a number of key metrics that demonstrate our commitment to delivering safe, consistent and timely care to both elective and emergency patients.

Urgent and emergency care

Despite a reduction in attendances at our two emergency departments and urgent care centre to 4,443 in 2020/21 from 5,734 in 2019/20, the pandemic continued to cause pressure on these services. The trust admitted, transferred or discharged an average of 85.8% of patients within four hours of their arrival, falling short of the 95% government target, but an improvement on last year's figure of 83.2%.

The trust has worked intensively with our system partners to manage demand and to discharge patients in a timely manner once their treatment is complete.

Both the Royal Free Hospital and Barnet Hospital have been working to deliver detailed improvement plans, with some support still provided by the national Emergency Care Intensive Support Team, including:

- Redevelopment of the entire department to comply with strict infection control guidelines and mitigate the risk of healthcare-associated infections during the pandemic.

- Building work on a new urgent treatment centre and waiting area to ensure we are fully prepared for any future resurgence of COVID-19 infections, and any other highly transmissible diseases.

- Introduction of NHS 111 urgent online or telephone appointments and secondary triage to reduce overcrowding in emergency care.

- Non-clinical flow co-ordinators appointed and trained to support our emergency departments and ambulatory assessment unit.

- Running 'free-flow' weeks focused on improving the flow of patients throughout these departments and multi-agency discharge events to ensure we optimise efficiency during particularly challenging times.

Future work to improve performance against the A&E target in 2021/22 includes:

- Development of a clinical hub, in collaboration with primary care colleagues, based in the new urgent treatment centre to redirect patients to more appropriate services.

- Redesign of rotas across emergency, acute and elderly medicine teams to promote more efficient working and patient flow.

- Audit and quality improvement programmes to improve ambulance handover protocol and reduce offload times.

Cancer treatment waiting times

Our focus this year has been to ensure continuity of cancer services throughout the pandemic. We have worked with clinical teams to capture changes to pathways and document learning from new ways of working, facilitated the roll out of virtual cancer multi-disciplinary team meetings, developed infection prevention and control compliant procedures, helped to co-ordinate the transfer of cancer services across the trust in response to the pandemic and developed plans to cope with the impact of any surge in COVID-19.

During the pandemic, NHS England set three key performance indicators for cancer:

- restoring urgent cancer referrals (two-week wait)
- restoring 31-day cancer treatment target
- reducing the backlog of patients waiting more than 62 days for cancer treatment.

Royal Free London is one of the largest providers of cancer care in the NHS, receiving the second highest suspended cancer referrals (two-week wait) in England. It is performing well against the national targets in the COVID-19 recovery period.

During the first COVID-19 surge, the trust was impacted heavily with a dramatic fall in cancer referrals. Diagnostic capacity was restricted and cancer treatments were largely moved out of the trust's acute hospital sites. Systemic treatments (chemotherapy and immunotherapy) were moved from Royal Free Hospital to Finchley Memorial Hospital and Chase Farm Hospital, and cancer surgery was undertaken in the independent sector.

The trust has received approximately 7,000 fewer suspected cancer referrals than in 2019/20, which is a picture reflected across the NHS. We have been working with primary care, commissioning colleagues and the Cancer Alliance across north central London to encourage referrals and our two-week wait referral volumes were restored from September 2020 with a small reduction during the second COVID-19 surge. Referrals were just below the operational standard in the first three quarters of 2020/21, but recovered to perform above the target in the last quarter.

We have also been successful in restoring 31-day treatment volumes and despite less treatments during the first COVID-19 surge, we were able to utilise independent sector capacity and maintain our systemic and radiotherapy treatments internally with enhanced infection control practices. This more than 62 days from GP referral for either an all clear diagnosis or to start cancer treatment was below pre-COVID-19 levels at the end of March 2021. Delivering this target has been very challenging due to the pandemic and the impact of infection prevention and control measures, including implementing a two-week isolation period prior to admission. As a result, this standard was not met.

A new standard is being introduced in 2021/22, the 28-day faster diagnosis standard. This requires 75% of patients to be given a definitive diagnosis by day 28, which the trust expects to achieve.

18-week waiting times

Since March 2019, the trust has not reported nationally its referral to treatment performance, where patients should wait for no more than 18 weeks before they start treatment within consultant-led services, due to ongoing concerns regarding the accuracy of information on the trust patient tracking list (PTL). A full-scale deconstruction and rebuild of the trust PTL took place at the beginning of 2019/20. Extensive validation was also undertaken throughout the year to ensure that all patients who should be on the list were visible. In total 1.2 million pathways were validated, and in January 2021, the trust and north central London clinical commissioning group commissioned a return to national reporting assessment to assess the trust's readiness to restart national reporting. This external assessment was completed in March 2021 and based on the improvements made and quality of data on the trust PTL, it was recommended that we return to national reporting of this standard, which began in April 2021 with the submission of March month end performance.

Key improvements made include:

- A new accurate PTL ensuring all patients are visible.
- A large-scale validation programme to ensure all patients are being accurately recorded.
- A full suite of data quality reports available centrally for operational use.
- An increase in administrative staff receiving referral to treatment standard and job role specific training to safeguard against future errors.
- A revised referral to treatment governance structure launched.

COVID-19 has significantly impacted waiting times throughout 2020/21. As a result of stopping non urgent in-patient and out-patient face to face elective activity, more patients than ever before are waiting greater than 18 weeks to start their first treatment. There has also been an increase in the numbers of patients waiting over 52 weeks on the trust referral to treatment PTL.

We are currently developing recovery plans to improve performance and reduce waiting times through increasing and restoring elective services.

Infection control

- **C. difficile**

In 2020/21, there were 411 confirmed cases of C.difficile infection.

Of these cases, five were defined as 'lapses in care'. Our local clinical teams and clinical commissioning groups work together to identify whether a case is a lapse in care by applying an assessment developed by Public Health England.

Each case is discussed at the monthly divisional leads' infection prevention and control (IPC) meeting, at which commissioners are present and agree or make comments, and also at the IPC committee where Public Health England, CCGs and commissioning support units confirm all findings. The learning from these meetings is shared with divisions.

- MRSA

We recorded six confirmed cases of MRSA in 2020/21, two at Barnet Hospital and four at the Royal Free Hospital. As for C.difficile, MRSA cases are also discussed at the monthly divisional leads' infection prevention and control (IPC) meeting.

Mortality rates

We continue to record low mortality risks compared to trusts nationally. We examine our mortality using the summary hospital level mortality indicator (SHMI). This measure describes the actual level of mortality compared to that which would have been expected based on the types of patients we treat.

Looking at SHMI for the 2020/21 period up to January 2021 (the latest period for which data is available), the trust mortality risk was lower than expected at 0.84, or 16% better than expected.

Equality of service delivery

Improving access to care for all is embedded in the trust values and is a key part of our service delivery. We are working within our population health committee and with our health partners in north central London to address inequalities of health and identifying and actioning where we can improve services for everybody who visits our hospitals. More information can be found on our work in this area in the patient care section of this report and how we are promoting inclusion in our organisation on pages 71 and 111.

Looking ahead

Our focus for 2020/21 is to ensure all parts of our trust can begin recovery and restore activity to pre-COVID-19 levels. The Royal Free London group model developments will be core to delivering this. Our key challenges will be to:

1. Deliver improved performance against the 28 and 62-day cancer standards.
2. Improve performance against the A&E four-hour standard.
3. Return to national reporting for referral to treatment and reduce the number of patients waiting more than 52 weeks.

Performance against key national indicators

The charts and commentary contained in this report represent the performance for all three of our hospitals. This approach has been taken to ensure consistency with the prescribed indicators the trust is required to include in the quality accounts. The prescribed indicators data is sourced from NHS Digital where in the majority of cases data is also aggregated.

Single Oversight Framework key indicators scorecard 2020/21

Measures	Target	Jun 2020	Jul 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021
A&E: % of patients seen within four hours	95%	92%	91.6%	89.3%	85.5%	86.5%	85.9%	76.8%	72.3%	85.4%	88.0%
Cancer: % < 14-day wait for first seen	93%	93.38%	91.18%	90.96%	81.65%	80.95%	91.81%	93.44%	88.99%	94.79%	96.1%
Cancer: % < 14-day wait for first seen - breast	93%	87.69%	84.38%	78.26%	82.35%	75%	86.49%	89.29%	79.69%	84.21%	85.4%
Cancer: % < 31-day wait from diagnosis to first treatment	96%	97.14%	98.91%	93.83%	95.26%	95.4%	97.53%	98.17%	95.1%	96.85%	95.7%
Cancer: % < 31-day wait from second or subsequent treatment (radiotherapy)	94%	96.15%	100%	91.67%	94.44%	96%	100%	90.48%	90.7%	93.85%	94.9%
Cancer: % < 31-day wait from second or subsequent treatment (chemotherapy)	98%	98.11%	100%	100%	100%	97.5%	100%	97.92%	98.44%	98.51%	100.0%
Cancer: % < 31-day wait from diagnosis to second treatment (surgery)	94%	96.88%	94.12%	93.33%	92.59%	96.15%	100%	100%	80%	90.91%	98.4%
Cancer: % < 62-day wait for first treatment - GP referral	85%	70.25%	76.81%	70.48%	62.83%	68.79%	77.89%	77.29%	70.77%	71.98%	78.3%
Cancer: % < 62-day wait for first treatment – screening	85%	7.69%		9.09%	91.3%	73.68%	76.67%	83.67%	82.93%	78.02%	93.3%
Diagnostics: % < 6-week wait for diagnostics	99%	37.50%	43.3%	39%	54.1%	70.8%	78.6%	85.6%	81.8%	83.4%	87.6%

1.2.2 Financial review

The financial year 2020/21 brought particular challenges as we worked to maintain budget controls whilst also supporting the trust in its response to the pandemic. Our finance and commercial teams took on a wider role in the construction of London's Nightingale Hospital, the supply and manufacture of personal protective equipment (PPE) and redeployment to support patients and staff. These challenges were met head on, and the trust delivered a

deficit of £2.7 million for the year as reported in the financial statements. However, it is worth noting that the trust achieved an adjusted surplus of £1.8 million for the year in line with the control total agreed with NHS Improvement. A reconciliation of the deficit to the adjusted surplus is shown below;

	£m
Deficit for the year per accounts	(2.7)
Adjusted financial performance	
Add: I&E impairments	6.1
Less: Capital donations/grants	(3.1)
Less: Net impact of consumables donated from DHSC	(0.7)
Less: Gains on disposal of assets	(2.0)
Add: Annual Leave Accrual	4.2
Adjusted surplus for the purposes of system achievement	1.8

Income

The trust receives most of its income from clinical commissioning groups and NHS England specialist commissioning. In 2020/21, special arrangements were put in place and the trust received a block payment of £1,037 million, based on historical performance. We also received funding for our response to COVID-19 for the construction of the Nightingale Hospital at London's Excel Centre, testing and the vaccine roll out.

The trust has met section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), which requires that the income from the provision of goods and services for the purpose of the health service in England must be greater than its income from the provision of goods and services for any other purposes.

The income the trust receives from the provision of goods and services for any other purposes is generated from capacity within the organisation; such work is not given priority over NHS work. Income from such activities is undertaken only where there is a positive impact for the trust, such as a financial contribution, which can be invested for the purposes of healthcare, or as part of a wider clinical benefit analysis.

Adjusted surplus

Earnings before interest, taxes, depreciation and amortisation (EBITDA) and reporting surplus are important measures for the trust. They are indicators of how much cash the trust is generating from its activities and are used by NHS Improvement, the trust's regulator, to calculate our performance.

The trust delivered an adjusted surplus of £1.8 million in 2020/21 as agreed with the regulator. Despite this year's challenges there has still been a focus on delivering value for money and £11.3 million efficiency savings have been made.

Subsidiary performance

RFL Property Services Limited (RFLPS), a wholly owned subsidiary of the trust, was incorporated on 28 June 2018 with £50,000 of called up share capital.

The agreement with RFLPS is to manage and be financially and operationally responsible for the completion of Chase Farm Hospital in accordance with the development contract. RFLPS will substantially fund this additional construction work through the receipt of loans from the trust and will subsequently recover those costs, together with a margin, from the trust, payable in accordance with the service agreement. Further details are given in note 16 of the accounts.

A second wholly owned subsidiary of the trust, RFL Dispensary Services Limited (RFLDS), was incorporated on 31 July 2018 and commenced trading on 1 April 2019.

The agreement with RFLDS is to manage and be financially and operationally responsible for dispensing of out-patient prescriptions at the Royal Free Hospital and Chase Farm Hospital. Further details are given in note 16 of the accounts.

Workforce spending

The trust experienced various challenges in 2020/21 from managing COVID-19 surges in the first quarter to stepping up activity to clear backlogs and responding to the pandemic over the winter months. To deal with this, the trust has had to flex its workforce throughout the year, bringing in extra clinical and non-clinical staff at the height of the pandemic. Agency spend increased from £18.2 million to £21.7 million and the number of substantive staff grew from 7,867 to 8,313.

The accounting policies for pensions and other retirement benefits are set out in note 7 of the accounts.

Details of senior employees' remuneration can be found in the remuneration report on page 94.

The number of and average additional pension liabilities for individuals who retired early on ill-health grounds during the year are set out in note 6.1 to the accounts.

Sickness absence data can be found on page 105.

Reference costs

The trust national cost collection index (NCCI) for 2019/20 is not due for publication until later in 2021. The NCCI measures the relative efficiency of English trusts against one another. The Royal Free London's most recent published NCCI was 96 for 2018/19. An RCI of 96 implies that the trust is 4% more efficient than the national average and demonstrates our commitment to delivering value for money in a health economy facing increasing financial pressures.

Going concern and future outlook

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Nonetheless, it is recognised by the trust board that there is a significant risk around the underlying position of the trust in terms of ongoing sustainability. The trust has recorded a deficit for the year of £2.7 million and a deficit in each of the past three years. For the financial year 2021/22 the trust anticipates a reported deficit of between £4 million and £8 million. The trust continues to take measures to ensure there is sufficient working capital and liquidity in the short term, and it has a financial recovery plan to return to a sustainable position over the next three to four years.

Countering fraud and corruption

The trust has a fraud and bribery policy and, through the accountancy and advisory firm RSM UK Tax and Accounting Limited, has a local counter fraud service in order to prevent and detect fraud. The local counter fraud officer reports to the audit committee at each of its meetings on the work undertaken. The trust also participates in the national fraud initiative data matching exercise.

Financial risk management

The financial risk management objectives and policies of the trust, together with its exposure to financial risk, are set out in note 29 of the accounts.

Better payments practice code

The code requires the trust to aim to pay 95% of undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. It is designed to promote good practice in the payment of debt from NHS organisations. Details of compliance with the code are given on page 101.

Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998

There were no interest charges paid in accordance with this act in 2020/21, as in the previous year.

Cost allocation and charging

The trust has complied with the cost allocation and charging requirements set out in guidance from HM Treasury and the Office of Public Sector Information.

1.2.3 Improving our environment

For NHS organisations, sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities.

The 2019 NHS Long Term Plan contains ambitious sustainable development commitments, as does the publication of the NHS ‘Delivering a ‘Net Zero’ National Health Service in October 2020, which tasks us with reaching net zero emissions by 2040. The trust approved its Green Plan in November and its delivery will be undertaken by a network of committed staff. To take this work forward, the network has established several specialist interest groups, as follows:

1. **Journeys** - encouraging active and sustainable travel for all.

2. **Purchasing** - working with our supply chain to deliver ethical and sustainable procurement.
3. **Energy and water** - using energy more efficiently and transitioning to lower carbon energy; eliminating wasteful use of water.
4. **People and communications** - inspiring, empowering and motivating our people to embrace sustainable healthcare.
5. **Waste** - disposing of less in line with the four R's of waste management: Refuse, Reduce, Reuse and Recycle.
6. **Buildings and land** - providing healthy, green and bio-diverse spaces for patient and staff wellbeing.
7. **Food** – reducing our carbon footprint by moving towards a meat and dairy free hospital.
8. **Care** - developing alternative low carbon intensive care pathways and adapting our services with climate change in mind.

The trust will continue to report its progress each year.

1.2.4 Closure of the Royal Free International

Due to the detrimental impact of the pandemic on the trust's international business, the difficult decision was taken by the group chief executive to close the International department of the Royal Free London at the end of February 2021. The trust hosted many observers and conference delegates over the years who benefitted from the care, attention and advice they received from staff. In many cases this contributed to numerous positive changes in the healthcare offered by their respective countries.

1.2.5 Emergency Planning

COVID-19 Response

The emergency planning team, like the majority of the trust, has been involved in our response to the COVID-19 pandemic. NHS England co-ordinates the NHS response to COVID-19 as a level four incident, in collaboration with local commissioners. Via the North Central London Integrated Care System, it has used the Emergency Preparedness Resilience & Response networks to help cascade and share information, provide guidance and situation reports with individual trusts. Internally the team attends the COVID executive group meetings and externally the various local resilience forums to ensure joined up working with our partners.

Leaving the European Union (EU)

To ensure the trust was prepared for the UK leaving the EU the trust reconvened the EU exit working group, led by the trust chief finance and compliance officer. The meetings considered the impact a no deal EU exit would have on the trust and the following areas:

- Workforce
- Supply of medicines and vaccines
- Supply of medical devices and clinical consumables
- Supply of non-clinical consumables, goods and services
- Blood and transplant

- Reciprocal healthcare
- Research and clinical trials
- Data sharing, processing and access.

Following the end of the transition period on 31 December 2020, the EU exit working group continued to monitor any impact the trust faced under the terms and conditions of the new trade deal. Fortunately, there has been minimal disruption but we continue to monitor and be prepared to respond if required.

Looking forward

As the trust response to COVID-19 is being stepped down, the key focus for the emergency planning team is to review and amend its plans and procedures to include any learning that has been identified and reflect physical changes that have been made to our clinical and non-clinical areas in our buildings. The team also need to prepare for the NHS annual assurance process which was stripped back due to COVID-19 last year.

Caroline Clarke
Chief executive

14 June 2021

2 Accountability report

2.1 Directors' report

The directors' report is prepared as required by Schedule 7 paragraph 26 of the NHS Act 2006 and in accordance with:

- sections 415, 4166 and 418 of the Companies Act 2006; (section 415(4) and (5) and section 418(5) and (6) do not apply to NHS foundation trusts)

- regulation 10 and schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations")

- additional disclosures required by the financial reporting manual (FReM)

- The NHS Foundation Trust Annual Reporting Manual 2020/21 (FT ARM)

- additional disclosures required by NHS Improvement.

Further details of the areas included in this statement can be found on the trust's website: https://www.royalfree.nhs.uk/

2.1.1 Statement as to disclosure to auditors

Each individual who is a director at the date of approval of this report confirms that:

- they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the trust's performance, business model and strategy

- so far as the director is aware, there is no relevant audit information of which the NHS foundation trust's auditors are unaware

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Royal Free London NHS Foundation Trust's auditors are aware of that information.

Income disclosure

The trust has met section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), which requires that the income from the provision of goods and services for the purpose of the health service in England must be greater than its income from the provision of goods and services for any other purposes.

The income the trust receives from the provision of goods and services for any other purpose is generated from capacity within the organisation; such work is not given priority over NHS work. Income from such activities are sought only where they can demonstrate a positive impact for the trust, such as a financial contribution which can be invested for the purposes of healthcare, or as part of a wider clinical benefit analysis.

The directors are responsible for preparing the annual report and audited financial statements. The directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess Group's and trust's performance, business model and strategy.

The trust board leads the organisation and provides a framework of governance within which high quality, safe services are delivered across north London, Hertfordshire and beyond. The board sets the vision and strategic direction for the trust, ensuring the appropriate culture exists and that there is sufficient management capacity and capability to deliver the strategic objectives of the organisation. It also monitors performance of the trust, keeping patient safety central to its operation and ensures that public funds are used efficiently and effectively for the benefit of patients and other stakeholders.

All voting board directors (executive and non-executive) have joint responsibility for board decisions. Board members are also there to constructively challenge the decisions of the board and assist in developing proposals on strategy, priorities, risk mitigation and standards.

2.1.2 Non-executive directors

Non-executive directors have a duty to hold the executive directors to account through constructive challenge and by scrutinising performance. They bring extensive expertise from a wide range of backgrounds to the board.

The chair is one of the non-executive directors and is responsible for the leadership of both the trust board and the council of governors.

During the financial year 2020/21, the trust had the following non-executive directors:

Non-executive director	Date of appointment	Current term of office	Term
Mark Lam (chair)	April 2021	March 2024	First
Dominic Dodd (chair)	April 2012	March 2021	Third
Mary Basterfield (from 1 September 2018 vice chair and senior independent director)	December 2016	November 2022	Second
Wanda Goldwag	December 2017	November 2020	First
Professor Sir Chris Ham	January 2019	December 2021	First
Doris Olulode	December 2018	November 2021	First
Akta Raja	January 2017	December 2022	Second
Professor Anthony Schapira	April 2012	August 2020	Third
Professor David Lomas	September 2020	August 2023	First
James Tugendhat	January 2021	December 2024	Second
Amanda Gibbon (associate non-executive director, non voting)	April 2021	March 2024	First

The board considers that all its non-executive directors are independent in character and judgement, although it notes that Professor Anthony Schapira, as an appointee of University College London (UCL) Medical School, and David Lomas as UCL vice-provost (health), brings their views to the trust board.

Further details of each non-executive director can be found on page 33 and also on the trust's website at www.royalfree.nhs.uk

2.1.3 Executive directors

The executive directors are responsible for the day-to-day running of the organisation. The group chief executive, as accounting officer, is responsible for ensuring the trust works in accordance with national policy, public service values and maintains proper financial stewardship. The group chief executive is directly accountable to the board for ensuring its decisions are implemented. At the end of the financial year 2020/21, there were six voting executive directors on the trust board:

Executive director	Position	Date of appointment
Caroline Clarke	Group chief executive	March 2019
Peter Ridley	Chief finance and compliance officer	September 2018
Deborah Sanders	- Chief executive of Barnet Hospital - Joint deputy group chief executive - Chief nurse	October 2019 April 2019 May 2010 to July 2020
Kate Slemeck	Chief executive of Royal Free Hospital	February 2018
Dr Chris Streather	- Chief medical officer - Joint deputy group chief executive	February 2018 April 2019
Julie Hamilton	Chief nurse	August 2020

Register of interests

The trust is required to hold and maintain a register setting out details of any company directorships and/or significant interests held by board members, which may conflict with their responsibilities as trust directors. At each meeting of the trust board and its committees, a standing item requires all executive and non-executive directors to make known any interests in relation to the agenda and any changes to their declared interests.

The register is held by the trust secretary and is available for public inspection on our website at www.royalfree.nhs.uk or by contacting:

Trust secretary

Royal Free London NHS Foundation Trust
Group headquarters
Anne Bryans House
77 Fleet Road
London NW3 2QG

In accordance with the Care Quality Commission's fit and proper persons standard that applies to all NHS trusts, the board has satisfied itself that all current board members fulfil the requirements.

Political donations

There are no political donations to disclose.

2.1.4 Enhanced quality governance

As part of its programme in partnership with the Institute for Health Improvement to embed quality improvement (QI) across the group, the trust has identified six ongoing priority actions to be implemented:

Strategic guidance and leadership

1. Develop a QI narrative for staff and patients.
2. Increase leadership visibility and ownership for QI.

Capability and capacity

3. Develop recommendations for introducing hospital unit and divisionally-based learning systems to track QI and embed it into routine work.
4. Further develop the ability of divisional and group leaders to lead for improvement.

QI Infrastructure

5. Determine how to provide adequate support to QI projects and QI learning systems.

Signature initiative

6. Determine focus and approach to signature initiative.

2.2 Disclosures as set out in the NHS foundation trust code

How the trust applies the main and supporting principles of the code

In setting its governance arrangements, the trust has regard for the provisions of NHS Improvement's updated NHS Foundation Trust Code of Governance and the NHS Oversight Framework 2019/20. The following paragraphs together with the annual governance and corporate governance statements explain how the trust has applied the main and supporting principles of the code.

The Royal Free London is committed to maintaining the highest standards of corporate governance. It endeavours to conduct its business in accordance with the accepted

standards of behaviour in public life, which includes the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (the Nolan principles).

For the year up to 31 March 2021, the 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.

Under provision B7.1 of the code of governance, in exceptional circumstances, non-executive directors may serve longer than six years. The length of tenure of each non-executive director is shown below:

Name	Position	Appointed	Term at 31 May 2021
Mark Lam	Chairman	1 April 2021	2 months
Dominic Dodd	Chairman	1 April 2012* to 31 March 2021	9 years
Prof Anthony Schapira	Non-executive director	1 April 2012* to 31 August 2020	9 years
Mary Basterfield	Non-executive director	1 December 2016	4 years 4 months
Akta Raja	Non-executive director	1 January 2017	4 years 3 months
Wanda Goldwag	Non-executive director	1 December 2017 to 30 November 2020	3 years
James Tugendhat	Non-executive director	1 January 2018	3 years 5 months
Prof Sir Chris Ham	Non-executive director	1 January 2019	2 years 4 months
Doris Olulode	Non-executive director	1 December 2018	2 years 5 months
Prof David Lomas	Non-executive director	1 September 2020	9 months
Amanda Gibbon	Associate non-executive director (non-voting)	1 April 2021	2 months

*grand parenting provision under the NHS Act 2006 brought over non-executive directors who were serving at the predecessor NHS trust.

During 2019/20 Mary Basterfield was reappointed for a second term of three years from 1 December 2019 (expiring on 30 November 2022). Akta Raja was reappointed for a second term of three years from 1 January 2020 (expiring on 31 December 2023) and in 2020/21 James Tugendhat was reappointed for a second term of three years from 1 January 2021.

In advance of each decision by the council of governors to reappoint, the nominations committee considered each case individually. Reviews undertaken by the nomination committee are rigorous and only in exceptional circumstances are non-executive directors reappointed for a term beyond six years. For example, Professor Schapira's reappointment as the UCL appointed non-executive director followed his reappointment as dean of the UCL

campus at the Royal Free Hospital. All reappointments were approved by NHS Improvement.

2.2.1 The role of the trust board

The trust board comprises seven non-executive directors, including the chair, and six executive directors, one of which is the group chief executive. All board members have the same legal responsibilities and have collective responsibility for the performance of the trust.

It is also responsible for the implementation of strategy and ensuring its obligations to regulators and stakeholders are met. The decisions reserved for the trust board, and those delegated to its sub committees or officers of the trust, are set out under a formal 'scheme of delegation'. This includes details of the roles and responsibilities of the chair of governors and how disagreements between itself and the board are resolved. Both the scheme of delegation and reservation of powers for the board are regularly reviewed.

The trust board reports to a range of regulatory bodies on performance and compliance matters. During 2020/21 it met its regulatory reporting requirements under NHS Improvement's single oversight framework providing certifications and notifications as required. It is also responsible for ensuring compliance with the trust provider licence, constitution, mandatory guidance issued by NHS Improvement and other relevant statutory requirements.

Strategic priorities are set by the trust board annually. The risks to achieving these priorities are monitored through the Board Assurance Framework (BAF), which provides the board with a systematic process of obtaining assurance to support the mitigation of risks. The BAF is also used to identify potential risks to compliance.

The executive directors are responsible for the operational management of the trust. Non-executive directors do not have executive powers.

The trust board's composition as at 31 March 2021 was:

57.1% Female (Eight board members)

42.9% Male (Six board members)

2.2.2 Board members' biographies

Non-executive directors

Mark Lam – Chair from 1 April 2021

Mark is an experienced board director and digital technologist with global experience in both private and public sectors. He is chair of East London NHS Foundation Trust, vice chair of North Central London Provider Alliance and a non-executive director on the board of Social Work England.

Mark previously held a variety of board positions in public healthcare, including chair of Barnet, Enfield and Haringey Mental Health NHS Trust. He has also been a trustee of the University of Essex.

Mark began his technology career during the dotcom boom, training at web start-ups before moving into telecommunications and IT. His longest association was with BT Group, where he was a senior executive and towards the end of his career there, its chief technology and information officer of Openreach, the national infrastructure provider. Prior to BT Group, he led a number of digital initiatives at major global businesses, including Carphone Warehouse and Siemens.

Mark comes from Singapore originally and has lived in London for more than 20 years. He holds a degree in English Literature from Oxford University and is a fellow of the Royal Society of Arts.

Dominic Dodd – Chair until 31 March 2021

Dominic was managing partner of Marakon Associates, a strategy consulting firm, where he worked for 15 years advising chief executives of publicly traded companies in the UK, Europe, the US and Asia. Since leaving Marakon he has worked as a chair, non-executive director and advisor in the private, public and charity sectors, specialising in growth, turnaround and governance, mainly in healthcare and financial services.

Dominic was appointed chair of the trust from November 2019. He is also chair of The Royal National Orthopaedic Hospital NHS Trust.

Elsewhere in the NHS, Dominic is chair of the provider alliance in north central London, a director of UCL Partners and a trustee of the health and social care think tank The King’s Fund.

Professor Anthony Schapira

Non-executive director from 2009-2020

Anthony Schapira was appointed a senior lecturer and consultant neurologist at the Royal Free Hospital and the National Hospital for Neurology and Neurosurgery in 1988, and to the University Chair of Clinical Neuroscience at the University College London (UCL) Institute of Neurology in 1990. He is vice dean of UCL Medical School and director of the Royal Free campus.

His research interests focus on neurodegenerative disease, with special emphasis on Parkinson's and other movement disorders. He is the principal investigator on several Medical Research Council (MRC) grants for neurodegenerative diseases and is the principal investigator of the MRC Centre of Excellence in Neurodegeneration (COEN) award.

During his career he has won a number of awards for his research and was elected a fellow of the Academy of Medical Sciences in 1999. He was appointed to the board of the Ministry of Justice, Office of the Public Guardian in 2012, to the NHS Independent Reconfiguration Panel in 2019 and a non-executive director of Oxford University Hospitals NHS Foundation Trust in December 2019.

Anthony chaired the trust's clinical standards and innovation committee and was a member of the remuneration committee.

Mary Basterfield

Appointed non-executive director in December 2016

Mary is a qualified accountant and most recently was group finance director of Just Eat PLC, the leading food delivery marketplace, where she was instrumental in delivering the £9 billion

merger which created Just Eat Takeaway.com. Her experience spans e-commerce, media, strategy, mergers and acquisitions, and financial management of businesses undergoing rapid change. Previously, she was chief financial officer for UKTV, Britain's biggest multi-channel broadcaster, chief financial officer UK&I at agency group Dentsu Aegis Network and chief financial officer for Hotels.com and Expedia Affiliate Network at travel technology giant Expedia Group Inc. She began her career in the music industry and held senior positions at Warner Music and Sony Music.

Mary is currently a trustee of the National Cancer Research Institute. She previously served as a non-executive director and chair of the audit committee for Hounslow and Richmond Community Healthcare NHS Trust, and was also a trustee of University College London Students' Union.

Mary was appointed senior independent director and vice chair in August 2018 and is chair of the trust's audit committee, chair of Barnet Hospital local members' council and a member of the remuneration, clinical standards and innovation, and finance and investment committees.

Akta Raja

Appointed non-executive director in January 2017

Akta Raja qualified as a solicitor at Slaughter and May and practiced mainly mergers and acquisitions for five years. She then moved on to the UK mergers and acquisitions team at HSBC Bank plc as an investment banker. She also founded her own company, which reduces carbon emissions in buildings, and is now an investor in and advisor to a number of small businesses.

Akta is chair of the finance and compliance committee and the Royal Free Hospital local members council. She is a member of the group services and investment, clinical standards and innovation and remuneration committees. Akta is also the trust's appointed non-executive director for RFL Property Services Limited, which is a wholly owned subsidiary of the trust, and vice chair of the Royal Free Charity.

Wanda Goldwag

Non-executive director from December 2017 to November 2020

Wanda has strong commercial leadership experience and a track record of developing and growing customer service businesses. She has a background in marketing and was previously chief executive of British Airways Air Miles, the subsidiary responsible for the airline's loyalty programme.

Wanda has held a number of public appointments including chair of the Office for Legal Complaints and that of Civil Service Commissioner.

She is currently a member of the QC appointments panel and an advisor to Smedvig Venture Capital. Wanda is also interim chair of LEASE (Leasehold Advisory Service), chair of the Financial Services Consumer Panel and independent network code modification panel chair in the gas industry. Wanda Goldwag has appeared in the Pride Power list 100.

Wanda chaired the group services and investment committee and was a member of the audit committee and remuneration committee.

James Tugendhat

Appointed non-executive director in January 2018

James is chief executive of HC-One, a leading care and nursing home group supporting 16,000 residents across 327 homes, working closely with local authorities and the NHS.

James has worked across a wide range of sectors. He started his career in consumer and financial services before holding leadership roles in healthcare and the broader care sector. Most recently, he led the European and international division of US-based Bright Horizons, an early years' care and education business.

Prior roles included several years as president and chief executive officer of Boston based Health Dialog, a pioneer of population health management, and five years as a non-executive director of Islington Primary Care Trust.

James chairs the people committee and is a member of the population health and remuneration committees.

Professor Sir Chris Ham

Appointed non-executive director in January 2019

Professor Sir Chris Ham is non-executive co-chair of the NHS Assembly, a visiting fellow of health think tank The King's Fund, an advisor to health management consultancy Carnall Farrar, chair of the Coventry and Warwickshire Health and Care Partnership and a member of the board think tank New Local.

A former chief executive of The King's Fund where he held the post from 2010 and previous head of the strategy unit at the Department of Health and at the universities of Birmingham, Bristol and Leeds. Sir Chris has also advised the World Health Organisation and the World Bank and acted as a consultant to a number of governments.

In 2018, he received a knighthood in the Queen's Birthday Honours List for services to health policy and management.

Sir Chris chairs the population health committee, the Chase Farm Hospital local members' committee and is a member of the remuneration committee.

Doris Olulode

Appointed non-executive director in December 2018

Doris held senior positions in the UK and overseas including head of HR, Ford Motor Company, Australia & New Zealand and most recently HR director, Ford Motor Company for Europe, Middle East & Africa with responsibility for around 25,000 employees across 30 countries. She also led Ford's African Ancestry Network and was named by Autocar as one of the top 100 most influential women in the Auto Industry.

Doris is non-executive director for the Chartered Institute of Legal Executives, a lay member to the HM Courts and Tribunal Service and currently freelances as an HR consultant.

She is also a non-executive director of the Royal National Orthopaedic Hospital NHS Trust in Stanmore, London, and a member of the trust's audit committee, people and remuneration committees and chair of the equality, diversity and inclusion taskforce.

Professor David Lomas

Appointed non-executive director in September 2020

Professor David Lomas is University College London (UCL) vice-provost (Health), head of the UCL School of Life and Medical Sciences, head of UCL Medical School, academic director of UCLPartners Academic Health Sciences Centre and a respiratory physician at University College London Hospitals (UCLH) and the Royal Free London.

He previously chaired the Respiratory Therapy Area Unit Board at GlaxoSmithKline and was deputy chief executive officer of the Medical Research Council (UK). David has been a non-

executive director of UCLH since September 2015, as well as holding this position at the Africa Health Research Institute, the Francis Crick Institute, GMEC Management Co Ltd and MedCity Ltd. He is a medical trustee of the British Heart Foundation, a council member of the Academy of Medical Sciences, deputy chair of the Scientific Advisory Committee, Genomics England and a National Institute for Health Research senior investigator.

David's research has focused on the genetic condition α1-antitrypsin deficiency, chronic obstructive pulmonary disease and a group of diseases that he has called the serpinopathies.

Amanda Gibbon

Appointed non-voting associate non-executive director in February 2021

Amanda has a professional finance background and a wide range of lay experience in healthcare, research and clinical ethics. She is a non-executive director at Whittington Health NHS Trust and became an external member of the audit and risk committee of the National Institute for Health and Care Excellence (NICE) on 1 April 2021.

She has been a foundation trust governor at University College London Hospitals for the past nine years where she continues to chair both its biobank ethical review and organ donation committees. A former lay member of the UK Donation Ethics Committee, she also chairs the steering committee for the UK wide biobanking initiative, the UK Clinical Research Collaboration Tissue Directory and Co-ordination Centre.

Amanda works with NHS Blood and Transplant in a number of capacities including as a lay member of the National Organ Donation Committee and as regional chair for the London Organ Donation Collaborative. She recently completed two terms as a member of the Human Tissue Authority where she chaired its audit and risk committee and is the non-executive chair of RareCan Ltd, a startup company which aims to increase the number of people with rare cancers who are involved in research.

Amanda sits as a magistrate in both the adult and youth courts. She has a particular interest in youth justice and is deputy chair of the youth panel for north and central London. In addition, she is a school governor and a charity trustee.

Executive directors

Caroline Clarke

Group chief executive

Caroline Clarke was appointed group chief executive of the Royal Free London NHS Foundation Trust in February 2019, following her seven-year role as deputy chief executive.

Caroline was the trust's chief finance officer between 2011 and 2018, and in 2012, she was named finance director of the year by the Healthcare Financial Management Association. She was formerly director of strategy at NHS North Central London and an associate partner in KPMG's health strategy team.

Caroline has spent most of her career in NHS finance, having been director of finance at the Homerton University Hospital NHS Foundation Trust and City and Hackney Primary Care Trust.

Caroline is a trustee of the Royal Free Charity, Overcoming MS and President of the Healthcare Financial Management Association, the representative body for finance staff in healthcare.

Peter Ridley

Chief finance and compliance officer

Peter was appointed to this role in September 2018 after joining the trust as director of planning in May 2016.

Previously, he was director of finance and informatics at Royal Surrey County Hospital NHS Foundation Trust and has also worked at the Royal Free London as director of financial

operations. Peter is a qualified chartered management accountant and first joined the NHS on its national financial management training scheme. He has worked for a number of NHS organisations, including the Royal Marsden, as well as on assignment with NHS IMAS (interim management and support) and Haringey Primary Care Trust.

Peter is a non-executive director of RFL Property Services Ltd and Royal Free Dispensing Ltd, which are wholly owned subsidiaries of the Royal Free London NHS Foundation Trust.

Deborah Sanders

Chief executive of Barnet Hospital, joint deputy group chief executive and chief nurse

Deborah was appointed chief executive of Barnet Hospital in March 2020 following her interim appointment to the role in October 2019. She became joint deputy group chief executive in April 2019 and has been the trust's chief nurse since 2010.

Deborah has worked at the trust since 1994, having trained at the Royal Free Hospital. Before that she worked at St Bartholomew's Hospital and the London Chest Hospital.

Deborah is a board member of the Royal Free Hospital Nurses' Home of Rest Trust and a trustee of the Royal Hospital for Neuro Disabilities.

Kate Slemeck

Royal Free Hospital chief executive

Kate joined the trust as director of operations in 2011 before being appointed as chief operating officer in 2012 and then chief executive of the Royal Free Hospital in 2018.

Prior to taking up her position at the Royal Free London, Kate was the director of operations at the Whittington Hospital NHS Trust for five years and before that, deputy director of operations. She has over 26 years' NHS management experience, mainly in acute trusts, all in London. She originally trained as an occupational therapist.

Kate is chair of NHS Elect Advisory Committee.

Dr Chris Streather

Group deputy chief executive and chief medical officer

Chris took up the role of Royal Free London group chief medical officer in January 2018 and was appointed joint deputy group chief executive in April 2019. He joined the trust in June 2017 as chief executive of the Royal Free Hospital. Prior to this, he was chief medical officer of HCA International, a private healthcare company.

Chris began his career as a renal physician in NHS hospital trusts in Brighton, London and Cambridge. He became medical director at St George's University Hospitals NHS Foundation Trust in 2004, and later director of strategy. In 2008 he was the clinical director for London as the capital's stroke services were comprehensively redesigned. Chris became the first chief executive officer of South London Healthcare NHS Trust in 2009, and later the managing director of the Health Innovation Network, leading on patient safety nationally. More recently, he was a non-executive director, board quality lead and senior independent director at Kingston Hospital NHS Foundation Trust.

Chris is a director of RFC Developments Ltd and HSL Ltd, and a trustee of Healthcare Management Trust, a not-for-profit organisation providing home facilities and healthcare in Lincolnshire and Swansea.

Chris is a trustee of the Royal Free Charity.

Julie Hamilton

Chief nurse

Julie was appointed as chief nurse of the Royal Free London in August 2020. Prior to this she was director of nursing at Barnet Hospital from January 2019.

A nurse of 23 years, she undertook her undergraduate degree in nursing at Glasgow University and began her registered nursing career in general surgery at St. Mary's Hospital, London. Julie moved to intensive care at Guy's and St Thomas' NHS Foundation Trust in 1998 and undertook a number of clinical, research and education roles within critical care. She was also matron and head of nursing within the imaging department prior to moving into a role within the chief nurses' office. Julie has held a number of clinical, leadership and professional nursing roles and prior to moving to the Royal Free London was a director of nursing at Guy's and St Thomas'.

2.2.3 Statement about the balance, completeness and appropriateness of the board

The members of the trust board possess a wide range of skills and experience. The skills portfolio of the directors, both executive and non-executive, includes international strategy, healthcare management, audit, accountancy and human resources.

The trust board, alongside the council of governors' nomination committee, continues to monitor the skills and experience of the board. Clear succession planning is in place and regularly reviewed. In 2020/21 one non-executive director was awarded a second term after careful consideration by the nominations committee and endorsement of the council of governors.

The non-executive directors are considered to be independent in character and judgment and the board believes it has the correct balance in its composition to meet the requirements of an NHS foundation trust.

2.2.4 Board meetings and directors' attendance

Trust board meetings are held in public unless there is confidential or sensitive information to be discussed. Board agendas are published, together with the meeting papers, on the trust's website five days prior to the date of meeting and circulated to the council of governors. At the request of the chief executive and with the consent of the chair, other group directors and the hospital chief executives routinely attend board meetings in order to help inform debate. Governors have a standing invitation to attend each formal meeting and the lead governor attends all board meetings.

Regular informal briefings and seminars on specific topics or services are provided outside the formal meeting structure, to explore complex issues in more depth. A comprehensive

programme of scheduled 'go see' service visits across the trust sites are also undertaken to which both board members and governors attend.

Performance evaluation of the board, including the use of external agencies

A robust process for evaluating the performance of the chair and non-executive directors has been developed by the nominations committee on behalf of the council of governors. The evaluation of the chair's performance is led by the senior independent director, with input from all other board members and governors. Key external stakeholders are also invited to comment. Non-executive directors' performance is evaluated by the chair taking account of governors and other directors' input.

The performance of the executive directors is reviewed by the group chief executive, with input from the chair regarding their role as board members and considered by the remuneration committee. All executive and non-executive directors have an annual appraisal and a personal development plan, which forms the basis of their individual development for the ensuing year. All appraisals involve 360-degree evaluation and feedback.

The board holds periodic development sessions during the year. A development programme ensures the board:

- is fit to govern a foundation trust
- is able to set performance standards (informed by research into high performing boards)
- has an annual process for reviewing performance against these standards
- successfully manages competing priorities and future challenges against the trust's governing objectives
- advocates a culture of inquiry and improvement that is modelled from the top, including clarity about the values and expected behaviours of the board and the whole organisation.

Trust board meetings

During 2020/21, the trust board agreed a change to its board meeting scheduling whereby formal board meetings (public and confidential) were alternated, on a monthly basis, with board seminars. In response to the COVID-19 pandemic, a board urgent decisions committee was also established to deal with decisions required between the scheduled meetings. The scheduling of meetings has remained flexible, however, to accommodate the needs of the organisation. As a result, there were some alterations to the scheduling of the public board meetings in early 2020 and 2021, plus a number of confidential boards were reinstated.

Throughout the year, the trust board also held an extraordinary board meeting, plus joint board meetings with the Royal Free Charity and Royal Free London Property Services Limited. Its board seminars have covered a variety of themes including the RFL clinical and digital strategies, North Central London Integrated Care System, rare disorders and clinical practice groups (CPGs).

All meetings of the trust board were held virtually by MS Teams in order to adhere to COVID-19 restrictions. All public trust boards were recorded, with the recording made available on the trust's external website afterwards.

The trust board met on 16 occasions throughout the reporting period*. Details of attendance by voting board members are given in the following table:

Non-executive director	Board attendance	Executive director	Board attendance
Dominic Dodd - chair	16/16	Caroline Clarke	16/16
Wanda Goldwag****	6/7	Deborah Sanders	14/16
Prof Anthony Schapira***	4/4	Peter Ridley	14/16
James Tugendhat	16/16	Kate Slemeck	12/16
Mary Basterfield	16/16	Dr Chris Streather	16/16
Akta Raja	16/16	Julie Hamilton*****	7/7
Doris Olulode	14/16		
Sir Chris Ham	16/16		
Prof David Lomas**	7/7		

*For the purposes of the annual report, the table only covers attendance at routine public and confidential trust board meetings.

**David Lomas' first meeting was September 2020. He was only able to attend part of the meeting in March 2021.

***Professor Anthony Schapira's last meeting was July 2020.

****Wanda Goldwag's last meeting was November 2020.

*****Julie Hamilton's first meeting was September 2020.

Trust board meetings are also attended by other group executive directors, the chief executive of Chase Farm Hospital and the lead governor. The medical directors of Barnet Hospital and Royal Free Hospital also attend on an ad-hoc basis to input on those matters requiring a clinical perspective. In early 2021, the trust board was also joined by its new associate non-executive director. These additional attendees do not have voting rights.

Mark Lam who has succeeded Dominic Dodd following the end of his tenure as non-executive director and group chair, attended the meetings as an observer in February and March 2021.

2.2.5 The Royal Free London group and its committee structures

At the onset of COVID-19, the trust board agreed to stand down the board committees, other than the finance and compliance committee (whose role and membership was widened to encompass quality) and the audit committee, due to clinical and operational pressures on colleagues at that time. Board committee meetings began to resume in May 2020. Their frequency was reviewed again during the second wave of COVID-19 in late 2020, with the board agreeing to stand down all non-urgent committee meetings, or to hold shorter

meetings with concise agendas.

The trust regularly reviews its management decision making structure. During 2020/21, the committee structure was revised to ensure it meets the needs of the organisation and a new finance and investment committee was created, replacing the group services and investment committee and the quality, finance and compliance committee. A decision was also taken to move the clinical innovation and standards committee from bi-monthly to monthly meetings.

All trust board committees are chaired by a non-executive director and have a number of board responsibilities delegated to them:

- **Audit committee**, chaired by Mary Basterfield
- **Clinical standards and innovation committee**, chaired by Professor Anthony Schapira until end of July 2020 and Professor David Lomas thereafter
- **Finance and investment committee**, chaired by Akta Raja
- **Group services and investment committee** (disbanded end of July 2020), chaired by Wanda Goldwag
- **People committee**, chaired by James Tugendhat
- **Population health committee**, chaired by Sir Chris Ham
- **Remuneration committee**, chaired by Dominic Dodd.

The trust holds a weekly group executive committee, chaired by the group chief executive. This is the senior executive decision-making body of the trust board, which has executive responsibility for the operational management of the trust and the delivery of objectives set by the trust board.

Barnet Hospital, Chase Farm Hospital and the Royal Free Hospital have their own local executive committees in place with greater autonomy over decision making at an operational level, as well as overseeing their site's financial performance. Each hospital also has its own patient and staff experience and workforce committee, and a clinical performance and patient safety committee.

Audit committee

The audit committee is the senior independent non-executive committee of the trust board. It is responsible for monitoring the externally reported performance of the trust and providing independent and objective assurance on the effectiveness of the organisation's governance, risk management and internal controls.

It also monitors the integrity of the trust's financial statements, in particular the annual report and accounts, and the work of internal and external audit and local counter fraud providers, and any actions arising from that work.

The internal and external auditors and providers of local counter fraud services attend all meetings of the committee in addition to the chief finance and compliance officer, although they are not members of the committee. The group chief executive and other members of

the trust board and executive team attend the meetings by invitation. The broad knowledge and skills of the members and attendees ensures that the committee is effective. The trust is satisfied the committee is sufficiently independent.

The audit committee undertakes a yearly self-assessment of effectiveness and provides an annual report on its performance.

The committee met six times in the reporting period. There is no governor observer on this committee.

	Attendance
Non-executive directors	
Mary Basterfield (chair)	6/6
Doris Olulode	5/6
Wanda Goldwag*	4/4
Executive directors	
Peter Ridley	6/6

*Wanda Goldwag's last meeting was in November 2020.

During the year, members also attended an annual accounts workshop in May 2021 to review the trust's draft annual accounts.

Clinical standards and innovation committee

The clinical standards and innovation committee is responsible for ensuring the reduction in variation in clinical practices throughout the trust and reviewing systems of clinical governance in relation to patient safety, specifically incidents that cause 'harm' and 'never events'. It monitors the national clinical audits which look at the performance of the trust's services against key clinical indicators, and where improvements are needed, services are asked to attend and present their improvement action plans. The committee receives reports from the site clinical performance and patient safety committees highlighting good practice at a local level, and flagging any areas of concern.

The committee receives a quarterly complaints, litigation, incidents, PALS and safety (CLIPS) report which includes a summary of the opened and closed clinical negligence and personal injury claims and coroners' inquests. The CLIPS report also includes an annual summary of learning from claims.

Up until the end of 2020, the committee also oversaw the trust's educational effectiveness, but responsibility for this has now moved to the people committee. Its meetings have also changed from bi-monthly to monthly.

The committee met seven times in the reporting period. Two governors also attend this committee as observers. The committee receives routine reports from the local performance and patient safety committees.

	Attendance
Non-executive directors	
Prof Anthony Schapira (chair)*	2/2
Prof David Lomas (chair)	5/5
Mary Basterfield	6/7
Akta Raja	7/7
Executive directors	
Dr Chris Streather	7/7
Julie Hamilton**	4/5
Deborah Sanders	6/7

*Professor Anthony Schapira chaired the committee until July 2020
**Julie Hamilton joined the committee in October 2020

Finance and investment committee (formerly the quality, finance and compliance committee)

The finance and investment committee was established in August 2020, first meeting in shadow form, following the disbanding of the group services and investment committee. It is both an assurance committee and a decision-making body. It is responsible for reviewing, in greater detail, the financial performance of the trust and its operational units including delivery of the integrated recovery plan, the capital plan and the cost improvement/savings plan. It also seeks assurance that the group is delivering high quality clinical and non-clinical services at the lowest cost.

Prior to now, it was called the finance and compliance committee and during COVID-19 its role and membership was widened to encompass quality. There was recognition that due to operational and clinical pressures at that time, clinical and operational colleagues would be unable to attend some meetings.

Both committees had oversight of the trust's improvement action plan which had been developed following the Care Quality Commission inspection and well led inspection of the trust at the end of 2018 and in early 2019.

The quality, finance and compliance committee met four times during the reporting period. The finance and investment committee met seven times. Both committees had governor attendance.

	Attendance Quality, finance and compliance	Attendance Finance and investment
Non-executive directors		
Akta Raja (chair)	4/4	7/7

Wanda Goldwag	4/4	n/a
Dominic Dodd	4/4	5/7
Mary Basterfield*	4/4	5/5
Chris Ham	4/4	n/a
Doris Olulode**	3/4	1/1
Prof Anthony Schapira	2/4	n/a
James Tugendhat	3/4	n/a
Executive directors		
Caroline Clarke	4/4	7/7
Peter Ridley	3/4	6/7
Deborah Sanders	2/4	6/7
Kate Slemeck	1/4	5/7
Dr Chris Streather	0/4	6/7

*Mary Basterfield became a full member of the finance and investment committee from October 2020.
** Doris Olulode attended the shadow finance and investment committee in August 2020.

Group services and investment committee

The group services and investment committee was responsible for seeking and securing assurance that the group is delivering clinical and non-clinical services at a lower cost and higher quality than could be achieved without a group model. It focused on and facilitated opportunities for consolidating, standardising and commercialising group services and investigating new opportunities.

The committee met two times during 2020/21 and was disbanded in July 2020. Two governors attended this committee as observers.

	Attendance
Non-executive directors	
Wanda Goldwag (chair)	2/2
Akta Raja	2/2
Executive directors	
Kate Slemeck	1/2
Dr Chris Streather	1/2
Peter Ridley	2/2

People committee

The people committee is focused on ensuring the group is recruiting, developing and retaining talent, and that the patient and staff experience is improving across the group. It is also responsible for overseeing the trust's equality agenda. The individual hospital patient and staff experience and workforce committees routinely report into this committee.

It met four times in the reporting period. Two governors attend the committee as observers.

	Attendance
Non-executive directors	
James Tugendhat (chair)	4/4
Dominic Dodd	3/4
Doris Olulode	4/4
Executive directors	
Caroline Clarke	4/4
Deborah Sanders	4/4
Kate Slemeck	4/4
Julie Hamilton*	3/3

*Julie Hamilton joined the committee in her role as chief nurse in September 2020.

Population health committee

The population health committee is responsible for ensuring matters of strategic positioning, and that the group has effective patient pathways, resulting in better prevention, earlier diagnosis, more successful treatment, and greater value for money. It has a key role in helping to reduce health inequalities and improve population health for the trust's local communities. The population health committee routinely discusses the work of the integrated care partnerships across Camden, Barnet and Enfield.

It met six times during the reporting period with two governors attending as observers.

	Attendance
Non-executive directors	
Chris Ham (chair)	6/6
Dominic Dodd	5/6
Professor Anthony Schapira*	2/3
James Tugendhat	6/6
Executive directors	

Caroline Clarke	6/6
Deborah Sanders	6/6
Dr Chris Streather	3/6

*Prof. Anthony Schapira's last meeting was July 2020.

Remuneration committee

The remuneration committee is made up exclusively of non-executive directors and reviews executive director recruitment, pay and performance. Pay is set by reference to benchmarking and other information including public sector pay policy. At the end of each year, it reviews the assessments of director performance made by the group chief executive, and of the chief executive by the chair. It also oversees the pay of senior staff on very senior manager or senior manager pay, including any employed in trust wholly owned subsidiary companies, taking the advice of the chief executive and other executive directors where necessary.

The chief people officer attends each meeting in an advisory capacity.

The committee met once in the reporting period.

	Attendance
Non-executive directors only	
Dominic Dodd (chair)	1/1
Wanda Goldwag	1/1
James Tugendhat	1/1
Akta Raja	1/1
Mary Basterfield	1/1
David Lomas	1/1
Doris Olulode	1/1
Sir Chris Ham	1/1

2.2.6 Audit committee annual report 2020/21

Purpose of the report

The annual report has been prepared for the attention of the trust board and reviews the work and performance of the audit committee during 2020/21 in satisfying its terms of reference. The production of the audit committee report represents good governance practice and ensures compliance with the NHS audit committee handbook, the principles of integrated governance and NHS Improvement's oversight framework.

Overview

The audit committee is the senior independent non-executive committee of the trust board. Through the audit committee, the trust board ensures that robust internal control arrangements are in place and regularly monitored. The audit committee regularly reviews the group board assurance framework (BAF) and is therefore able to focus on risk, control and related assurances that underpin the delivery of the group's strategic priorities.

The audit committee is responsible for monitoring the externally reported performance of the trust and providing independent and objective assurance on the effectiveness of the organisation's governance, risk management and internal control; the integrity of the trust's financial statements, in particular the trust's annual report and accounts; and the work of internal and external audit and local counter fraud providers and any actions arising from that work.

Membership and attendance

During the reporting period, the audit committee was chaired by non-executive director Mary Basterfield and attended by the non-executive directors listed in the table below. The internal and external auditors and providers of local counter fraud services attend meetings of the committee in addition to the chief finance and compliance officer, although they are not members of the committee. Other members of the senior executive team attend meetings by invitation. The broad coverage of knowledge and skills of the members and attendees ensure that the audit committee is effective. The trust is satisfied that the audit committee is sufficiently independent.

After every audit committee meeting, members have the opportunity to meet in private with the internal and/or external auditors and providers of local counter fraud services so that any issues of concern can be raised in confidence.

The audit committee met six times during the year.

	Attendance
Non-executive directors	
Mary Basterfield (chair)	6/6
Wanda Goldwag*	4/4
Doris Olulode	5/6
Executive directors	
Peter Ridley	6/6

*Wanda Goldwag's last meeting was in November 2020.

As part of the year-end timetable, an annual accounts workshop took place in May 2021 to review the trust's draft unaudited accounts including those of the wholly owned subsidiaries - RFL Property Services Limited and RFL Dispensary Services Limited, plus asset valuation with the trust's valuers, Gerald Eve LLP, in attendance.

COVID-19 pandemic

In line with the trust's revised emergency governance arrangements, the audit committee continued to meet during the pandemic to examine the trust's internal audit programme and year-end statutory matters for the financial year 2020/21. We have given specific focus during the pandemic to the emerging situation and implications for the trust, namely:

- Changes to delegated decision rights, emergency governance arrangements and business continuity.
- Increased risk to fraud.
- Assurance on the financial controls and the right balance in the current environment, cash flow and forecasting.
- Essential regulatory matters including the external year-end audit 2020/21.
- Compliance matters such as data security and protection.
- Management of the speaking up (whistleblowing) pathway.

The annual accounts process for NHS foundation trusts continued during the COVID-19 pandemic. For 2020/21 in particular, the audit committee was mindful that the trust's external auditors, PwC would be required to undertake its external audit of the trust's financial statements remotely and in line with new auditing standards in respect of value for money in the use of its resources.

Similarly, the trust's internal auditors would need to complete their year-end business remotely, with consideration given to the re-sequencing of their planned reviews and additional pressures on staff as a result of COVID-19.

Given the pressures of the COVID-19 pandemic, NHS England and NHS improvement determined that the trust's external auditors would not be required to undertake any assurance work on the trust's Quality Report 2020/21. However, the trust would continue to prepare its own Quality Account according to guidance and statutory requirements.

Work and performance of the audit committee during 2020/21

The audit committee's business during the year has largely adhered to its work programme with most reports scheduled for each audit committee meeting received on time. The audit committee has also sought greater assurance in the following areas:

Data quality	Information governance (IG) assurance
The audit committee has continued to seek assurance that the trust's data quality improvement programme was being	The audit committee has maintained oversight of IG at the trust. It has undertaken deep dives into two IG incidents

embedded across the organisation with a focus on ensuring good quality data at a group and local level. Two areas of focus in particular had been A&E data, where the audit committee had requested an internal piece of assurance on the A&E standard be undertaken, and the trust's proposed referral to treatment (RTT) dashboard following the trust's return to national reporting in May 2021.	reported to the Information Commissioner's Office. The audit committee wanted to get an understanding of where quality control processes had fallen down and sought assurance that general system controls and checks were robust, and where improvements were needed, that these had been implemented to prevent a reoccurrence of these or similar issues in future. Given the new remote working environment, the audit committee also sought assurance that staff were being reminded of their IG and data protection responsibilities, that there had been no increase in data protection or IG incidents due to staff working remotely and that the current controls in place were adequate from an IG perspective.
Freedom to speak up (whistleblowing)	**Group board assurance (BAF)**
During the year, the audit committee has continued to discuss the trust's freedom to speak up programme of work. Particular focus has been on understanding how the trust has continued to support staff on speaking up during COVID-19; how it has adapted its approach to speaking up as a result of the challenges posed by the pandemic; how it has taken forward learning and identified future areas of focus; and how the team were promoting speaking up differently in light of the 'new normal'. It has also maintained an overview of the number of speaking up investigations both during and post-COVID-19, and specifically requested a different approach be taken to investigating those areas of the organisation which were considered 'hotspots' for speaking up activity.	The audit committee supported the new format and approach to the trust's BAF which linked individual risks to a specific committee for oversight and assurance. It has recommended several changes to the BAF for the trust board's consideration including the inclusion of a risk, given past issues, concerning Information Management & Technology infrastructure and information governance.
Conflicts of interest	**COVID-19**
The audit committee sought assurance on the implementation of the trust's conflicts of	The audit committee has sought and received assurance on a number of COVID-

interest policy post the first wave of COVID-19. It was pleased to see that the process had been ramped up, with more declarations coming through at that point than had been submitted previously, and that there was a process for chasing non-responders and escalation to managers as required.	19 related issues i.e. that the trust's local counter fraud provision had been working effectively during the pandemic; that the changes made to the trust's tender waiver processes in response to the pandemic had been robust and had not left the trust open to increased risk of fraud; and that the trust had reviewed its approach to its financial control processes in the event of a second surge. The audit committee had been mindful that a lot of internal audit work had paused during the first wave of COVID-19 particularly due to the pressure faced by front line staff as a result of the pandemic. It sought assurance that the internal audit work had resumed and was progressing well, and that the internal auditors would be able to complete the full annual plan in the event of a second surge, and were that not possible, understanding where the challenges lay.
EU exit	
At its January meeting, the audit committee sought assurance that there had been no adverse impact of the EU exit on the trust to date. It noted that the trust was maintaining its EU exit programme structure and given there was a grace period of six months in place on a number of issues, the trust was operating much as it had been before. The audit committee considered it would want to understand the impact on the trust post the grace period and requested a further assurance report be provided on the trust's new arrangements/developments at a future committee.	

The audit committee has fulfilled its oversight responsibilities with regard to monitoring the integrity of financial statements and the annual accounts, including the annual governance statement before submission to the board.

It has also considered the following significant issues in relation to the financial statements:

- **Management override of controls** – The audit committee is aware of the main areas of judgment within the financial statements and the approach taken by management. The audit committee holds an annual workshop to scrutinise the accounts and receives an analysis of the key movements within the financial statements and the main areas of judgment. The audit committee also approves, where necessary, any changes to accounting policies.

- **Risk of fraud in revenue and expenditure recognition** – Where significant financial variances are identified, it is normal practice for the audit committee to receive an exception report. It would also be briefed on any instances where significant risk, such as significant sums of money or reputational risk facing the trust as a result of suspected fraud, had been identified.

The audit committee has considered the risks which were thought to be either significant or elevated in relation to the external auditor's audit of the trust for the year ended 31 March 2021:

Significant risks	Elevated risks
• Management override of controls • Fraud in revenue recognition • Fraud in expenditure recognition • Valuation of the trust's land and buildings • Inventory	• Allowance for doubtful debts provisions

Review of effectiveness of the audit committee

Members and attendees of the audit committee undertake an annual assessment of the audit committee's effectiveness in discharging its duties. Audit committee members, local counter fraud services, internal audit and external audit colleagues plus colleagues from the finance department are asked to respond to a series of questions related to behaviours and processes, with each rated from one (hardly ever/poor) through to five (all of the time/fully satisfactory).

The responses were rated highly in the main, with most statements rated as five (all of the time / fully satisfactory) and four (most of the time / above average). One area where ratings could be improved upon was in regards to the audit committee having the appropriate links with other board committees.

Non-audit committee group board members were also asked to undertake a short assessment of the audit committee and the assurance it provides to the board, with each question rated 'strong', 'adequate' and 'needs improvement'. Those that participated rated the committee's performance as strong', and considered the audit committee had clear terms of reference, was ably chaired and performed well.

External audit

Appointment of the trust's external auditors

Under the trust's constitution, the council of governors shall appoint or remove the auditor at a general meeting of the council of governors. The trust's external audit services have been provided by PricewaterhouseCoopers (PwC) since 2012. Its current term of office was due to end on 31 March 2020, but the council of governors, at its October 2020 meeting, approved the extension of the contract for one additional year (to cover the year end 2020/21) as allowed for in the original procurement process. The trust's contract with PwC has now come to an end and it is in the process of appointing new auditors for the year end 2021/22.

The audit committee approved the external audit plan 2020/21 which outlined how PwC planned to discharge its audit duties for the financial year and, as part of that, considered the risks which were thought to be either significant or elevated in relation to PwC's audit for the year ended 31 March 2021. It noted that going concern would be removed from the strategy as a significant risk given there had been a change in the interpretation of the going concern assessment when preparing financial statements. It also approved the external audit fee which had been increased due to the rebasing of the fee benchmarks.

Throughout the year, the audit committee has received and reviewed progress reports from PwC in delivering its responsibilities as the trust's external auditor, together with other matters of interest such as key technical areas and sector updates. PwC has held regular meetings with the trust's finance team to discuss technical matters ahead of the year-end, the trust accounts and audit process, and on gathering evidence to support their value for money conclusion. Despite COVID-19 restrictions, PwC were able to undertake their stock counts of centrally procured stock i.e personal and protective equipment at RFL Dispensary Services Limited.

The audit committee has confirmed throughout the year that the risks identified in the external audit plan have remained valid.

Review of effectiveness of the trust's external auditors

The audit committee reviews the effectiveness of the trust's external auditors each year. This is particularly important in a foundation trust because the council of governors appoint the external auditor and the audit committee and finance staff conduct the evaluation on their behalf. Audit committee members and senior finance managers were asked to rate 19 statements related to behaviours and processes in the following areas: quality control, audit team, audit scope, audit fee, audit communication, quality account and audit governance.

Responses to the survey were positive in the main with statements rated as either 'strongly agree' or 'agree'. One area that was raised for future focus was the external auditor's interaction with the council of governors, but there was recognition that there were challenges to this in 2020/21 due to COVID-19 restrictions.

Independence of external auditor

As external auditors of the trust, PwC is required to be independent of the trust in accordance with the ethical standards established by the UK Auditing Practices Board. PwC confirmed that it acts as an independent accountant with respect to the trust and its subsidiaries and undertakes this role within UK regulatory and professional requirements. There is no matter which it perceives has impacted on its independence or the objectivity of the audit team.

Internal audit

During the reporting period, the trust's internal audit services have been provided by KPMG. KPMG was reappointed in April 2017 for a period of three years and extended for a further year in 2020.

The audit committee received and approved the draft internal operational plan for 2020/21 subject to a number of additions to the scope of some reviews. The plan was impacted upon, however, by the COVID-19 pandemic in that KPMG had to alter the subject matter of several of their reviews due to operational pressures caused by the pandemic. Despite that, KPMG was able to complete the majority of its reviews which meant sufficient work was undertaken to provide evidence to support the Head of Internal Audit Opinion (HoIA Opinion) 2020/21. KPMG has remained flexible to the trust's emerging areas of activity during 2020/21 having undertaken, at short notice, an additional audit of the trust's submission in response to the Ockenden Report – an independent maternity review following cases of serious concern at Shrewsbury and Telford Hospitals NHS Trust. It has also supported the trust board on reviewing the project governance around the trust's information technology infrastructure business case, although this work was completed outside of the internal audit plan 2020/21.

The HoIA Opinion 2020/21 was received, with the wording and overall opinion confirmed at the audit committee's meeting in June 2021. For the period 1 April 2020 to 31 March 2021 an overall rating of **'significant assurance with minor improvement opportunities'** was given on the overall adequacy and effectiveness of the trust's framework of governance, risk management and control.

The majority of internal audits for the year have resulted in 'significant assurance with minor improvement potential'. Two audits resulted in a rating of 'significant assurance'. There was no internal audit where limited assurance was given.

Significant assurance (Green)	**Significant assurance with minor improvement potential (Amber-Green)**
• COVID-19 public dividend capital • Financial scenario planning	• Infection prevention and control board assurance framework • Responding to Care Quality Commission and well-led reviews (carried forward from 2019/20)

	• Integrated care system (ICS): corporate services • Core financial controls • Financial governance during COVID-19 • Business and IT resilience review • The Ockenden Review • ICS: Workforce • Cyber security • Information governance (including the Data Security Protection Toolkit)

The audit committee noted the conclusions and accepted the recommendations arising from the internal audit 2020/21 work programme, of which there were 49 and none were high priority. It has continued to receive status reports on implementing the recommendations at each meeting. The audit committee has focused on ensuring overdue recommendations were being addressed, especially those considered high priority, and reiterated its request to see new recommendations actioned within reasonable deadlines given COVID-19 pressures on staff. There was one overdue recommendation at the end of March 2021, an improvement on numbers seen at previous year ends, but the audit committee reiterated its aim for there to be zero overdue recommendations.

At its March 2021 meeting, the audit committee reviewed the draft internal audit work plan 2021/22.

Review of effectiveness of the trust's internal auditors

The audit committee undertakes an annual review of effectiveness of the internal audit provision. Participants comprising committee members and senior finance managers were asked to rate 14 statements relating to behaviours and processes in the following areas: mandate and strategy, organisation and structure, stakeholders, audit fee, leadership, risk assessment and planning, execution, reporting and overall. One statement was for management response only. Respondents were asked to provide any additional comments by exception only.

Overall, responses to the survey were positive in the main with statements having been rated as either 'strongly agree' or 'agree'. KPMG was considered to provide credible recommendations and the trust had improved many processes as a result of the internal audit work. One area for future focus would be ensuring how internal audit could have a presence in major governance and control forums throughout the organisation.

Financial matters

Tender waivers - the audit committee receives reports of all single tender actions above £30,000 at each meeting and requests additional information where it is not satisfied with the explanation provided. The committee sought assurance that changes made to the trust's tender waiver processes in response to the COVID-19 pandemic had been robust and had not left the trust open to increased risk of fraud, that the quality of tenders waivers was improved with challenge brought to the process, particularly in respect of value for money.

Losses and special payments - a report on losses and special payments is also presented to each meeting.

The audit committee has covered the following financial issues throughout the year:

- Accounting standards – International Standard on Auditing 570 (revised) in respect of going concern
- Auditor guidance note 03 in respect of value for money
- Capital forecast
- Cash flow
- Aged debtors
- Overseas visitor debt
- Other audit issues and related risks.

Anti-fraud

During the reporting period, the trust's local counter fraud services have been provided by RSM. RSM was reappointed in April 2017 for a period of three years, with the contract extended for a further year in 2020.

During COVID-19, RSM has delivered its fraud awareness programme virtually, focusing on specific audiences that were relevant to the themes coming out of the counter fraud investigations, as well as working with the audit committee on identifying potential risks to fraud and bribery. The audit committee noted that referrals, albeit low level issues, had continued to be reported during the pandemic.

The audit committee approved the annual counter fraud work plan 2020/21 but asked that it be strengthened to reflect the impact of the North Central London Sustainability and Transformation Plan on the trust's work plan. It also receives a report at each meeting detailing cases of possible fraud and the outcome of any investigations. Progress in respect of proactive work and compliance exercises is also reported.

The audit committee monitors the implementation of any recommendations made by RSM by way of a management action tracker. The tracker also includes cases that have been referred back to the trust's employee relations team for follow up which remain on the tracker until RSM is confident that these could be closed. The audit committee receives an annual fraud report and benchmarking report, as well as a self-assessment against NHS Counter Fraud Authority standards.

The external audit plan 2020/21 sought the committee's views on the fraud risks across the trust. The audit committee confirmed that it had no knowledge of any actual, suspected or alleged fraud affecting the trust.

The audit committee approved the trust's counter fraud, corruption and bribery policy.

Review of effectiveness of the counter fraud provision

It is good practice for the audit committee to review the effectiveness of the trust's local counter fraud services on at least an annual basis and the NHS audit committee handbook supports this position. For the 2020/21 local counter fraud annual assessment, a different approach was taken with feedback sought from operational stakeholders as well as audit committee members. Overall, feedback was positive in the main with statements rated as either 'strongly agree' or 'agree'. There were several statements that were rated as neutral, however, and could provide areas for future focus. In terms of stakeholder feedback specifically, it was suggested that more could be done to ensure local counter fraud services had a stronger presence in the trust, and that consideration be given to whether the comprehensive annual report of counter fraud activity should be seen by a wider audience.

Accounting policies

The audit committee approved the trust's revised expenses policy.

Audit committee report to trust board

Throughout the year, the audit committee has submitted a regular report to the trust board. The report has covered the key items discussed at the meetings, provided assurance to the board on items chosen by the audit committee, and highlighted any risks to the trust.

Priorities for 2021/22

The audit committee will continue to carry out its current functions, modified to accommodate the Royal Free London group model structures and requirements, and will give particular focus to the following:

- **Speaking up** – identifying hotspots; process in terms of deadlines, targets and speeding up the closure of investigations; and also flexibility within the process during emergency situations.
- **Data quality** – performance trend analysis, risks, mitigations and future actions.
- **Integrated care systems** – governance and sector wide collaboration.

Conclusions

The audit committee has been proactive in requesting reports in areas of concern in both financial and non-financial areas and has responded to the risks arising from the COVID-19 pandemic. It will continue during 2021/22 to focus on following up internal and external reports where recommendations have been given, and ensuring that gaps in controls are identified and monitored as the trust's Royal Free London group model structure evolves and in the event of future emergency situations.

The audit committee has met its terms of reference as detailed throughout the report.

2.2.7 Council of governors

The council of governors comprises of 27 elected and appointed governors who provide an important link between the trust, our patients, staff, local communities and key stakeholders.

The trust's constitution sets out the key responsibilities of the council, which are to:

- hold the non-executive directors individually and collectively to account for the performance of the trust board; and
- represent the interests of the members of the trust as a whole and the interests of the public and partner organisations in the governance of the trust.

The trust keeps the council fully informed of all aspects of performance through formal council meetings, attendance by nominated governors at trust committees and at other key meetings. The period 1 April 2020 to 31 March 2021 represents the council's 10th year of working.

Membership of the council of governors

There are four constituencies of the council. These constituencies represent patients, the public, staff and community partners. Members of the trust, whether public, patient or staff are all able to stand for election to the council provided they are 16 years of age and are resident in the constituency for which they are standing. Elected members of the council are appointed by the constituency for which they are standing.

The chair of the council is also the chair of the trust board, which promotes transparency and encourages the flow of information between the board and the council.

Composition of council of governors

8 elected governors from the patient constituency

6 elected public governors who are resident in Camden, Barnet, Enfield or Hertfordshire

1 elected public governor who is resident elsewhere

6 staff governors who must include at least one member of staff from each of the three main trust sites

6 appointed governors comprising two commissioner governors representing clinical commissioning groups (CCGs) in north central London and Hertfordshire respectively, four local authority governors appointed by Camden, Barnet and Enfield councils and Hertfordshire county council and one university governor.

The table below sets out the council of governors as at 1 April 2021:

Constituency	Name of governor	Appointed/elected	End of term
Appointed (university)	Prof Hans Stauss	01/04/12	31/03/21

Appointed (LB Camden)			
Appointed (LB Barnet)	Cllr Peter Zinkin	14/09/15	13/09/24
Appointed (Herts councils)	Cllr William Wyatt-Lowe	22/12/14	21/12/25
Appointed (LB Enfield)**	Cllr Christine Hamilton	16/08/18	15/08/21
Appointed (NCL CCGs)	Dr Charlotte Benjamin	01/06/20	31/05/23
Appointed (Herts CCGs)			
Patient	Mrs Judy Dewinter	01/04/15	31/03/21
Patient	Ms Linda Davies	01/04/15	31/03/21
Patient*	Mr Peter Atkin	01/10/14	30/09/20
Patient	Mr Neil Wolstenholme	01/10/19	30/09/22
Patient	Ms Sneha Bedi	01/10/17	30/09/22
Patient*	Mr David Myers	01/10/14	30/09/20
Patient	Mr Samuel Collins	01/10/19	30/09/22
Public*	Ms Jude Bayly	01/10/17	30/09/20
Public*	Dr Anthony Isaacs	01/10/14	30/09/20
Public*	Dr Richard Stock	01/10/14	30/09/20
Public	Ms Esther Samuels	01/10/19	30/09/22
Public	Ms Emma Cox	01/10/19	30/09/22
Public	Prof Victor Hoffbrand	01/10/19	30/09/22
Public (Rest of England)*	Prof Paul Ciclitira	01/10/17	30/09/20
Staff*	Dr Banwari Agarwal	01/10/17	30/09/20
Staff	Mr Bimbi Fernando	01/10/19	30/09/22
Staff*	Dr Nicholas Macartney	01/10/17	30/09/20
Staff*	Mrs Marva Sammy	01/10/17	30/09/20
Staff*	Dr Tony Wolff	01/10/14	30/09/20
Staff*	Mr George Verghese	01/10/17	30/09/20

*Governor position up for election in September 2020

**Stood down in June 2020

The table below sets out the council of governors after the election in September 2020. New and re-elected governors started their terms on 1 October 2020.

Constituency	Name of governor	Appointed/elected	End of term
Appointed (university)	Prof Hans Stauss	01/04/12	31/03/21
Appointed (LB Camden)	Ms Anna Wright	30/10/20	29/10/23
Appointed (LB Barnet)	Cllr Peter Zinkin	14/09/15	13/09/24
Appointed (Herts councils)	Cllr William Wyatt-Lowe	22/12/14	21/12/25
Appointed (LB Enfield)			
Appointed (NCL CCGs)	Dr Charlotte Benjamin	01/06/20	31/05/23
Appointed (Herts CCGs)			
Patient	Mrs Judy Dewinter	01/04/15	31/03/21
Patient	Ms Linda Davies	01/04/15	31/03/21
Patient	Dr Oswald Fernando	01/10/20	30/09/23
Patient	Linda Bogod	01/10/20	30/09/23
Patient	Mr Neil Wolstenholme	01/10/19	30/09/22
Patient	Ms Sneha Bedi	01/10/17	30/09/22
Patient	Mr Julian Goodkin	01/10/20	30/09/23
Patient	Mr Samuel Collins	01/10/19	30/09/22
Public	Mr Martin Connolly	01/10/20	30/09/23
Public	Dr Vishaal Virani	01/10/20	30/09/23
Public	Ms Hadiza Adeyemi	01/10/20	30/09/23
Public	Ms Esther Samuels	01/10/19	30/09/22
Public	Ms Emma Cox	01/10/19	30/09/22
Public	Prof Victor Hoffbrand	01/10/19	30/09/22
Public (Rest of England)*	Ms Amy Adesara	01/10/20	30/09/23
Staff	Ms Annette Heslop	01/10/20	30/09/23
Staff	Mr Bimbi Fernando	01/10/19	30/09/22
Staff	Ms Susan Tierney	01/10/20	30/09/23
Staff	Dr Hamant Vakharia	01/10/20	30/09/23
Staff	Dr Tony Wolff	01/10/14	30/09/23
Staff	Mr George Verghese	01/10/17	30/09/23

*Amy Adesara resigned as a governor on 1 December 2020.

During 2020/21, there were 12 governor elections. There are currently two vacancies on the council, an appointed governor for Hertfordshire clinical commissioning group and one for Enfield Council.

Lead governor

Judy Dewinter (patient governor) acted as lead governor until 31 March 2021 when she stepped down after completing a nine-year term. At the council of governors meeting on 9 February 2021, Sneha Bedi was elected to succeed her. She started a two-year term as lead governor on 1 April 2021.

The lead governor acts as the main point of contact for the chair and trust secretary, and between NHS Improvement and the other governors, when communication is necessary. They are responsible for relaying to the chair any observations or concerns expressed by governors regarding the performance of the trust or any other serious or material matter relating to the trust or its business. The lead governor regularly meets with the chair both informally and formally. In addition, the lead governor communicates with other governors through regular email correspondence, one-to-one meetings if required and informal governor-only sessions. The lead governor attends the trust board as an observer.

Register of interests

On election or appointment to the council, governors must sign a code of conduct and declare any material interests held, with no governor holding a position of director and/or governor of any other NHS foundation trust.

The governors' register of interests is available on the trust's website or in hard copy by contacting the trust secretary.

Formal meetings of the council of governors

Governors attend formal council meetings five times a year. All meetings of the council are chaired by the trust chair, with representation from non-executive directors. There are provisions in the constitution relating to non-attendance at three consecutive meetings. If a governor does not attend three times, then they are disqualified. During 2020/21, no governor was disqualified for non-attendance of three meetings and no expenses were paid to governors.

In 2020/21, the lead governor held informal council meetings at which a non-executive director attended on rotation. The council did not exercise its formal power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the trust's performance or the directors' performance of their duties, however the group chief executive was invited to attend one meeting. This was successful, so the group chief executive will be invited to attend the informal meeting on an annual basis.

Any disputes between the council and the board will be resolved informally by the chair in the first instance. If this is not possible, the trust has a dispute resolution procedure set out in its constitution. There have been no such disputes in 2020/21. As well as formal meetings, governors have attended a number of informal sessions on a range of topics including

understanding the trust's policy on bullying and harassment, its current strategy, communications and raising matters of concern and understanding NHS finances. These were designed to support development and provide induction for new governors.

The tables below summarise the attendance of governors at formal meetings of the council of governors during 2020/21.

Present members of the council

Constituency	Name of governor	Attendance
Appointed (university)		
Appointed (LB Camden)	Cllr Anna Wright	2/2
Appointed (LB Barnet)	Cllr Peter Zinkin	4/5
Appointed (Herts councils)	Cllr William Wyatt-Lowe	4/5
Appointed (LB Enfield)		
Appointed (NCL CCGs)	Ms Charlotte Benjamin	3/5
Appointed (Herts CCGs)		
Patient	Dr Oswald Fernando	3/3
Patient	Ms Linda Bogod	3/3
Patient	Mr Samuel Collins	2/5
Patient	Mr Neil Wolstenholme	5/5
Patient	Ms Sneha Bedi	5/5
Patient	Mr Julian Goodkin	3/3
Public	Mr Martin Connolly	2/3
Public	Dr Vishaal Virani	3/3
Public	Ms Hadiza Adeyemi	3/3
Public	Prof Victor Hoffbrand	4/5
Public	Ms Esther Samuels	5/5
Public	Ms Emma Cox	5/5
Staff	Ms Annette Heslop	3/3
Staff	Ms Susan Tierney	2/3
Staff	Dr Hemant Vakharia	3/3
Staff	Dr Tony Wolff	3/5

Staff	Mr Bimbi Fernando	3/5
Staff	Mr George Verghese	4/5

Past members of the council

Constituency	Name of governor	Attendance
Appointed (university)	Prof Hans Stauss	5/5
Appointed (LB Enfield)	Cllr Christine Hamilton	2/5
Patient	Ms Judy Dewinter	5/5
Patient	Ms Linda Davies	5/5
Patient	Mr Peter Atkin	2/2
Patient	Mr David Myers	2/2
Public	Ms Jude Bayly	2/2
Public	Dr Anthony Isaacs	2/2
Public	Dr Richard Stock	2/2
Public (Rest of England)	Prof Paul Ciclitira	2/2
Public (Rest of England)	Ms Amy Adesara	0/2
Staff	Dr Banwari Agarwal	0/2
Staff	Dr Nick Macartney	1/2
Staff	Mrs Marva Sammy	0/2

Duties and functions of the council of governors

Governors have a duty to hold the non-executive directors to account for the performance of the board and the trust. A range of mechanisms are in place to support them with this role:

- All formal council meetings include an update from the chief executive on operational performance and other key issues, with an opportunity for governors to ask questions.
- Prior to each formal council meeting, governors are provided with a pack showing performance information, friends and family test satisfaction ratings and minutes of board and committee meetings.
- The lead governor attends public and confidential board meetings.
- During the year, there are a series of seminars to which governors are invited instigated by themselves, such as the trust's approach to bullying and harassment of staff.

- Governors are consulted on the development of annual trust plans and any significant changes to the delivery of the trust's business plan.
- Regular opportunities to witness the non-executive directors holding the executive to account through governor attendance at board committee meetings.
- Regular meetings with non-executive directors through non-executive directors' attendance at informal council meetings and 'go see' visits to clinical areas.

Membership and engagement activities

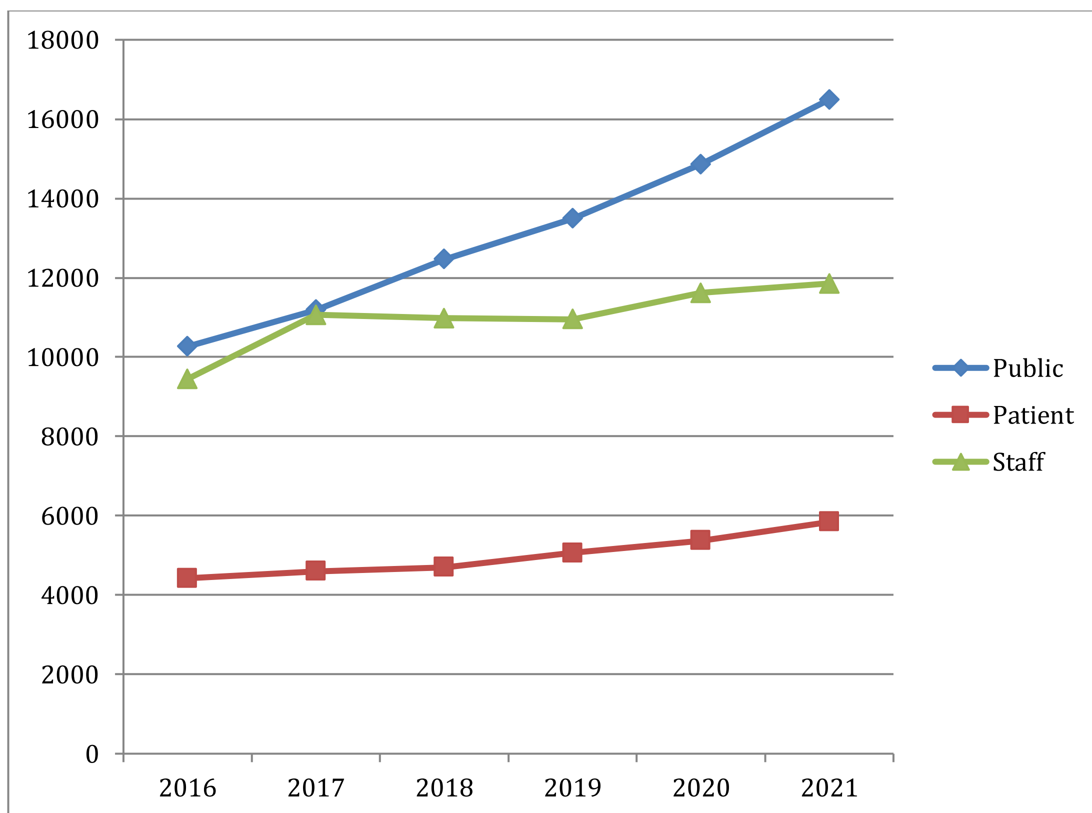
Since becoming a foundation trust in April 2012, the membership has grown to 34,188 including staff members.

Our current membership breakdown is as follows:

- Public 16,492
- Patient 5,841
- Staff 11,855

Total: 34,188

The trend in membership figures is shown below:



Membership community

Our membership community is made up of the following:

Public: open to anyone who resides in England.

Patient: open to people who are or have been a patient of the trust within six years of becoming a member.

Staff: open to individuals who are employed by the trust under a contract of employment including temporary or fixed term (minimum 12 months). All qualifying staff are automatically members unless they choose to opt out.

Keeping members informed

The trust aims to have a membership which will allow us to develop a more locally accountable organisation, delivering healthcare services that reflect the needs of the local communities. Membership supports the trust in increasing local accountability through communicating directly with current and future patients, their carers, friends and families.

The membership strategy continues to be subject to review in light of the adoption of a devolved group structure; changes in priorities of the trust and in the wider health economy. We have an active programme of membership engagement including:

- a weekly round-up for governors which includes latest news, events and trust updates
- monthly newsletter, Freepress which is for members as well as staff
- regular ‘medicine for members’ talks, covering a range of topics, presented by clinicians, patients and scientists and hosted by a governor
- a dedicated members’ area on the trust’s website which includes information on the CoG and what it means to be a member or governor
- an annual members meeting (last held in September 2020) with presentations from the chair and chief executive highlighting performance and achievements for the last year and emerging plans for the ensuing year, as well as senior clinicians presenting work of their departments.

2.2.8 Patient care

Meeting Care Quality Commission standards

The trust undertakes quarterly Care Quality Commission (CQC) self-assessments to ensure standards are being met across services and sites.

The quarterly self-assessment involves the following:

- Each hospital site executive overseeing service compliance.
- Self-assessments led by divisional management; nursing, clinical and operational managers who monitor and report improvement performance through the divisional quality and safety boards.
- Reports sent to site clinical performance and patient safety committees recommending a rating score to the local executive committee.
- Local executive committees identifying where further improvement is needed to validate site level self-assessment rating.
- A monthly report by the group executive committee to the local executive committees to support targeted improvement efforts where required.

Royal Free Hospital Maternity Services Inspection

An unannounced CQC inspection of maternity services at the Royal Free Hospital was undertaken on 26-27 October 2020. The inspection was triggered following safety concerns raised after a maternal death in February 2020 and in response to a prevention of future deaths coroner's notification received on 21 August 2020.

The trust was issued with a Section 29A warning notice on 13 November 2020 with two specific areas of improvement and deadlines. These were met by the trust and a discussion with the CQC was undertaken on 15 December 2020 to review our improvement action plans. The CQC confirmed it was assured by these intended actions in response to the warning notice.

Following its inspection, the CQC published its report on 6 January 2021 where maternity services at the Royal Free Hospital were rated as inadequate and specifically for the criteria of being safe and well led. We now have nine recommendations of actions from the CQC that must be taken to bring services into line with legal requirements.

We have a robust improvement action plan in place aimed at addressing the findings, which was submitted to the CQC on 3 February 2021. In addition, the trust is working with the Clinical Commissioning Group maternity commissioner and with our NHS England and NHS Improvement maternity improvement advisor. Progress of the ongoing improvement actions are reported to Barnet Hospital local executive committee and the trust's clinical standards and innovation committee.

It is expected that the CQC will re-inspect maternity services during 2021.

National survey programme

In July 2020, the results of the national in-patient survey undertaken in 2019 were published. We would normally also include data from the annual national maternity survey here, but this was cancelled due to the COVID-19 pandemic.

The results of national surveys are standardised by the CQC and benchmarked reports are produced. These reports inform trusts, patients and other stakeholders whether each trust is performing ‘better than’, ‘worse than’ or ‘about the same’ as most other trusts. These results can be found in full on the CQC website at www.cqc.org.uk

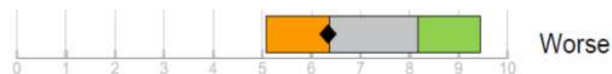
In-patient survey results

A total of 38% of patients (up from 34% in 2018) responded to the in-patient survey, compared to a national response rate of 45%. All 12 sections of the survey were rated ‘about the same’ as most other trusts, but three areas questioned were rated as ‘worse than’. The charts below show how these areas compared to those from the 2018 survey:

Assistance with meals

2019

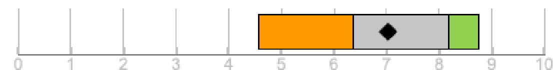
Q21. Did you get enough help from staff to eat your meals?



RFL score = 6.3, range of scores across England = 5.1 – 9.4

2018

Q21. Did you get enough help from staff to eat your meals?



RFL score = 7.0, range of scores across England = 4.6 – 8.8

How well looked after by non-clinical hospital staff

2019

Q72. Did you feel well looked after by the non-clinical hospital staff?

RFL score = 8.5, range of scores across England = 8.3 – 9.8

2018

Q72. Did you feel well looked after by the non-clinical hospital staff?

RFL score = 8.5, range of scores across England = 7.5 – 9.7

Confidence and trust in nurses

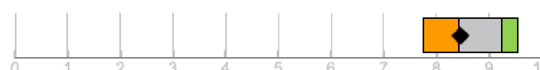
2019

Q27. Did you have confidence and trust in the nurses treating you?

RFL score = 8.4, range of scores across England = 7.9 – 9.7

2018

Q27. Did you have confidence and trust in the nurses treating you?



RFL score = 8.5, range of scores across England = 7.7 – 9.6

In response to our ‘worse than’ most other trust scores, we have incorporated the three questions into the in-patient survey asked via our new electronic devices and web-based survey (see section below) for local monitoring of responses to these questions. Each of our hospital sites will also develop and implement plans to address these.

Cancer patient experience

The results of the 2019 National Cancer Patient Experience Survey, commissioned by NHS England were published on 25 June 2020. The survey sample included all NHS patients, aged 16 and over with a confirmed primary diagnosis of cancer, discharged after an in-patient episode or day case attendance for cancer related treatment in April, May or June 2019. A total of 1,551 surveys were sent out by the trust, with a response rate of 54% (834 respondents) compared to 61% nationally.

The survey comprised of 52 scored questions of which the trust has improved in 34 and remained the same for five, resulting in a rise of 22 places nationally. We are keen to build upon this progress, particularly in areas highlighted by patients and their families. As such, a two-year cancer patient experience strategy has been written, which sets out four key areas of focus:

1. Cancer clinical nurse specialist workforce
2. Communication and behaviours
3. Personalised holistic care and follow-up
4. Support services

A cancer clinical nurse specialist review is underway and five cancer support workers have been funded by Macmillan Cancer Support who will provide some admin support to the specialist nurses as well as patient support, with a particular focus on personalised care.

As part of our Let’s Talk Cancer work, we are collaborating with an external agency to produce a web-based interactive training package for all staff groups who come into contact with cancer patients. The training will be based around the

six Let’s Talk Cancer principles: introduce, support, involve, confirm, ask and provide and has been supported by a grant from The Royal Free Charity of £10,000.

Following the appointment of our first personalised care and stratified follow-up project manager in 2018, the number of patients now receiving holistic needs assessments and care plans has increased. Groundwork has also commenced on rolling out treatment summaries for specific tumour types and a rolling programme of health and wellbeing events has been launched for patients.

Our future plans involve providing high quality individualised support to patients and their families including:

1. Information and support

2. Psychology and counselling

3. Welfare benefits advice

4. Nutrition and dietetics

5. Physical activity

6. Peer support via support groups and wellbeing activities.

The trust works in partnership with charities to deliver the above and hosts both Macmillan and Maggie’s support centres. A new Maggie’s Centre is due to open in 2022 and will enable expansion of some of the services currently provided. We also plan to engage with patients, carers, families and the public through a cancer patient and public involvement group.

Friends and family test

The friends and family test (FFT) asks patients what their overall experiences of our services are. The collection of this data was temporarily paused at the end of March 2020 due to COVID-19. This, however, allowed the trust to implement a new way of collecting patient experience feedback (including the FFT) which was rolled out across the organisation in September 2020. Our focus has now shifted from achieving high response rates to making real-time changes as a result of patient feedback, which is one of the trust’s priorities in 2021/22.

Previously, patients were telephoned following their discharge home from the ward or emergency department and asked the FFT question. Whilst the response rate was very good, it was challenging to take forward actionable feedback. Patient experience feedback is now collected in real-time using a combination of feedback kiosks, tablets and QR codes linked to online surveys. There are 29 kiosks and 65 tablets in wards and departments across the sites asking 14 different surveys, all of which ask the FFT question.

FFT reporting resumed in December 2020, the results of which can be seen below:

In-patient

Month	% of patients reporting a good/very good experience	Responses
Dec-20	60%	580
Jan-21	63%	285
Feb-21	67%	307
Mar-21	67%	397

Out-patient

Month	% of patients reporting a good/very good experience	Responses
Dec-20	80%	374
Jan-21	80%	220
Feb-21	86%	318
Mar-21	81%	397

Maternity

Month	Q1 - antenatal care		Q2 - labour and birth		Q3 - postnatal care		Q4 - postnatal community services	
	% of patients reporting a good/very good experience	Responses	% of patients reporting a good/very good experience	Responses	% of patients reporting a good/very good experience	Responses	% of patients reporting a good/very good experience	Responses
Dec-20	43%	14	90%	81	91%	70	N/A	0
Jan-21	33%	15	92%	101	91%	74	100%	6
Feb-21	50%	14	90%	103	91%	88	86%	7
Mar-21	27%	30	94%	122	89%	97	80%	5

Patient advice and liaison service (PALS)

Feedback from our patients, their relatives and carers is a valuable opportunity for us to review our services and make improvements. We encourage dialogue with staff, giving an opportunity for immediate action and resolution.

PALS provides information and advice on how patient concerns can be managed and takes action to resolve matters quickly and informally.

During 2020/21, PALS dealt with 11,247 matters, compared to 14,459 in the previous financial year. The table below shows the top five themes from this year and how they rank from the previous year:

	2019/20	2020/21
1	General assistance/enquiries	General assistance/enquiries
2	Communication	Communication
3	Appointments	Appointments
4	Positive comments	Positive comments
5	Facilities	Clinical treatment

The PALS team can be contacted by telephone, email, website, in writing and are ordinarily available to talk in person (on request at Chase Farm Hospital). Due to COVID-19, the PALS team has had to work remotely throughout 2020/21 and face-to-face discussion has not been possible.

Complaints

We recognise that in the majority of instances it is best to resolve issues as soon as possible. Our patient information leaflets and posters encourage concerns to be raised immediately with the person in charge of a patient's care. Alternatively, contact details are provided for the PALS and complaints teams.

Complaints and PALS data is reviewed bi-monthly by the trust's patient experience committees alongside other data, including patient surveys and friends and family test responses. Complaints data, including lessons learnt and actions taken is also included in:

- divisional monthly quality and safety boards
- quarterly reports taken to the people committee
- annual complaints report taken to the trust board
- quarterly CLIPS (complaints, litigation, incidents, PALS and safety) reports taken to the patient safety committee.

The table below shows the main causes of complaints received in 2020/21 are very similar to 2019/20:

	2019/20	2020/21
1	Clinical treatment	Clinical treatment
2	Values and behaviours	Communication
3	Communication	Values and behaviours
4	Appointments	Appointments
5	Transport	Nursing care

Here are some examples of positive changes as a result of complaints made:

- An increase in operating days of the plastic surgery department to six days a week to try and reduce the waiting time for patients undergoing routine surgery. We are also working with commissioners and have managed to get some additional operating

capacity at private hospitals but, due to all trusts having long waiting lists of patients, this capacity is shared across the sector. We are working with other trusts to share resources and surgical hubs. An additional consultant has also been appointed to assist with this work.

- Reinstatement of weekly patient review meetings between nursing and admin staff to ensure all scheduling and logistical arrangements have been finalised for patients being admitted the next week. This is to ensure patients are telephoned rather than a letter sent when procedures are cancelled without reasonable notice being given.

- A national 'Catheter Passport' is currently being introduced across the trust to help prevent some of the delays patients can experience with their follow up care and catheter removal. This written document includes information about catheters and their care, including when it should be removed.

- A more robust consent process for patients undergoing a new interventional procedure, involving the patient being seen in clinic at least seven days prior to the procedure to discuss its risks, benefits and alternatives. The patient will be given the consent form and written information to take home and can subsequently withdraw consent at any time.

The table below shows the number of complaints received by the trust and those that have escalated to the Parliamentary Health Service Ombudsman:

	2019/20	2020/21
Complaints received by the trust	1,330	838
Complaints upheld (partially or fully) by the trust	830	448
Complaints taken to the Parliamentary Health Service Ombudsman	18	18
Complaints upheld (partially or fully) by the Parliamentary Health Service Ombudsman	2	1
Complaints still under investigation with the Parliamentary Health Service Ombudsman	10	15

Note: The figures in the above table are accurate as of 30 April 2021 and will change over the coming months.

The complaints process was paused by the trust between April and June 2020, a position that had national support from NHS England and the Parliamentary & Health Service Ombudsman, to enable staff to focus their efforts on managing the demands of COVID-19. Only a small number of complaint cases were progressed and responded to in this time. The investigatory process was essentially stopped and work was limited to complaints being registered, acknowledged, triaged and escalated for immediate action where necessary.

Interpreting

Our interpreting service ensures that we meet the needs of the diverse population which visit our hospitals. The three types of interpretation we provide are:

- Face-to-face interpreting
- Telephone interpreting (24 hours a day, seven days a week)
- Sign language interpreting
- Remote video appointments.

Departments are able to stipulate interpreter requirements, for example requesting a female interpreter for an antenatal appointment. The needs of patients with different impairments can also be accommodated, for instance, touch signing or lip reading.

The trust's current interpreting service provider is able to offer interpreting services in over 200 languages. Between 1 January 2020 and 31 October 2020 there were 2,241 face-to-face interpreting sessions and 7,139 telephone interpreting calls facilitated for patients, in 90 different languages.

The languages requested are reflective of the demographic of the trust's local area. The top 10 requested languages in the above period were:

1. Romanian
2. Arabic (Modern Standard) Middle Eastern
3. Turkish
4. Farsi (Persian)
5. Albanian
6. Polish
7. Portuguese (European)
8. Pashto
9. Bulgarian
10. Bengali/Bangla

Maternity services have developed critical information in these top 10 languages to better enable women and families whose first language is not English to make informed choices and decisions with respect to their care and treatment. This was done in partnership with service users and the Maternity Voices Partnership Group. The work is part of the maternity services action plan and is aligned to our overall equality objectives.

Virtual visiting and communication

The COVID-19 pandemic has highlighted the importance of effective communication and, due to rules preventing visitors from entering the hospital and staff facing additional and different workloads, exacerbated any existing issues. As a result, communication-related complaints were received and reports of negative patient experiences.

We aimed to reduce anxiety for our patients and their relatives or friends by keeping everyone connected, running a rapid quality improvement project on two renal wards to test if increased communication could be embedded into our wards' usual business activity. It involved:

- Giving all key contacts of patients a daily wellbeing/clinical update call (if the patient was unable to do so themselves). If questions arose from the call that could not be answered, the staff member ensured that the questions were passed to an appropriate member of the ward team as soon as possible.

- Offering all patients one facilitated social contact call every day with a chosen friend or family member.

Project feedback from patient and relatives was hugely positive:

"It was so lovely to see mum smiling and giggling. Words can't describe what a difference it makes to see her face because her voice doesn't always tell the story."

"Communication is a lifeline when you are in hospital. This is a wonderful thing you're doing for us."

“This gave me the biggest smile of my stay and is the most human thing we’ve been offered throughout my time in the hospital.”

“Not being able to see my husband was very hard. To see him with your help has been amazing and I get such a lift by seeing my grandchildren – it helps me get through the day.”

One patient live streamed their son’s wedding, another met their new granddaughter for the first time, and a palliative patient had the Quran read to them before they passed away.

After virtually participating in physiotherapy, patient’s husband has been able to practice exercises with her on a daily basis rather than 2x a week, and patient’s physical recovery has sped up.

The social calls helped to overcome language barriers for some patients whose first language was not English and the contact helped patients to stay motivated with recovery or exercises. Benefits also included clinical improvement, better multi-disciplinary team working, a reduction in complaints and fewer calls to the ward from key contacts once proactive updates were being given, freeing up staff time.

My RFL Care

My RFL Care – our web-based patient portal – enables patients to view their appointments and letters online.

Once registered, they can:

- See all of their out-patient appointments in date order
- View and download appointment letters
- Set their communications preferences to opt out of paper appointment letters
- Add forthcoming appointments to their digital calendar
- Find quick directions to our hospitals and community sites.

Over the coming months we will also be developing the portal to give patients even greater control, including the ability to reschedule and cancel appointments.

My RFL Care has been produced in collaboration with patients, in particular ensuring that it is accessible, disability friendly and meets the needs of all vulnerable groups.

Attend Anywhere

Introducing video appointments for patients was a priority for the trust before COVID-19, but these plans were accelerated during the pandemic to allow us to maintain patient contact but reduce the number of face-to-face appointments.

Attend Anywhere offers secure video consultations accessed via a web link. It is compatible with a wide range of devices and is easy to use for both patients and clinicians.

Feedback about the new technology showed that patients found this service a lifeline for accessing care during this difficult time. We also undertook four one-hour consultation workshops across all three trust sites. As a result of these sessions, access to interpreters has been introduced to allow for three-way conversations where necessary.

Dementia care

More than a quarter (27.5%) of people who died with COVID-19 from March to June 2020 had dementia according to Office for National Statistics data, making it the single most common pre-existing condition in deaths involving COVID-19.

Additionally, the largest increase in excess non-COVID-19 deaths was in people with dementia and for those that did survive the crisis, the effects of social isolation have been severe, with The Alzheimer's Society reporting negative impacts on mental health and deterioration in symptoms.

Within the trust, the advent of the pandemic exposed the longstanding health inequalities of our population and offered new opportunities to work collaboratively to mitigate some of these issues. The issues and our actions have been as follows:

1. **Prevalence of delirium**

We found that patients presenting with COVID-19 associated delirium appeared more pronounced than non-COVID-19 delirium with a higher incidence of aggression or restlessness and longer lasting symptoms. This was an observation shared nationally amongst the delirium community. To tackle this, we introduced in-situ training across all our hospital sites to assist wards in managing delirious patients and implemented a new tool to aid staff in the identification, treatment and management of delirium.

2. **John's Campaign/ Carer involvement**

We were one of the first trusts to sign up to John's Campaign, the national initiative to establish and protect the right of dementia carers to access hospitals as partners in care. In April 2020 NHS England issued guidance on restricted hospital visiting with a small number of exceptions, dementia being one of them. In spite of that exemption, it was noted that the carers of people with dementia were not consistently being offered the opportunity for a face-to-face visit in spite of the fact that our alternative provision, most notably the use of virtual visiting, was not always appropriate to the circumstances. We therefore collaborated with colleagues from palliative care, patient experience and elsewhere, to create compassionate visiting guidance which sought to balance the rights of carers and patients with our infection control responsibilities and support staff with a consistent framework within which those decisions should be made. This resulted in visiting being actively facilitated wherever there was a wellbeing need.

3. **Violence and aggression**

As the pandemic progressed, episodes of violence and aggression against staff by people with dementia and/or delirium increased significantly, with reported incidences trebling in

some areas. Following data analysis and focus group interviews, we identified that a number of complex factors were likely contributing to the increase in distressed behaviour, ranging from heightened anxiety around COVID-19, reduced presence of carers and volunteers in the ward, and barriers to staff being able to connect with and reassure patients due to personal protective equipment. A pilot project of simulation training for staff to address this proved successful and we plan to roll this out across the trust, as well as digitally through our intranet.

4. **Equal access to world class dementia care**

During the pandemic, patients with dementia, delirium and/or cognitive impairment were being cared for across all wards of the hospital, not just the wards most closely associated with dementia care. This exposed variations in clinical care experienced by patients who use our services has led to the creation of the dementia and delirium clinical pathway group which seeks to design and establish high quality, evidence-based clinical pathways in collaboration with frontline clinicians, patients living with dementia and their families and carers.

5. **Maintaining our commitment to the Dementia Friendly Hospital Charter**

The trust is a proud signatory of the National Dementia Action Alliance (NDAA) Dementia Friendly Hospital Charter, which seeks to establish a national set of standards for acute trusts to maintain. To ensure these standards were not neglected during the pandemic scenario, the group lead for dementia sits on the NDAA hospital taskforce board that has produced an abridged Dementia Friendly Hospital charter specific to pandemic working.

Chaplaincy

The chaplaincy and spiritual care team seeks to provide appropriate spiritual and religious care to all regardless of faith, belief or philosophy of life. The team encourage compassionate, non-judgmental care and are respectful of diversity. Its team includes an:

- Imam
- Female Muslim chaplain
- Rabbi
- Roman Catholic priest
- Anglican priest
- Several volunteers from other faith/belief backgrounds (Humanist, Buddhist and Sikh).

Among its numerous services for patients, staff and visitors, are:

- end of life care support, such as commendation prayers, religious rituals or spending time with people
- pastoral and spiritual care
- emotional support and counselling
- the celebration or observance of key religious/cultural festivals
- places for prayer, reflection or worship and prayer materials
- funerals, memorial services, weddings, baptisms
- pregnancy loss
- staff and volunteer training.

This year we also offered an online service of remembering for the Global Wave of Light for pregnancy loss and Transgender Day of Remembrance.

Our chaplains are involved in all staff networks: Black, Asian and Minority Ethnic (BAME), disabled staff network (ability@ the free), Lesbian, Gay, Bisexual and Transgender (LGBT+) and the women's network. They help facilitate colleague and senior leadership discussions around staff concerns in areas such as bullying and harassment and racial inequality. Our support for staff also includes one-to-one sessions, memorial services after staff deaths, debriefs after complex situations and reflective practice sessions. Pre-COVID-19, we offered a weekly programme of mindfulness, meditation, Holy Communion, Jumm'ah prayers and a space for quiet and reflection. We also had a team of chaplains and volunteers visiting patients on the wards for general support, spiritual or religious care. Since March 2020, this work is being temporarily undertaken via ward staff referral.

Patients with learning disabilities

As part of NHS England and NHS Improvement's Learning Disability Improvement Standards review, the trust is undertaking a number of measures to address health inequalities experienced by people with learning disabilities.

To help people with learning disabilities understand and cope during the pandemic, we published easy-to-read COVID-19 information on the trust website and updated our staff 'learning disability' web page with useful resources.

We have also started to deliver learning disability training as a regular agenda item on the adult safeguarding level three training day and added a prompt to our datix incident reporting system to alert the learning disability liaison nurses directly if an incident had occurred where a patient with a learning disability was involved.

Further initiatives include:

- Discharge guidance and easy-to-read discharge summaries for patients with learning disabilities. Work to improve patient take up of these summaries is part of a recently launched quality improvement project.

- Adjustments to the trust's visitor policy during COVID-19 to allow patients with learning disabilities to have one visitor with them during their admission.

Working with our partners

The trust prioritises effective working with our partners to ensure our services are patient-focused, based on best practice and good value for taxpayers' money. Our most important partners among statutory bodies in north London and Hertfordshire include:

- acute, single specialty, community services and mental health providers, with which a growing number of joint delivery partnerships are being explored

- social services authorities in local London boroughs and Hertfordshire, which are collaborating with us to improve efficiency and quality in patient and client services

- commissioners, including local clinical commissioning groups (CCGs), NHS England and local authorities.

Our non-statutory partners play equally essential roles. Primary care federations can support the delivery of more integrated services across a range of clinical pathways and the trust maintains regular communications with local Healthwatch groups.

As a large healthcare institution rooted deeply in the community, we have always been aware of our responsibility to improve the health and wellbeing of our patients, as well as the wider community and our staff. We take a population health approach of aiming to improve the health of the entire community, which extends beyond the hospital walls. We work closely with our borough colleagues to agree priorities and develop an integrated approach to promoting good health, preventing disease and managing ill health as close to home as possible with clear pathways into, and out of, the hospital when required. We do this in a number of ways:

- Provide local employment opportunities and recruit locally.

- Work locally with borough colleagues in the voluntary and community sector, the local authority and with local businesses to identify priorities and together develop responses to these to reduce inequalities in health, for example working together to develop an integrated frailty pathway.

Partnership working across North Central London (NCL) during the pandemic

Throughout the COVID-19 pandemic, the Royal Free London (RFL) worked closely with partners across NCL to ensure patients received the best care possible.

The pandemic response was declared a level four incident, with national command and control systems stood up. Across 2020/21, NCL clinical commissioning group convened and oversaw the whole system health and care response across NCL. Health and care partners, including the Royal Free London, were brought together across the sector.

Wide-ranging changes were rapidly mobilised, including prioritising and re-directing hospital services to create intensive care unit capacity, temporarily moving services, offering 'digital' appointments appropriate to circumstance, strengthening our 111 response, creating 24/7 mental health crisis telephone lines, and much more.

From December 2020, organisations across the sector got behind the COVID-19 vaccine programme roll-out, which at the time of writing had delivered 21,505 first doses and 13,591 second vaccinations. Significant collective efforts were focused on supporting equitable uptake among all communities and age groups. At the Royal Free London, we were announced as one of the first 50 hospital vaccination hubs and buddied up with neighbouring trusts and care homes in NCL to provide the vaccine to colleagues who were eligible until more organisations started offering a jab.

Across 2021/22, commissioners, providers, councils, voluntary and community sector (VCS) organisations and others worked together flexibly and with agility, and our relationships have been strengthened, with an increased understanding of each other's role and value. This will stand us in good stead as we move towards greater integrated system working, to improve the health of our population and tackle the inequalities we know many of our communities still face.

The principles that organisations across the sector are working to presently will remain at the heart of the North Central London system moving forward – such as developing population health management approaches, use of digital technology to support care pathways and enhance our workforce strategy, and building integrated out-of-hospital care with primary care at the centre.

Provider alliance

The RFL with 11 other NHS trusts and foundation trusts (spanning acute care, specialist provision, community services and mental health) agreed to form a single provider alliance for NCL. Dominic Dodd (chair of Royal National Orthopaedic Hospital and chair of the RFL until April 2021) is its first chair, and Baroness Julia Neuberger (chair of University College London Hospitals and Whittington Health) and Mark Lam (chair of the RFL – as of April 2021 and East London NHS Foundation Trust) are its two vice chairs.

The alliance is initially focusing on an integrated response to the recovery of services affected by the pandemic; the health and wellbeing of staff and continuing research into COVID-19. This will build on the strong system wide working seen during the pandemic, ensuring it becomes embedded.

Formal partnerships with North Middlesex University Hospital NHS Trust (NMUH) and the Royal National Orthopaedic Hospital (RNOH)

The Royal Free London formed a formal partnership with NMUH in 2020.

This partnership will bring better care for Enfield and Haringey residents and more opportunities for our staff. The NHS is at its best when it works together to put patients first.

The NMUH and Royal Free London have a history of collaboration. This has helped both trusts manage COVID-19 and keep other services going, like planned surgery and cancer care. We are now exploring areas where we can do more together for local residents than

we can achieve on our own. This will bring benefits to our local communities, our staff and the wider NHS.

The RNOH and the Royal Free London also agreed a formal partnership with a focus on close collaboration with Chase Farm Hospital to improve services for patients with musculoskeletal conditions.

GPs

The trust continues to forge strong and productive relationships with local GPs. Our well-regarded GP liaison service solves practical problems for GPs by:

- responding to enquiries received via email, an informal route for GPs to raise concerns or issues
- producing routine communications, including a quarterly GP newsletter.

Every quarter, a summary report of enquiries received is produced to help identify themes and trends. These are shared with local commissioners.

Within the last year, we have continued to work with GP colleagues in Enfield and Barnet on the roll out programme of First Contact Practitioners (FCPs). Patients in all Enfield GP practices now have access to a Royal Free spinal specialist First Contact Practitioner to whom they can self-refer. In Barnet, patients also have access to RFL FCPs.

These services, partly funded through the NHS England Additional Roles Reimbursement Scheme, ensure patients can access a spinal specialist in their GP practice by self-referring without the need to see a GP first. This continues to reduce unnecessary referrals into secondary care for investigations and opinions, supports patients self-manage their condition and consistently achieves over 95% patient satisfaction rates on the Friends & Family test.

Clinical Commissioning Groups (CCGs)

We have been working closely with all our clinical commissioning groups, community trusts, mental health organisations and local authority partners to deliver the best possible service for our patients over what has been an incredibly challenging year and will no doubt continue as our focus turns to the recovery of services.

We continue to work across NCL to determine how together, as a system, pressure can be reduced. This involves work to develop, redesign and streamline services and pathways. The pandemic has speeded up the development of telemedicine, straight to test options and virtual clinics.

Health Services Laboratories

Health Services Laboratories (HSL) continue to provide pathology services at the Royal Free Hospital. HSL is a joint venture between the Royal Free London, University College London Hospitals and the Doctors Laboratory, which has been running pathology services at the Royal Free Hospital since 2015.

Healthwatch

We are in regular contact with local Healthwatch organisations. Over the last year, we have worked closely with them to ensure that our local communities were kept informed of important changes across our hospitals as we responded to the COVID-19 pandemic. We took part in Q&A events hosted by Healthwatch Camden and Healthwatch Enfield which provided the communities we serve with an opportunity to ask our senior leaders questions about the pandemic and our services. University College London Hospitals NHS Foundation Trust and North Middlesex University Hospital NHS Trust also took part in these events with us.

Working with the Royal Free Charity

The support of the charity enables us to move further and faster with many of our strategic aims. At the start of the pandemic the charity dropped everything to get to grips with how it could best support our staff in coping with this enormous challenge to our resources and resilience.

An appeal to the charity's immensely generous donors raised £2.5 million during the first two waves of the pandemic and the charity used this to fund a combination of day-to-day practical and longer-term psychological support. Projects have included a free supermarket for staff so they wouldn't have to queue after long shifts on the wards, providing or refurbishing areas where staff could rest and liaise with their families, as well as longer-term counselling and other support to help with the stress of looking after so many severely ill patients.

The charity has also funded COVID-19 research, including work which resulted in a device to make it much easier for those caring for the most seriously ill COVID-19 patients to turn them into the prone position to help with their breathing. This is now being used in other trusts too.

In normal times, the charity operates a raft of services for our patients and staff and the linchpin of this support are hundreds of volunteers, some of whom are starting to return to our hospitals as pandemic restrictions ease.

During waves one and two of the pandemic, more than 600 new volunteers were recruited and throughout this extraordinary year have given vital support on the wards by facilitating video and telephone calls between patients and their families and friends. Volunteers have also helped patients struggling with the technology needed for remote clinic appointments. Under the auspices of the NHS England winter volunteering programme, the charity secured some money for IT equipment which enabled them to call hundreds of patients before their appointments and gather information for the clinicians before and after the consultation as well as talk through the technology with the patient and run test calls. This has significantly improved clinic attendance.

Another new service offered by volunteers this year is in the bereavement service where they answer calls, send condolence cards and explain to families how to register a death, helping the trust to build better links with families who have been bereaved. Sixty volunteers also helped in the community vaccination hub set up in the charity's recreation club, working alongside the vaccinators as well as marshalling and providing support to the public. As the

year ended, more volunteers were preparing to go to a large-scale vaccination centre at the StoneX stadium in Barnet to work alongside trust staff.

In the medium and long-term the charity and trust will work closely together to find ways that philanthropic funding can help us move further and faster, beyond the limits of government funding, in our plans to improve healthcare for our patients. None of this would be possible without the support of the charity's donors, many of whom are part of our hospitals' communities.

The Pears Building

The Royal Free Charity also funds research aimed at translating scientific insights into new treatments more quickly than would otherwise be possible. As the financial year ended, the charity was preparing to "get the keys" of the Pears Building, an ultra-modern research facility which will allow scientists at the UCL Institute of Immunity and Transplantation, currently housed at the Royal Free Hospital, to work more closely with clinicians to develop treatments and cures for some of the most devastating diseases of the immune system. The institute is one of the largest patient-focused immunology centres in Europe.

The £60 million building represents a groundbreaking collaboration between the Royal Free Charity, UCL and the trust, and generous philanthropic support. It will not only bring the theory and implementation of research much closer together but will also allow the public easy access to the latest discoveries in immunology.

The building will accommodate up to 200 researchers looking for cures and new treatments for global health problems including type one diabetes, cancer and organ rejection after transplantation, enabling it to attract further world class talent. Local people will be welcomed into a community café and invited to face-to-face updates with researchers, who will also maximise opportunities for patients to take part in clinical trials. Those taking part in research will be offered accommodation on the top floors of the building.

The trust's large number of patients, many of whom generously agree to take part in research, is key to the success of this work.

Caroline Clarke
Chief Executive
14 June 2021

2.3 Remuneration report

The pay of board level directors who have the authority and responsibility for directing and controlling the activities of the trust is determined by the remuneration committee (for executives) and nominations committee (for non-executives). These committees also oversee the recruitment and performance of board members.

The remuneration committee also includes approving the appointment and salaries for very senior managers below board level. This is typically the senior leadership roles in each hospital or corporate area. The remuneration of board members and senior staff in wholly owned subsidiary companies, such as RFL Property Services Limited and RFL Dispensary Services Limited, is also set by the remuneration committee, reflecting that the trust is the sole shareholder in these companies.

2.3.1 Annual statement on remuneration

The key activities and decisions this year were:

- No general increase in board executive director basic salaries as they are, in the committee's judgment, broadly thought to be currently reasonable.

- Increases in salary for some executive directors who had either obtained new roles or had taken on additional responsibilities. These increases were made in accordance with NHS guidance and approvals requirements.

- A review of the salaries of very senior (VSM) and senior managers (SM) resulted in a number of posts below hospital executive level being re-assigned to Agenda for Change paypoints, reducing the number of VSM and SM roles the committee will set salaries for. Its remit has been reduced to senior roles at hospital executive team level and corporate equivalents.

- Approval of a number of secondments and internal acting arrangements to cover the COVID-19 pandemic and staff moves to support the wider NHS.

- No performance-related pay or bonuses or other incentive payments were made in addition to, or separate from, the annual salary of directors in 2020/21.

No exit or other payments were agreed in 2020/21 for any board members or directors of the trust, or in any wholly owned subsidiary.

See page 94 for board member salaries in 2020/21.

2.3.2 Approach to executive directors' remuneration and other senior staff

The pay of executive directors and other senior staff is determined by the trust's remuneration committee made up of non-executive directors. The trust's approach is to review board level director salaries annually but with no automatic entitlement to any increase. The review is based on:

- an analysis of comparable salaries and remuneration in other organisations

- overall executive team and wider VSM/SM staff performance
- the general context of NHS pay and awards to other staff groups, including public sector pay policy.

The remuneration committee aims to pay competitively but not excessively for high quality directors and senior managers, typically within the median of expected salaries across comparable organisations and in line with guidance from NHS England and Improvement. Salaries over £150,000 per annum are reviewed regularly to ensure they are within the benchmarks provided by NHS Improvement and other survey data.

Performance related pay has not been a component of remuneration for most director roles, although the trust has employed it in a few more recent appointments and will evaluate its effectiveness. It does not, at present, believe that any general incentive schemes or bonus payments would offer any advantage or increase directors' performance. Medical appointees may have local or national clinical excellence awards make up part of their remuneration and are subject to eligibility and assessment under those schemes.

Remuneration components – directors	Approach	Review process	Benefits
Basic salary	Competitive but not excessive pay for high quality directors and senior managers - typically within the median of expected salaries across comparable organisations.	Reviewed annually by the remuneration committee based on comparable salaries and executive director and VSM/SM performance in the context of wider NHS pay and applicable guidelines.	Transparent base pay which is felt to be fair by senior staff for the responsibilities they hold and encourages commitment.
Taxable benefits	No allowances or payments made in addition to basic salary.	N/A	N/A
Annual performance related bonuses or incentive payments	One made in 2020/21. For 2020/21 performance related pay made up an element of remuneration for the managing director of group corporate services.	Performance targets established at the start of the review period and performance measured at the end.	Provides focused incentives for addressing key targets. Requires balancing measures to ensure one key priority does not destabilise others. Trust is seeking to evaluate impact of targeted performance related pay in 2021/22.
Long-term performance related bonuses or incentive payments	None made in 2020/21.	N/A	N/A

Pension benefits	All directors and VSM/SM staff are entitled to join the NHS pension scheme with associated employer and employee contributions paid on their salary – a statement of pension benefits for directors is on page 96. The trust has not paid the employer contribution directly to any director choosing to opt-out of the pension scheme. This position will be reviewed in the light of any national changes to approach.	N/A	Attractive career average defined benefits pension scheme consistent with the rest of the NHS.
Cars, health or other benefits	None paid (but managers have access to a car lease scheme and other benefits as do other staff).	N/A	N/A

2.3.3 Executive directors' notice periods and payments for loss of office

Directors are appointed subject to a notice period of three months and benefit from NHS terms and conditions relating to any severance payment for reasons of redundancy (as outlined in Schedule 16 of the agenda for change terms and conditions of service). There is no contractual entitlement to a severance payment in any other circumstances. The same applies to VSM and SM staff.

Other staff employed by the trust are paid under national terms and conditions of service for the relevant NHS staff (agenda for change or the national medical terms and conditions of service). Rates of pay are determined by the government on the advice of the NHS pay review bodies or in negotiation with NHS trade unions.

2.3.4 Non-executive directors' remuneration

Pay and allowances for the chairman and non-executive directors are determined by the trust's nominations committee made up of governors. Their payments are comparable to those made by other foundation trusts. There was no increase in 2020/21. The non-executive directors and chairman are office holders and the terms of their appointments are such that they receive no severance or other payments at the end of their term of office. Details of their remuneration and expenses are set out in the table below.

The trust appointed a new chairman, Mark Lam, in April 2021 whose remuneration was set at the same level as his predecessor.

2.3.5 Policy on the use of off-payroll engagement

The trust uses off-payroll engagements (contractors) for some tasks and roles. Sometimes interim cover is required for an established role or there is work to be undertaken for which specialist skills are required or which is of short duration. Such use of contracts is subject to approval by senior managers and regularly reviewed by the trust's senior pay group.

2.3.6 High paid off-payroll engagements

Table 1: For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months

Existing engagements as of 31 March 2021	1
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	1
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

All existing off-payroll engagements outlined above have, at some point, been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	0
Of which:	
- **Number assessed as within the scope of IR35**	0
- **Number assessed as not within the scope of IR35**	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed “board members and/or senior officials with significant financial responsibility” during the financial year. This figure should include both off-payroll and on-payroll engagements.	12

2.3.7 Directors' salaries and allowances – subject to audit

Board level directors have been informed in advance of the intention to disclose information about them and have been notified that they can object under Article 21 of the General Data Protection Regulation (GDPR).

	2020-21						2019-20					
Name & Title	Salary and fees (bands of £5,000)	Taxable benefits (total to the nearest £100)	Annual performance-related bonuses (in bands of £5,000)	Long-term performance related bonuses (in bands of £5,000)	Pension–related benefits (in bands of £2,500)	Total (in bands of £5,000)	Salary and fees (bands of £5,000)	Taxable benefits (total to the nearest £100)	Annual performance -related bonuses (in bands of £5,000)	Long-term performance -related bonuses (in bands of £5,000)	Pension–related benefits (in bands of £2,500)	Total (in bands of £5,000)
	£000	£00	£000	£000	£000	£000	£000	£00	£000	£000	£000	£000
Chair and vice chair												
Dominic Dodd	60-65	-	-	-	-	60-65	60-65					60-65
Mary Basterfield	10-15	-	-	-	-	10-15	10-15					10-15
Non-executive directors												
Prof. A Schapira (left August 2020)	5-10	-	-	-	-	5-10	10-15					10-15
Akta Raja	10-15	-	-	-	-	10-15	10-15					10-15

Wanda Goldwag (left Nov 2020)	5-10	-	-	-	-	5-10	10-15					10-15
James Tugendhat	10-15	-	-	-	-	10-15	10-15					10-15
Doris Harriette Olulode	10-15	-	-	-	-	10-15	10-15					10-15
Sir Christopher Ham	10-15	-	-	-	-	10-15	10-15					10-15
Prof David Lomas (Started Sept 2020)	5-10					5-10	-					-
Executive directors												
Caroline Clarke (Group Chief Executive)	240-245	-	-	-	-	240-245	225-230					225-230
Peter Ridley	170-175	-	-	-	40-42.5	215-220	170-175				142.5-145.0	315-320
Dr Chris Streather	235-240	-	-	-	-	235-240	230-235				0	230-235
Deborah Sanders	120-125	-	-	-	-	120-125	165-170				0	165-170
Kate Slemeck	190-195	-	-	-	15-17.5	210-215	190-195				85.0-87.5	280-285
Julie Hamilton	95-100	-	-	-	112.5-115	205-210	-					-

(commenced August 2020)												

2.3.8 Pension entitlements of senior managers 2020/21 – subject to audit

Name	Title	Real increase/ (decrease) in pension (bands of £2,500)	Real increase/ (decrease) in lump sum (bands of £2,500)	Total accrued pension at 31 March 2021 (bands of £5,000)	Lump sum related to accrued pension at 31 March 2021 (bands of £5,000)	Cash equivalent transfer value at 31 March 2021 (to the nearest £1,000)	Cash equivalent transfer value at 1 April 2020 (to the nearest £1,000)	Real increase/ (decrease) in cash equivalent transfer value (to the nearest £1,000)
Executive Directors		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Peter Ridley	Chief finance and compliance officer	2.5-5.0	(0-2.5)	40-45	75-80	624	565	23
Deborah Sanders	Group chief nurse	0	0	0	0	0	1,188	0
Julie Hamilton	Chief nurse	2.5-5	5-7.5	30-35	70-75	565	453	48
Kate Slemeck	Royal Free Hospital chief executive	0-2.5	0-2.5	50-55	105-110	1,019	965	34

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

The pension related benefit is calculated as:

- Increase = ((20 x PE) +LSE) – ((20 x PB) + LSB) - employee pension contributions

Where:

- PE is the annual rate of pension that would be payable to the director if s/he became entitled to it at the end of the financial year
- PB is the annual rate of pension, adjusted for inflation, that would be payable to the director if s/he became entitled to it at the beginning of the financial year
- LSE is the amount of lump sum that would be payable to the director if s/he became entitled to it at the end of the financial year
- LSB is the amount of lump sum, adjusted for inflation, that would be payable to the director if s/he became entitled to it at the beginning of the financial year.

If the pension benefit result is a negative increase, ie a decrease, this is reported as nil.

2.3.9 Pension benefits of executive director

A 'cash equivalent transfer value' (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in a former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

Further information on the employee benefits costs to the trust can be found on page 99.

2.3.10 Pay multiples - which have been subject to audit

The banded remuneration of the highest paid director in the Royal Free London NHS Foundation Trust in the financial year 2020/21 was £240,000 - £245,000 (2019/20 £230,000 - £235,000). This was 7.5 times (2019/20: 7.4 times) the median remuneration of the workforce, which was £32,691 (2019/20: £31,841). In 2020/21, no employees (2019/20: 0 employees) received remuneration in excess of the highest paid director. Annualised remuneration ranged from £3,000 to £245,000 (2019/20: £3,000 to £250,000).

Restatement of 2019/20: Due to a calculation error in the prior year, the following have been restated above:
Banded remuneration of the highest paid director - from £250,000 - £255,000 to £230,000 - £235,000
Banded remuneration of the highest paid director as a multiplier of median remuneration - from 8 times to 7.4 times
Annualised remuneration range - from £3,000 - £255,000 to £3,000 to £250,000

Caroline Clarke
Chief executive

14 June 2021

2.3.11 Staff costs – subject to audit

			2020/21	2019/20
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	442,878	54,462	**497,340**	442,720
Social security costs	59,569	-	**59,569**	55,310
Apprenticeship levy	2,476	-	**2,476**	2,295
Employer's contributions to NHS pensions	89,171	-	**89,171**	83,980
Temporary staff	-	21,720	**21,720**	18,186
Total staff costs	**594,094**	**76,182**	**670,276**	**602,491**
Of which				
Costs capitalised as part of assets	2.540	503	**3,043**	1,197

2.3.12 Average number of employees (WTE basis) – subject to audit

			2020/21	2019/20
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	703	1,005	**1,708**	1,645
Administration and estates	2,209	506	**2,715**	2,577
Healthcare assistants and other support staff	1,369	307	**1,676**	1,600
Nursing, midwifery and health visiting staff	2,969	492	**3,461**	3,407
Scientific, therapeutic and technical staff	893	157	**1,050**	1,030
Healthcare science staff	170	39	**209**	204
Total average numbers	**8,313**	**2,505**	**10,818**	**10,464**
Of which:				
Number of employees (WTE) engaged on capital projects	38	2	**40**	20

2.3.13 Reporting of compensation schemes - exit packages 2020/21 – subject to audit

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	2	10	**12**
£10,000 - £25,000	5	7	**12**
£25,001 - 50,000	4	1	**5**
£50,001 - £100,000	2		**2**
Total number of exit packages by type	**13**	**18**	**31**
Total cost (£)	£363,000	£179,000	**£542,000**

Reporting of compensation schemes - exit packages 2019/20

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	2	14	**16**
£10,000 - £25,000	1	6	**7**
£25,001 - 50,000	-	3	**3**
Total number of exit packages by type	**3**	**23**	**26**
Total resource cost (£)	£36,000	£261,000	**£297,000**

Exit packages: other (non-compulsory) departure payments

	2020/21		2019/20	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Contractual payments in lieu of notice	18	179	23	261
Total	**18**	**179**	**23**	**261**

2.3.14 Better payment practice code

Better payment practice code	Actual 31/03/21 YTD Number	Actual 31/03/21 YTD £'000	Actual 31/03/20 YTD Number	Actual 31/03/20 YTD £'000
Non NHS				
Total bills paid in the year	183,801	564,941	226,590	580,621
Total bills paid within target	143,392	356,082	165,965	382,630
Percentage of bills paid within target	78.01%	63.03%	73.24%	65.90%
NHS				
Total bills paid in the year	26,694	131,747	4,985	73,251
Total bills paid within target	18,493	63,628	810	35,352
Percentage of bills paid within target	69.28%	48.30%	16.25%	48.26%
Total				
Total bills paid in the year	210,495	696,688	231,575	653,872
Total bills paid within target	161,885	419,710	166,775	417,982
Percentage of bills paid within target	76.91%	60.24%	72.02%	63.92%

2.4 Staff report

About our employees

The trust employs 10,673 staff (as of 31 March 2021) and spent £640.3 million on pay and benefits in 2020/21. A breakdown of our employees and pay spend is provided below.

Average number of employees (WTE basis)	Permanent	Other	2020/21 Total	2019/20 Total
Medical and dental	703	1,005	**1,708**	1,645
Ambulance staff	0	0	**0**	0
Administration and estates	2,209	506	**2,715**	2,577
Healthcare assistants and other support staff	1,369	307	**1,676**	1,600
Nursing midwifery and health visiting staff	2,969	492	**3,461**	3,407
Nursing, midwifery and health visiting learners	0	0	**0**	0
Scientific therapeutic and technical staff	893	157	**1,050**	1,030
Healthcare science staff	170	39	**209**	204
Social care staff	0	0	**0**	0
Other	0	0	**0**	0
Total average numbers	**8,313**	**2,505**	**10,818**	**10,464**
Of which				
Number of employees (WTE) engaged on capital projects	38	2	**40**	20

Directors	Trust total	% of trust total
Female	16	50%
Male	16	50%
Total	**32**	**100.00%**

Senior managers*	Trust total	% of trust total
Female	623	68.84%
Male	282	31.16%
Total	**905**	**100.00%**

*Band 8A+ and senior medics (medical and clinical directors)

Total staff	Trust total	% of Trust total
Female	7,791	73.00%
Male	2,882	27.00%
Total	**10,673**	**100.00%**

Staff group	Trust total	% of Trust total
Add prof scientific and technic	335	3.14%
Additional clinical services	460	4.31%
Administrative and clerical	2,252	21.10%
Allied health professionals	687	6.44%
Estates and ancillary	444	4.16%
Healthcare assistants	1,053	9.87%
Healthcare scientists	204	1.91%
Medical and dental	1,819	17.04%
Nursing and midwifery registered	3,374	31.61%
Students	45	0.42%
Total	**10,673**	**100.00%**

Ethnic Origin	Trust total	% of trust total
Asian	**2,706**	**25.35%**
Any other Asian background	1,182	11.07%
Bangladeshi/British Bangladeshi	138	1.29%
Chinese	156	1.46%
Indian/British Indian	1,051	9.85%
Pakistani/British Pakistani	179	1.68%
Black	**1,981**	**18.56%**
African/Black British African	1,386	12.99%
Black/Black British Other	144	1.35%
Caribbean/Black British Caribbean	451	4.23%
Mixed	**375**	**3.51%**
Any other mixed/multiple ethnic background	148	1.39%
White and Asian	96	0.90%
White and Black African	58	0.54%
White and Black Caribbean	73	0.68%
Other	**192**	**1.80%**
Other	192	1.80%
Other BME	**526**	**4.93%**

Other BME	526	4.93%
White	**4,893**	**45.84%**
White British	3,295	30.87%
White Irish	324	3.04%
White Other	1,274	11.94%
Total	**10,673**	**100.00%**

Disabled	Trust total	% of trust total
Yes	266	2.49%
No	8,879	83.19%
Not declared	164	1.54%
Undefined	1,364	12.78%
Total	**10,673**	**100.00%**

Sexual orientation	Trust total	% of trust total
Bisexual	98	0.92%
Heterosexual or straight	8,279	77.57%
Gay or lesbian	226	2.12%
Undecided	17	0.16%
Other sexual orientation not listed	8	0.07%
Not stated	1,000	9.37%
Unknown	1,045	9.79%
Total	**10,673**	**100.00%**

Religious belief	Trust total	% of trust total
Atheism	1,091	10.22%
Buddhism	122	1.14%
Christianity	4,764	44.64%
Hinduism	655	6.14%
Islam	847	7.94%
Jainism	40	0.37%
Judaism	183	1.71%
Sikhism	62	0.58%

Other	583	5.46%
I do not wish to disclose my religion/belief	1,209	11.33%
Undefined	1,117	10.47%
Total	**10,673**	**100.00%**

Age group	Trust total	% of trust total
Under 20	30	0.28%
21-25	726	6.80%
26-30	1,541	14.44%
31-35	1,661	15.56%
36-40	1,279	11.98%
41-45	1,305	12.23%
46-50	1,286	12.05%
51-55	1,165	10.92%
56-60	926	8.68%
61-65	547	5.13%
66-70	150	1.41%
71+	57	0.53%
Total	**10,673**	**100.00%**

For figures on staff turnover at the trust see here.

2.4.1 Sickness absence data

Total sickness absence data for 2020/21 is as follows:

	2019/20	2020/21
Average wte	9,081	9,626
Cumulative sickness absence rate	3.38%	4.47%
Average days lost	7.61	10.01

2.4.2 Consultancy expenditure

The trust spent £1.7 million on consultancy in 2020/21 compared to £1.5 million in 2019/20. This includes payments for specialist services and advice that is not available in house, including aspects of the wholly owned subsidiary companies for estates and facilities and

pharmacy redevelopment, support for the Nightingale Hospital in London and West Hertfordshire Hospitals NHS Trust development project.

2.4.3 Workforce overview

Our staff sustain and improve our hospitals and their associated support services to ensure patients receive high quality care and expertise. Staff have continued to work extremely hard in 2020/21 to maintain high levels of performance in the face of rising demands for care, staff shortages and financial constraint. The trust is also working to improve how staff are supported, engaged and empowered so they can be fulfilled and rewarded in their jobs.

To do this we operate:

- a comprehensive range of workforce policies and procedures regularly reviewed and updated with staff and trade unions
- training and development opportunities for all staff
- a strong portfolio of undergraduate and postgraduate education and training for health professionals
- regular performance and development reviews
- leadership development for managers and leaders
- health and wellbeing services and support
- support for equality, diversity and inclusion
- efficient and effective recruitment and HR support and development services
- a wide range of communications with staff and representatives using digital and written media, forums and formal groups and committees
- change management and organisational development support.

2.4.4 Education, training and development

The trust is proud of its strong tradition in educating and training both the future NHS workforce and its current staff. We are a campus of University College London (UCL) Medical School and our undergraduate medical education is internationally recognised. We are one of the largest providers of postgraduate medical education in the country, with over 600 doctors in training in our hospitals across a wide range of specialties. We also have a track record of excellence in our teaching of nurses, midwives, therapists and other healthcare professionals, working closely in collaboration with our university partners.

Throughout 2020/21 we have taken a number of steps to continue the trust's record of excellence in education, training and development against the backdrop of major challenges owing to the COVID-19 pandemic. Much of the trust's education and training was paused during both the first and second waves to release staff for service delivery, before being redesigned to be provided in a COVID-safe way. Many trainees were redeployed to areas of highest needs, student placements were put on hold to allow them to voluntarily support the COVID-19 response and educators were asked to focus their efforts on upskilling staff and volunteers in relation to the pandemic.

Undergraduate medical education

Undergraduate medical placements were paused as part of the COVID-19 first wave and did not resume until August 2020, with many adaptations and an increased 'apprenticeship-

style' approach. At the peak of both the first and second waves, nearly 200 medical students were voluntarily supporting the COVID-19 response, including in critical care, acute and renal medicine, and patient family communications. Feedback from staff and patients has highlighted the outstanding contribution these students have made.

Throughout this time, student feedback on the quality of undergraduate medical teaching has continued to be strong. A total of 26 placements/attachments received a green rating, six amber and only one red - an improvement on the previous academic year. First term feedback for 2020/21 also indicates a continuation of this strong performance. Numerous examples of teaching innovation have continued despite this disruption, supported by our clinical teaching fellows.

Postgraduate medical education

Both the first and second waves of the COVID-19 response saw the suspension of standard rotations for doctors in training, with doctors redeployed to critical care and acute medical rotas as part of the trust's surge plans.

As a result of these disruptions, numerous adaptations have been made to ensure teaching can continue and trainees continue to gain experience to support their progression, including a large switch to digital training. Trainee feedback has continued to be strong, although the absence of the General Medical Council National Training Survey this year means we do not have the same data for 2020/21 as we have had for previous years.

Our postgraduate medical education faculty has continued to take steps to enhance the quality of training in our hospitals, including improved rest and wellbeing facilities, support for less than full time and return to practice doctors, faculty development workshops, and continued implementation of internal medicine training.

We have also expanded our educational offering to staff and associate specialist doctors, with additional support now available for those looking to work towards registration via the Certificate of Eligibility for Specialist Registration route. The recruitment of more physician associates is also underway as is the continued expansion of clinical placements for student physician associates to help ensure future supply.

Nursing, midwifery and allied health professional education

Similar to our trainee doctors, pre-registration placements for nurses, midwives and allied health professionals (AHPs) were suspended as part of the first wave COVID-19 response. Many students volunteered to support our efforts under a paid placement scheme, providing crucial and highly valued additional support at the peak of the pandemic. Resumption of student placements has required a number of adaptations, and this has been delivered against a backdrop of expanding pre-registration placement numbers as part of the wider NHS People Plan.

In 2020/21 we also expanded our post-registration continuing professional development offering to staff, utilising additional funding from Health Education England with plans to expand this further in 2021/22. We have increased the number of apprenticeships for clinical staff, nursing assistants and trainee nursing associates and plan to introduce degree level registered nurse apprenticeships this coming year, which will provide the final

part of a complete ‘grow-your-own’ nursing pathway. Our first apprenticeships for occupational therapists and operating department practitioners have also begun.

2.4.5 Staff engagement

In the past year, we have increased our use of Microsoft Teams to engage with a wider number of staff at any one time. The trust therefore has been able to maintain positive levels of staff engagement, communicating regularly through a variety of channels, including:

- Freemail – during the pandemic this has been a daily bulletin supplemented by a weekly one sent to all staff via email
- Freepress – a monthly staff magazine distributed to all sites
- Managers briefing – a fortnightly update for line managers on key issues they needed to be aware of and act upon
- COVID daily/weekly updates – via a vlog or Q&A session
- Chief executive briefings – a monthly face-to-face briefing, open to all staff, from the chief executive at each of our hospitals. This is then communicated via video and written channels on the intranet
- Freenet – the intranet available to staff across all sites which is updated daily. The people pages on this have been heavily utilised, particularly the COVID-19 FAQs and the staff health and wellbeing pages.

In 2020 the range of events to engage with staff expanded with the use of Microsoft Teams. All our staff network meetings became virtual but with a much larger audience.

There were also regular forums where senior managers heard feedback and ideas from different groups of staff, including:

- junior doctors
- clinical directors and service line leads
- senior leadership.

2.4.6 Staff survey

The annual national NHS staff survey was conducted between September and December 2020. A total of 9,917 staff were invited to participate and 3,785 or 38% responded. This is less than the previous year, but should be taken in context of the ongoing pandemic of which there was a second surge during the time of the survey.

To encourage staff to take part, a survey working group was set up in July 2020. The key actions taken included:

- weekly communications via Freenet and other channels
- weekly reports to the divisions

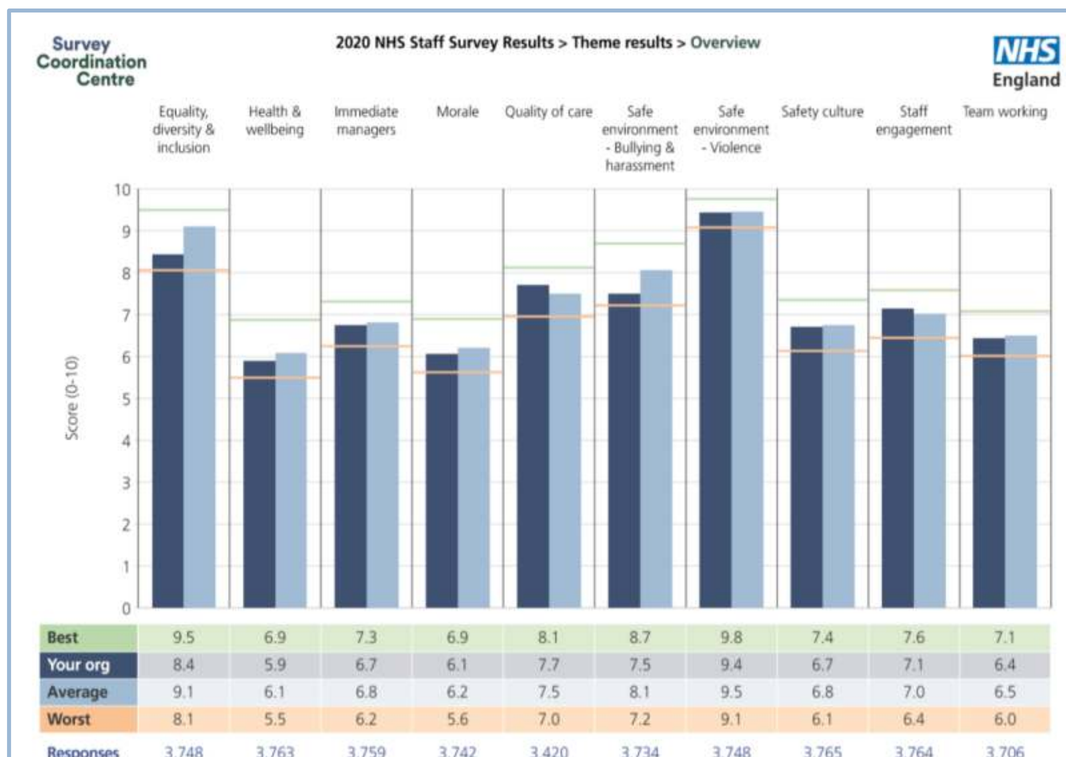
- promotional materials and pop-up posters placed in key areas of the trust
- staff incentive scheme of a £100 voucher for 10 winning participants throughout the campaign.

The survey was distributed by email (80%) and postal copy (20%).

The tables below show response rate by business unit numbers:

Business unit	Total sent	Completed	Ineligible	Non returned	Response rate
Barnet Hospital	3136	1073	158	1905	35%
Chase Farm Hospital	480	226	11	243	47%
Corporate	1260	726	24	510	58%
Group clinical services	726	255	29	442	36%
Royal Free Hospital	4315	1505	198	2612	35%
Total	**9,917**	**3,785**	**420**	**5,712**	**38%**

The trust's performance against the national average and the best and worst performing hospitals is summarised below across 10 key themes:



The trust's performance improved significantly in the area of health and wellbeing, morale, quality of care and staff engagement.

Survey Coordination Centre

2020 NHS Staff Survey Results > Appendices > Significance testing – 2019 v 2020 theme results

NHS England

The table below presents the results of significance testing conducted on this year's theme scores and those from last year*. It details the organisation's theme scores for both years and the number of responses each of these are based on.

The final column contains the outcome of the significance testing: ↑ indicates that the 2020 score is significantly higher than last year's, whereas ↓ indicates that the 2020 score is significantly lower. If there is no statistically significant difference, you will see 'Not significant'. When there is no comparable data from the past survey year, you will see 'N/A'.

Theme	2019 score	2019 respondents	2020 score	2020 respondents	Statistically significant change?
Equality, diversity & inclusion	**8.5**	3711	**8.4**	3748	Not significant
Health & wellbeing	**5.6**	3765	**5.9**	3763	↑
Immediate managers †	**6.8**	3775	**6.7**	3759	Not significant
Morale	**5.9**	3720	**6.1**	3742	↑
Quality of care	**7.6**	3435	**7.7**	3420	↑
Safe environment - Bullying & harassment	**7.5**	3729	**7.5**	3734	Not significant
Safe environment - Violence	**9.4**	3719	**9.4**	3748	Not significant
Safety culture	**6.6**	3735	**6.7**	3765	Not significant
Staff engagement	**7.0**	3792	**7.1**	3764	↑
Team working	**6.5**	3728	**6.4**	3706	Not significant

* Statistical significance is tested using a two-tailed t-test with a 95% level of confidence.

Areas for improvement

The key areas of focus to improve the staff experience are:

- bullying and harassment
- health and wellbeing
- equality, diversity and inclusion
- safety culture.

The infographic below provides a summary of the 2020 staff results and our next steps:

2.4.7 Equality, diversity and human rights

The trust board is committed to providing a workplace that is free from discrimination and inclusive of all staff. Over the past 12 months the trust has focused on embedding equality, diversity and inclusion in its workforce processes, systems and policies.

It has taken steps to continually address the gaps in equality in line with The Equality Act 2010 and supports the delivery of the general Public Sector Equality Duty.

Governance arrangements

The trust board is committed and accountable for the delivery of an improved experience of equality, diversity and inclusion among its workforce.

The trust has set up a new equality, diversity and inclusion task force to oversee and provide strategic direction for equality in the trust. This will further strengthen the inclusive leadership agenda for the organisation and improve staff experience outcomes.

A new equality, diversity, inclusion and human rights workforce working group has also been established to provide operational support and advance the equality agenda, reporting to the task force mentioned above. Our staff side chair is a key member of the group. The trust's staff networks are also a key part of the workforce equality, diversity and inclusion working groups which all have access to the new task force and people committee.

Workforce objectives

Our goal is to promote equality and diversity through two key workforce objectives (derived from the NHS's own Equality Delivery System and reflecting the new NHS People Strategy). They are:

- Develop and embed an inclusive culture for staff, patients and carers through our systems and policies.
- Embed a representative and supportive workforce.
- Have an inclusive leadership representative of the communities we serve.

Key highlights and successes achieved in the last 12 months are:

- 91% completion of COVID-19 staff risk assessments to help reduce the risk of contracting the virus. The Black, Asian and Minority Ethnic risk assessment working group and a wide range of stakeholders developed a trust wide staff risk assessment tool. This helped line managers and staff to identify extremely and clinically vulnerable staff groups. The trust provided preventative equipment on the wards and supported staff who were shielding at home with weekly food packs during the first surge. Outcomes of the risk assessments ranged widely from changing working patterns to removing staff at risk from patient contact into alternative roles. All staff coming into the trust were provided with surgical masks and those travelling on public transport were given appropriate face masks.
- The COVID-19 staff vaccination roll out. Virtual weekly support sessions are in place to encourage ethnic minority staff to have the vaccine and address the barriers to take up through regular dialogue. Ethnic minority staff who have had the vaccine have publicised their support and clinicians with expertise have outlined its safety and efficacy.
- Delivering a programme of support for staff including free car parking, free food, a helpline for psychological and emotional support and face-to-face care from trained clinicians. Free staff accommodation on site and in nearby hotels were also provided to staff where needed.
- Monthly thank you gifts for staff throughout the winter period to express the trust's appreciation for going beyond the call of duty throughout the first and second COVID-19 surges.

- The board's diversity has remained the same with three ethnic minorities directors (two non-executives and one executive). Amongst voting directors, 85% are white and 15% ethnic minority. As of April 2021, the trust will have a chair from an ethnic minority group.

- The trust's workforce remains broadly representative of the local population it serves. The proportion of ethnic minority managers has increased to 32% from 30% over the last 12 months, and an average of 2.42 manager posts are being filled by ethnic minority appointees per month.

- Implementation of the Workforce Disability Equality Standards monitoring since April 2019 with significant improvements made over the last 12 months, particularly of staff reporting adequate adjustments for their disability and that their health and wellbeing had improved.

- Development of new communication channels with the group chief executive and the new joint chair of the Ability @ The Free disability staff network. A video session was broadcast to support disabled staff by bringing their lived experiences into mainstream conversation.

- Strengthening of the trust's leadership presence in the key staff networks; Black, Asian and Minority Ethnic (BAME), Ability @ The Free, Lesbian, Gay, Bisexual, Transgender Plus (LGBT+) and women's through participation in virtual monthly meetings and regular staff engagement.

- The trust trained more staff to become speaking up champions with a total of 70 now across the trust to help support staff to raise issues and concerns and reduce bullying and harassment.

- Review of the trust's equality, diversity and inclusion policy to reflect further improvements in areas such as the needs of transgender people and transitioning at work.

The key areas of focus for the next 12 months include:

- Implementing cultural competency and inclusion training for managers and leaders.

- Closing the gap between the number of ethnic minority and white staff recommending the trust as a place to work.

- Improving our Workforce Disability Equality Standards scores for disabled staff.

Recruitment

We met our target to have trained enough members of staff in diverse recruitment and have achieved an improvement in the number of panels featuring a BAME member of staff. Additionally, where a shortlisted BAME candidate is not selected a clear explanation has to be provided by the recruiting manager to support that candidate's future development for such roles.

Bullying and harassment

The trust's anti-bullying and harassment group meets monthly to lead and co-ordinate our efforts to minimise bullying and harassment experienced by staff. Initiatives introduced and designed to reduce (either in full or part) experiences of bullying and harassment include:

- A booklet outlining the trust values and living our values expectations
- No bullying no bystanders Stonewall campaign
- Mediation and facilitation service
- Values and behaviours videos
- Speaking up network
- Staff networks
- Active trade union support, guidance and advice
- Programme of essential leadership modules aimed to support managers when working with their staff
- Mental health first aider programme
- Well-developed staff health and wellbeing offerings
- Care First staff support service
- Employee relations 'Just and Fair Culture' project
- Publication of bullying and harassment case data
- A bullying and harassment policy.

Future improvements include

- Refreshing the anti-bullying and harassment group new trust policy
- Raising awareness during national anti-bullying week
- Engaging with staff on the types of behaviour they are experiencing
- Developing a communication plan outlining the actions taken in the organisation to eradicate bullying/harassment behaviour
- Targeting hotspots (including areas of good practice to identify successful practices)
- Developing a mandatory e-learning session, specifically related to the trust values and bullying and harassment
- Leveraging senior management support to reduce bullying/harassment behaviour.

Gender pay gap

Our gender pay gap has reduced from a mean of 17.68% in 2017 to 16.08% in 2020. While the median has reduced from 13.32% in 2017 to 12.72% in 2020.

The gender pay gap is driven by a number of factors including the predominance of female staff in the nursing and support staff professional groups, the consultant workforce (through the impact of seniority and clinical excellence award payments) and the under-representation of women in very senior roles. See the full report here.

The following table shows our gender pay gap comparative data from 2017-2020:

Gender pay gap year-on-year comparison

All Staff	Mean		Median		Gender Pay Gap %	
	Female	Male	Female	Male	Mean	Median
2017	£19.44	£23.61	£17.60	£20.31	17.68%	13.32%
2018	£20.14	£23.97	£18.31	£20.64	15.98%	11.28%
2019	£20.65	£24.51	£18.90	£21.31	15.74%	10.51%
2020	£21.11	£25.16	£19.36	£22.18	16.08%	12.72%

Ethnicity pay gap

The trust has also conducted an ethnicity pay gap analysis for the first time although this is not a legislative requirement. The report shows there is an overall ethnicity pay gap of 11.26% between white and ethnic minority staff. For the full report, see here.

Gender	Headcount		Avg. hourly rate			
	Ethnic Minority	White	Ethnic Minority	White	Difference	Pay gap %
Female	4,712	4,340	£20.10	£22.20	£2.10	9.47%
Male	1,936	1,492	£23.08	£27.77	£4.69	16.89%
Total	£20.65	£24.51	£18.90	£21.31	15.74%	10.51%

2.4.8 Employee relations

Partnership working with trade unions continues to be well embedded in the trust. People policies are discussed and approved, with trade union colleagues, at the joint negotiating and consultative committee which is supported by a policy forum and other working groups. Positive working relationships are developed, and groups work in a collaborative way to ensure that the views of all stakeholders are incorporated.

The groups currently manage 40 policies and during March 2021 all of these were in date. The pandemic has had a significant impact on this workstream, and work was paused during both major surges. As a priority, work is now underway to review all policies that will soon be expiring. Key actions for completion are:

- Introduce updated modern employee relations policies that reflect the trust’s priorities and which support individuals and managers. This piece of work is progressing well with an overarching policy, along with the disciplinary policy and procedure already approved.

- Introduce three new policies which will assist the trust in developing its equality, diversity and inclusion agenda.

- Work with north central London colleagues to agree policies that apply to staff working across the sector and which remove unnecessary deviation between local employers.

Policies due to be reviewed are:

- Mandatory training policy
- Disclosure and barring service policy
- Temporary workers policy and procedure
- Recruitment and selection policy
- Staff e-roster policy
- Protection of pay and conditions policy and procedure
- Study leave and funding policy (for non-medical staff)
- Appeals policy and procedure
- Flexible working policy and procedure
- Bullying and harassment policy
- Managing attendance and sickness absence policy and procedure
- Staff wellbeing and managing stress policy
- Apprenticeships policy
- Professional registration policy
- Speaking up policy
- Maternity adoption paternity and parental leave policy
- Performance and capability management policy and procedure
- Probationary policy and procedure
- Special leave policy and procedure
- On call and irregular working policy
- Managing organisational change policy and procedure
- Grievance policy and procedure
- Dress code and uniform policy
- Annual leave policy
- Medical appraisal policy and procedure
- Appraisal and pay progression policy
- Conflicts of interest policy
- Overarching policy

- Smoke free policy
- Alcohol and drug policy
- Latex policy
- Sharps policy
- Trade union recognition & partnership agreement
- Disciplinary policy and procedure
- Safe staffing policy
- Car lease policy
- Secondment policy.

New policies to be introduced during 2021/2022 are:

- LGBT+ friends and staff guide for staff and patients
- Trans and non-binary guidance for staff and patients
- Transitioning at work guidance.

Trade union facility time

Number of union officials	
Number of employees who were relevant union officials during the year: **43**	Number of full-time equivalent employees: **1.94**
Percentage of time spent on facility time	
Percentage of time:	Number of employees:
0%	36
1-50%	6
51-99%	1
100%	0
Percentage of pay bill spent on facility time	
Total cost of facility time	£90,893
Total pay bill (excluding subsidiaries)	£573,490,020
Percentage of pay bill spent on facility time	0.017%

Workplace nurseries

All four nurseries at the trust are currently rated “Good” by Ofsted and have remained open throughout the last 12 months to support key workers during the pandemic with childcare provision.

The nurseries have in place COVID-19 protocols to ensure both children and staff are in a safe work environment and weekly lateral flow testing is in place for staff. Childcare places are for babies up to pre-school five-year-olds, offering both full time and part-time places.

Currently the nurseries are undergoing a formal consultation to ensure their future sustainability.

2.4.8 Application of the Modern Slavery Act

The Modern Slavery Act 2015 established a duty for commercial organisations to prepare an annual slavery and human trafficking statement of the steps it has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.

The Department of Health and Social Care and the Home Office have established that NHS bodies are not considered to be carrying on a business where they are engaged in publicly funded activities and that it was not intended that such activities should be within the scope of the Act. Income earned by NHS providers like the trust from government sources, including clinical commissioning groups and local authorities, is considered to be publicly funded for this purpose so the trust does not meet the threshold for having to provide a statement. Nevertheless, the trust undertakes its procurement from suppliers in line with NHS standards and includes standard NHS terms. In relation to its own activities the trust has employment, identity and employee welfare arrangements in place to combat any exploitation of people.

2.5 Single oversight framework

NHS Improvement's Single Oversight Framework is concerned with overseeing providers and identifying potential support needs. It looks at five themes:

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability (well-led).

Finance and use of resources

The finance and use of resources monitoring was not used in the 2021/22 financial year. The financial regime changed in year due to the pandemic and most of these measures would no longer have indicated the ability of the trust to use resources efficiently and effectively.

The trust was compliant with the financial regime that was implemented in year and achieved all financial targets. The trust has monitored and reported on key financial indicators such as its income and expense position and working capital including, cash, creditors and debtors. Internal audit has been able to carry out a full programme of work and no concerns around governance or financial controls have been raised. The trust continues to work on improving the underlying financial deficit.

Statement of the chief executive's responsibilities as the accounting officer of Royal Free London 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 the Royal Free London NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Royal Free London 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.

Caroline Clarke
Chief Executive

14 June 2021

2.6 Annual governance statement 2020/21

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 policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Royal Free London NHS Foundation Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As group chief executive I have overall responsibility for risk management within the trust and that there is a group risk management policy. Day to day management of risks is undertaken by operational management, who ensure risk assessments are undertaken proactively and remedial actions are undertaken when problems are identified. The group executive committee (GEC) has the responsibility to ensure adequate structures, processes and actions are in place to manage risk. GEC ensures that identifying any risk, reporting risk and managing mitigations are seen as core to all staff. Regular training on risk management is given.

The risk and control framework

The risk management policy and supporting procedures set out the key responsibilities for managing risk in the organisation. Risks are scored using the NHS five by five matrix which balances likelihood of occurrence against the consequences of the risk happening. Risk management is regularly considered by the board and GEC and reviewed by the audit committee.

The trust is registered and licensed by the Care Quality Commission (CQC). The trust's CQC quarterly self-assessments assurance process determines if the trust is meeting CQC fundamental standards across all sites. Our services were inspected by the CQC in December 2018 and a well-led review was carried out in January 2019. The result of these reviews was a rating of 'requires improvement'. The trust is actively implementing the action plan that resulted from the inspection.

In 2020, an inspection of Royal Free Hospital maternity services was undertaken by the CQC who rated them inadequate. More details about this can be found in the patient care section of the report on page 71.

The trust is fully compliant with the registration requirements of the CQC and it has published details of its results on the trust website.

Data security risks

Increasing levels of cyber threats posed by more remote working, messaging apps and the need to rapidly exchange information as a result of COVID-19, prompted a review of the trust's current levels of security.

Our cyber defence strategy is to have multiple barriers to attacks running at all times and operating in different ways; should one barrier be breached, then another is blocked by the next barrier. This includes sending out real time alerts to the relevant technical team and applying CareCERT patches to operating systems which have been exposed to a specified vulnerability.

The trust uses both Darktrace and ArcSight cyber defence technology, which detect real-time threats and respond using artificial intelligence. We are currently working with Darktrace to update all on site appliances to the latest recommended level of protection, as well as working with north central London chief information officers to minimise cyber-attacks and undertaking annual network penetration testing.

The trust is part of the CareCERT process administered by NHS Digital which aims to support NHS organisations manage cyber security risk effectively. Notifications of high priority from NHS Digital are actioned within 24 hours. In 2020/21 we dealt with eight alerts.

The trust submits its NHS Digital, Data Security and Protection Toolkit compliance standards annually in May. Due to COVID-19, NHS Digital has extended the submission date of this year's toolkit. The trust will make its submission in line with these new timescales.

To ensure the trust has world class data quality, a data quality portal and dashboard are in place and a data quality strategy agreed.

Risk management embedded in the organisation

The group executive committee has overall responsibility for risk management in the organisation. To reflect the group structure, each hospital site has its own local executive committee that regularly monitors risk and performance. There are also site-based quality and safety boards.

The trust engages with the north central London overview and scrutiny committee, where each of the five local council chief executives and Healthwatch are represented.

Local members' councils (LMCs) have been established for each hospital site to engage with local communities and monitor individual hospital performance. They are chaired by non-executive directors and attended by Healthwatch representatives. During 2020/21 LMCs were suspended due to the pandemic but restarted in April 2021.

Summary of the major organisational risks

The board assurance framework (BAF) is reviewed regularly by the board and the group executive committee (GEC). The purpose of the BAF is to record the risks to the achievement of the trust's strategy with each risk being owned by a board sub-committee

and by a lead executive. Any member of staff can identify and record a risk using the Datix system and all three trust hospitals have their own risk register. The risk management policy and processes are regularly reviewed by the audit committee to ensure they are working effectively, universally implemented and fit for purpose.

In 2020/21 the following risks (in order of severity) were identified:

1. Waiting times and access for patients
2. Tighter financial constraints
3. Inability to address inequalities
4. Challenges of new ways of working (including infection control and prevention and agile working)
5. Reduction in public support for the NHS
6. Infection outbreaks both in the hospital and in the wider community
7. Staff resilience and fatigue
8. Legacy IT infrastructure and cyber security
9. Personal protective equipment, consumables and equipment and supply chain resilience.

Maintaining an effective control environment during COVID-19

From early March 2020, the trust took immediate action to ensure that it had effective governance to manage the impact of the pandemic. To ensure it could respond effectively in this fast-moving environment, the board reviewed the way it made urgent decisions. At its extraordinary meeting on 11 March 2020, it agreed to establish an urgent decision committee where authority was delegated to the group chair, group chief executive, Royal Free Hospital chief executive/emergency accountable officer and chief medical officer for deciding any matter requiring an urgent decision prior to the resumption of normal business. Matters requiring a board level decision, which could not wait for the scheduled board meetings, were decided by this committee and the following governance arrangements were agreed:

- Meetings are formally convened
- A decision log is kept
- Decisions are formally reported to the next board meeting for endorsement and ultimately to a public board meeting when they resume.

Workforce safeguards

In accordance with 'Managing Conflicts of Interest in the NHS' guidance, decision-making staff are required to declare their interests. During 2020/21 declarations of interest were transferred to an online system which has improved the speed of registration. This system is regularly reviewed to ensure compliance.

Staff are entitled to membership of the NHS Pension Scheme, with control measures in place to ensure all our obligations are complied with. This includes ensuring deductions from salary, employer's contributions and payments into the scheme are in accordance with the scheme rules and the member pension scheme records are accurately updated in accordance with the timescales detailed in the regulations.

Control measures are in place to ensure that our obligations under equality, diversity and human rights legislation are complied with.

Sustainability

The trust has undertaken risk assessments and has a sustainable development plan in place which takes account of UK Climate Projections 2018 (UKCP18) and that we comply with the Climate Change Act and the Adaptation Reporting requirements. The trust is actively working with our North London partners to develop an effective carbon reduction programme focusing on areas such as energy efficiency, waste reduction and reducing unnecessary journeys.

Information governance

Information governance provides the framework for handling information in a secure and confidential manner, covering the collection, storage and sharing of information.

The deputy chief information officer chairs the information governance group, the principal body overseeing the management of information risks. This group reports into the group executive committee via the digital transformation board and oversees the submission of the trust's annual data security and protection toolkit.

The trust's control and assurance processes for information governance include:

- a trained Caldicott Guardian, senior information risk owner and data protection officer
- a risk management and incident reporting process
- staff data protection training
- data protection, information security, records management and confidentiality policies
- information governance risk register
- self-assessment data security and protection toolkit
- regular audit review of data security and protection toolkit.

Public bodies are required to publish details of personal data-related incidents in their annual reports. In 2020/21 there were four information governance incidents which were investigated and reported to the Information Commissioner's Office (ICO).

Date of incident	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification steps	Information Commissioner's Office investigation outcome
24/12/2020	Loss of diary containing patient data	Paper record, personal confidential data	40	Information Commissioner's Office (ICO) Affected patients notified	Investigated, no further action taken

Date of incident	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification steps	Information Commissioner's Office investigation outcome
13/11/2020	Newsletter email sent to patients not using a BCC function.	Email address	150	Information Commissioner's Office (ICO) notified. Affected patients notified	Investigated, no further action taken
02/10/2020	Newsletter email sent to patients not using a BBC function.	Email address	174	Information Commissioner's Office (ICO) notified. Affected patients notified	Investigated, no further action taken
17/04/2020	Sensitive personal data sent to incorrect recipient	Electronic, personal confidential data	1	Information Commissioner's Office (ICO) notified. Affected patient notified Email deleted by incorrect recipient	Investigated, no further action taken

Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me.

My review is also informed by the external auditor's audit report 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 clinical standards and innovation committee, and a plan to address weaknesses and ensure continuous improvement of the system in place.

There has been a strong focus during 2020/21 on ensuring clarity on management oversight and decision making, with a revised scheme of delegation put in place. An internal audit of governance was completed which has resulted in an accountability framework being introduced in June 2020.

The audit committee met six times during 2020/21. Twelve internal audit reports have been considered by the committee and their assurance ratings are shown below:

Report	Assurance rating
Infection prevention and control - reviewed processes in place to adopt the infection prevention control board assurance framework.	Significant assurance with minor improvement opportunities (amber-green).
Responding to Care Quality Commission (CQC) and well-led reviews - review of the governance processes and arrangements the trust had in place to respond to the recommendations arising from the 2019 CQC inspection and 2019 Deloitte well-led review.	Significant assurance with minor improvement opportunities (amber-green).
COVID-19 public dividend capital - considered the use of capital funds relating to COVID-19 awarded to the trust.	Significant assurance (green).
Financial controls – focused on payroll, accounts payable, accounts receivable, general ledger and fixed assets.	Significant assurance with minor improvement opportunities (amber – green).
Integrated Care System: Corporate services - reviewed arrangements in place to oversee the corporate services transformation programme at north central London level, considering the implications for the trust.	Significant assurance with minor improvement opportunities (amber – green).
Financial scenario planning - processes in place for financial planning.	Significant assurance (green).
Financial governance during COVID-19 - reviewed processes in place to ensure there was robust governance in place during the pandemic.	Significant assurance with minor improvement opportunities (amber – green).
Business and IT resilience - review to understand how the trust responded to altering ways of working during COVID-19.	Significant assurance with minor improvement opportunities (amber – green).
The Ockenden review – reviewed the trust's submission in response to the immediate and	Significant assurance with minor improvement opportunities (amber – green).

essential actions arising from the Ockenden Report into maternity services.	
Cyber security – reviewed the trust's protection controls using the National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF).	Significant assurance with minor improvement opportunities (amber – green).
Integrated Care System linked: workforce - reviewed the governance arrangements and controls in place in relation to the recruitment workstream of the North London Partnership Shared Services within the north central London integrated care system.	Significant assurance with minor improvement opportunities (amber – green).
Information governance - reviewed the overall design and operation of key mandatory data security and protection toolkit controls at the trust.	Significant assurance with minor improvement opportunities (amber – green).

Conclusion

Our financial position remained challenging in 2020/21. From a cash perspective, we are confident that the trust will continue to be able to access Department of Health and Social Care funds as we progress our strategic financial plan and deliver clinical services for the foreseeable future. For this reason, the trust continues to adopt the going concern basis in preparing the accounts.

The trust has received a Head of Internal Audit opinion of 'significant assurance with minor improvement opportunities'. It has identified its major risks and is committed to continuous improvement of its governance arrangements to ensure that risks are correctly identified and managed, and that serious incidents and non-compliance with regulatory requirements are escalated and subject to prompt and effective remedial action, so that patients, service users, staff and stakeholders at the Royal Free London can be confident in the quality of services we deliver.

My review confirms that the Royal Free London NHS Foundation Trust has sound systems of internal control with no significant internal control issues identified in this report.

Caroline Clarke
Chief Executive

14 June 2021

3 Annual accounts

Foreword to the accounts

Royal Free London NHS Foundation Trust

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

Caroline Clarke
Chief Executive
14 June 2021

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Statement of Comprehensive Income for the Year Ended 31 March 2021

		Group		Trust	
	Note	2020/21	2019/20	2020/21	2019/20
		£000	£000	£000	£000
Operating income from patient care activities	3	1,099,485	1,015,898	1,099,485	1,015,898
Other operating income	3	214,223	118,503	211,316	118,884
Operating expenses	4	(1,305,299)	(1,150,906)	(1,303,742)	(1,150,875)
Operating surplus / (deficit) from continuing operations		**8,409**	**(16,505)**	**7,059**	**(16,093)**
Finance income	9	120	756	5,656	6,367
Finance expenses	10	(5,062)	(9,586)	(10,979)	(15,393)
PDC dividends payable		(13,349)	(9,571)	(13,349)	(9,571)
Net finance costs		**(18,291)**	**(18,401)**	**(18,672)**	**(18,597)**
Other gains	11	2,004	1,050	2,004	1,050
Share of profit of associates and joint arrangements	15	5,452	1,386	5,452	1,386
Corporation tax expense		(288)	(5)	-	-
Deficit for the year		**(2,714)**	**(32,475)**	**(4,157)**	**(32,254)**
Other comprehensive income / (expense)					
Will not be reclassified to income and expenditure:					
Impairments	5	(67,817)	(2,416)	(67,817)	(2,416)
Revaluations	13	44,815	46,057	44,815	46,057
Other reserve movements		-	486	-	486
Total comprehensive (expense) / income for the year		**(25,716)**	**11,652**	**(27,159)**	**11,873**

The notes on pages 137 to 179 form part of these accounts.

Statements of Financial Position as at 31 March 2021

		Group		Trust	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	12	13,834	14,727	13,834	14,727
Property, plant and equipment	13	701,421	692,384	700,258	692,108
Investment property	14	-	750	-	750
Investments in associates and joint ventures	15	24,602	19,150	24,602	19,150
Investments in subsidiaries	16	-	-	50	50
Receivables	18	83	606	126,588	128,639
Total non-current assets		**739,940**	**727,617**	**865,332**	**855,424**
Current assets					
Inventories	17	14,687	14,829	12,907	12,852
Receivables	18	68,873	130,409	75,703	136,699
Cash and cash equivalents	19	110,681	24,564	105,525	23,721
Total current assets		**194,241**	**169,801**	**194,135**	**173,272**
Current liabilities					
Trade and other payables	20	(252,453)	(233,433)	(246,446)	(231,008)
Borrowings	22	(6,887)	(151,188)	(8,453)	(152,183)
Provisions	24	(31,526)	(10,103)	(31,526)	(10,103)
Other liabilities	21	(13,535)	(13,592)	(13,535)	(13,592)
Total current liabilities		**(304,401)**	**(408,316)**	**(299,960)**	**(406,886)**
Total assets less current liabilities		**629,780**	**489,103**	**759,507**	**621,811**
Non-current liabilities					
Trade and other payables	20	(425)	(425)	(425)	(425)
Borrowings	22	(54,636)	(60,731)	(185,710)	(193,344)
Provisions	24	(8,941)	(4,666)	(8,941)	(4,666)
Other liabilities	21	(3,101)	(3,269)	(3,101)	(3,269)
Total non-current liabilities		**(67,103)**	**(69,091)**	**(198,177)**	**(201,704)**
Total assets employed		**562,677**	**420,011**	**561,330**	**420,107**
Financed by					
Public dividend capital		677,509	509,127	677,509	509,127
Revaluation reserve		180,926	204,415	180,926	204,415
Income and expenditure reserve		(295,758)	(293,531)	(297,105)	(293,435)
Total taxpayers' equity		**562,677**	**420,011**	**561,330**	**420,107**

The notes on pages 137 to 179 form part of these accounts.

Caroline Clarke
Chief Executive

10 June 2021

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

2020/21	**Group**			
	Public dividend capital £000	**Revaluation reserve £000**	**Income and expenditure reserve £000**	**Total £000**
Taxpayers' and others' equity at 1 April 2020	**509,127**	**204,415**	**(293,531)**	**420,011**
Deficit for the year	-	-	(2,714)	**(2,714)**
Impairments	-	(67,817)	-	**(67,817)**
Revaluations	-	44,815	-	**44,815**
Transfer to retained earnings on disposal of assets	-	(487)	487	**-**
Public dividend capital received *	168,382	-	-	**168,382**
Taxpayers' and others' equity at 31 March 2021	**677,509**	**180,926**	**(295,758)**	**562,677**

* Public dividend capital (PDC) received comprises of;
1. £145.7m in respect of debt to equity transfer of all interim revenue loans as per Department of Health and Social Care (DHSC) guidance, effective from 1 April 2020.
2. £22.7m in respect of capital projects.

2019/20	**Group**			
	Public dividend capital £000	**Revaluation reserve £000**	**Income and expenditure reserve £000**	**Total £000**
Taxpayers' and others' equity at 1 April 2019	**496,911**	**160,289**	**(261,056)**	**396,144**
Deficit for the year	-	-	(32,475)	**(32,475)**
Impairments	-	(2,416)	-	**(2,416)**
Revaluations	-	46,056	-	**46,056**
Public dividend capital received	12,216	-	-	**12,216**
Other reserve movements	-	486	-	**486**
Taxpayers' and others' equity at 31 March 2020	**509,127**	**204,415**	**(293,531)**	**420,011**

The notes on pages 137 to 179 form part of these accounts.

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

2020/21	Trust			
	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020	**509,127**	**204,415**	**(293,435)**	**420,107**
Deficit for the year	-	-	(4,157)	**(4,157)**
Impairments	-	(67,817)	-	**(67,817)**
Revaluations	-	44,815	-	**44,815**
Transfer to retained earnings on disposal of assets	-	(487)	487	**-**
Public dividend capital received *	168,382	-	-	**168,382**
Taxpayers' and others' equity at 31 March 2021	**677,509**	**180,926**	**(297,105)**	**561,330**

* Public dividend capital (PDC) received comprises of;
1. £145.7m in respect of debt to equity transfer of all interim revenue loans as per Department of Health and Social Care (DHSC) guidance, effective from 1 April 2020.
2. £22.7m in respect of capital projects.

2019/20	Trust			
	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019	**496,911**	**160,289**	**(261,181)**	**396,019**
Deficit for the year	-	-	(32,254)	**(32,254)**
Impairments	-	(2,416)	-	**(2,416)**
Revaluations	-	46,056	-	**46,056**
Public dividend capital received	12,216	-	-	**12,216**
Other reserve movements	-	486	-	**486**
Taxpayers' and others' equity at 31 March 2020	**509,127**	**204,415**	**(293,435)**	**420,107**

Notes:

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 (DHSC). A charge, reflecting the cost of capital utilised by the trust, is payable to the DHSC 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.

The notes on pages 137 to 179 form part of these accounts.

Statements of Cash Flows for the Year Ended 31 March 2021

		Group		Trust	
		2020/21	2019/20	2020/21	2019/20
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating surplus / (deficit)		8,409	(16,505)	7,059	(16,093)
Non-cash income and expense:					
Depreciation and amortisation	4	39,531	36,926	39,065	36,619
Net impairments	5	6,106	1,160	6,106	1,160
Income recognised in respect of capital donations		(3,771)	-	(3,771)	-
Decrease / (Increase) in receivables and other assets		67,551	(10,417)	68,542	(14,761)
Decrease / (Increase) in inventories		142	(3,827)	(54)	(1,850)
Increase in payables and other liabilities		21,797	27,287	18,531	22,639
Increase in provisions		25,703	1,348	25,703	1,348
Net cash flows from operating activities		**165,468**	**35,972**	**161,181**	**29,062**
Cash flows from investing activities					
Interest received		120	756	5,716	6,367
Purchase of intangible assets		(1,131)	-	(1,131)	-
Purchase of PPE and investment property		(76,991)	(43,873)	(76,560)	(43,592)
Sales of PPE and investment property		-	1,862	-	1,862
Receipt of cash donations to purchase assets		1,678	-	1,678	-
Net cash flows used in investing activities		**(76,324)**	**(41,255)**	**(70,297)**	**(35,363)**
Cash flows from financing activities					
Public dividend capital received		168,382	12,216	168,382	12,216
Movement on loans from Department of Health and Social Care		(147,234)	1,722	(147,234)	1,722
Other capital receipts		-	-	918	2,204
Capital element of finance lease rental payments		(871)	(513)	(1,837)	(513)
Capital element of PFI and other service concession payments		(2,137)	(1,855)	(2,137)	(1,855)
Interest on loans		(799)	(5,120)	(799)	(5,120)
Other interest		-	-	(6,005)	-
Interest paid on finance lease liabilities		(1,415)	(1,194)	(1,415)	(1,194)
Interest paid on PFI and other service concession obligations		(3,010)	(3,292)	(3,010)	(3,292)
PDC dividend paid		(15,943)	(8,046)	(15,943)	(8,046)
Net cash flows used in financing activities		**(3,027)**	**(6,082)**	**(9,080)**	**(3,878)**
Increase / (decrease) in cash and cash equivalents		**86,117**	**(11,365)**	**81,804**	**(10,179)**
Cash and cash equivalents at beginning of year		**24,564**	**35,929**	**23,721**	**33,900**
Cash and cash equivalents at end of year	19	**110,681**	**24,564**	**105,525**	**23,721**

The notes on pages 137 to 179 form part of these accounts.

Notes to the Accounts

Note 1 Accounting policies and other information

The accounting policies disclosed below are applicable to the group and trust, unless noted otherwise. Details of the accounting policies for the subsidiary company, following FRS 101, are noted in the relevant sections.

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

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Consolidation

Subsidiaries

The group financial statements consolidate the financial statements of the trust and entities controlled by the trust (its subsidiaries) and incorporate its share of the results of wholly controlled entities and associates using the equity method of accounting. The financial statement of the subsidiaries is prepared for the same reporting year as the trust.

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

Where subsidiaries' accounting policies are not aligned with those of the trust (including where they report under UK FRS 101) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Subsidiaries which are classified as held for sale are measured at the lower of their carrying amount and ‘fair value less costs to sell’.

See note 16 for details of investments in subsidiaries.

Associates

Associate entities are those over which the trust has the power to exercise a significant influence. Associate entities are recognised in the trust’s financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the trust’s share of the entity’s profit or loss or other gains and losses (eg revaluation gains on the entity’s property, plant and equipment) following acquisition. It is also reduced when any distribution, eg, share dividends are received by the trust from the associate.

Associates which are classified as held for sale are measured at the lower of their carrying amount and ‘fair value less costs to sell’.

Joint ventures

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

See note 15 for the trust’s interests in associates and joint ventures.

Note 1.4 Revenue

Note 1.4.1 Revenue from contracts with customers

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

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

Revenue from NHS contracts

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

2020/21

The main source of income for the trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust’s income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners.

For the second half of the year, block contract arrangements were agreed at a [Integrated Care System/Sustainability and Transformation Partnership] 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 healthcare 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. Revenue could be split evenly over years, as expenditure is incurred or as per the contract.

NHS injury cost recovery scheme

The trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less 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.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)

In 2019/20, the PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.4.2 Revenue grants and other contributions to expenditure

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.

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, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the 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. Donations are treated in the same way as government grants.

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have a 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. For example, IT assets of low value which are interdependant upon each other.

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust. In addition, Chase Farm has been valued on a net basis in 2020/21 on the basis that this was transacted through the set up of a wholly owned subsidiary of the trust and the VAT was fully recoverable as approved by HMRC. During 2019/20 Chase Farm was valued on a gross basis as there was uncertainty as to whether VAT recovery would be allowed or not using special purpose vehicles.

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

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

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

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

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

Derecognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

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

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

Donated and grant funded assets

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

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

In 2020/21, this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the COVID-19 pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Private Finance Initiative (PFI)

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and

equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	18	60
Dwellings	18	60
Plant & machinery	3	7
Transport equipment	7	7
Information technology	3	5
Furniture & fittings	7	7

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

Note 1.9 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

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

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

Amortisation

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

Useful lives of intangible assets

	Min life Years	Max life Years
Development expenditure	3	7
Software licences	3	7
Licences & trademarks	3	7

Note 1.10 Inventories

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

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

Note 1.11 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 solely to generate a commercial return 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.

Note 1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Note 1.13 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the trust elected to measure an equity instrument in this category on initial recognition.

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the trust recognises an allowance for expected credit losses.

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

Expected credit losses are determined using a combination of general and specific provision rates applied to trade debtors. In respect of NHS organisations a provision for credit notes is made.

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

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

Derecognition

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

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

Note 1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as lessee

Finance leases

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

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

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

Operating leases

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

Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

The trust as lessor

Finance leases

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

Operating leases

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

Note 1.15 Provisions

The trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury. For 2020/21 the discount rate applied is negative 0.95% (2019/20: negative 0.5%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 24 but is not recognised in the trust's accounts.

Non-clinical risk pooling

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

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets.

Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.17 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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

Note 1.18 Value added tax

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

Note 1.19 Corporation tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income. The current tax charge is calculated on the basis of the tax laws enacted in the UK at the date of the Statement of Financial Position where the company operates and generates taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Note 1.19.1 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Note 1.20 Climate change levy

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

Note 1.21 Foreign exchange

The functional and presentational currency of the trust is sterling.

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

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

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

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

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

Note 1.22 Third party assets

Assets belonging to third parties in which the trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in note 19.1 to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.23 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 1.24 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 1.25 Early adoption of standards, amendments and interpretations

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

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust’s incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

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

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable.

Note 1.27 Critical judgements in applying accounting policies

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

Valuation of land and buildings

The trust’s land and building assets are valued on the basis explained in note 1.8 and note 13 to the accounts. Gerald Eve LLP (2019/20: Montagu Evans) provided the trust with a valuation of land and building assets (estimated fair value and remaining useful life). The valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, leads to revaluation adjustments as described in note 13 to the accounts. Future revaluations of the trust’s property may result in further changes to the carrying values of non-current assets.

2020/21: No fundamental uncertainty as a result of COVID-19 pandemic was included in the valuation report by Gerald Eve and this has been endorsed by RICS.

2019/20: No fundamental uncertainty as a result of COVID-19 pandemic was included in the valuation report by Montagu Evans. As the majority of property related to those used in the provision of healthcare (£583 million out of £596.5 million of assets) and are valued on a DRC approach, no impairment has therefore been considered necessary by the trust on the assets held.

Consolidation of charitable funds

The trust has assessed its relationship to the charitable fund and determined that it is not a subsidiary. This is because the trust has no power to govern the financial and operating policies of the charitable fund so as to obtain the benefits from its activities for itself, its patients or its staff.

Note 1.28 Sources of estimation uncertainty

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

Provisions

Provisions have been made for legal and constructive obligations of uncertain timing or amount as at the reporting date. These are based on estimates using relevant and reliable information as is available at the time the accounts are prepared. These provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. The carrying amounts and basis of the trust’s provisions are detailed in note 24 to the accounts.

Allowances for credit losses

The trust makes allowances for different categories of receivables at rates determined by the age of the debt. Additionally, specific receivables are impaired where the trust deems it will not be able to collect the amounts due. Amounts are disclosed in note 18 to the accounts.

Whole Government Department bodies estimates

The trust carries out a full review of its receivables with whole government department bodies at the end of the year and makes allowance for possible credit notes to be issued where there is uncertainty that the receivables will be paid.

Note 2 Operating segments

The board as 'Chief Operating Decision Maker' has determined that healthcare services operate in a single reportable segment, which is the provision of healthcare services. The segmental reporting format reflects the trust's management and internal reporting structure. The trust has identified segments in line with the thresholds in IFRS 8, applying the requirement of the GAM to adopt three significant operating segments subject to the external reporting requirement of IFRS 8. Applying the aggregation criteria to the trust’s three significant operating segments found that in all cases the segments had similar economic characteristics, the nature of the services are similar, the nature of the production process are similar, the type or class of customer for the services are similar, the methods used to provide the services are similar and the nature of the regulatory environment is similar.

The trust’s significant operating segments satisfy all of the criteria listed for an aggregation to be deemed appropriate. The three significant operating segments of the trust are all active in the same

business – the provision of healthcare, and all operate within the same economic environment – the United Kingdom. Given that the purpose of disclosing segmental information is to enable users of the annual report and accounts to evaluate the nature and financial effects of business activities and economic environments, reporting a single segment of 'Healthcare' would be consistent with the core principle of IFRS 8, as it would show the singular nature of both the business activity and the economic environment of the trust.

Note 3 Operating income

Note 3.1 Income from patient care activities (by nature)

	Group and Trust	
	2020/21 £000	**Restated 2019/20 £000**
Acute services		
Block contract / system envelope income [1]	1,036,914	951,459
High cost drugs income from commissioners (excluding pass-through costs) [2]	3,964	-
Other NHS clinical income [3]	16,639	13,637
All services		
Private patient income [4]	3,598	20,426
Additional pension contribution central funding [5]	27,077	25,477
Other clinical income [6]	11,293	4,899
Total income from activities	**1,099,485**	**1,015,898**

Notes:

1. As part of the Covid-19 pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

2. The spend in respect of high cost drugs during 2019/20 was £187.1m and this has been reclassified within 'block contract/system envelope income' to show a meaningful comparison to 2020/21.
The £4.0m shown in 2020/21 is high cost drugs spend over above block contract.

3. £241.8m of 2019/20 spend in respect of 'other NHS clinical income' has been reclassified to 'block contract / system envelope income' to show a meaningful comparison to 2020/21.

4. Significant reduction in private patient income due to the Covid-19 pandemic.

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

6. £32.7m of prior year income has been reclassified to 'block contract / system envelope income' to show a meaningful comparison to 2020/21.

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

Note 3.2 Income from patient care activities (by source)

	Group and Trust	
	2020/21	2019/20
Income from patient care activities received from:	£000	£000
NHS England	468,357	414,392
Clinical commissioning groups	599,597	564,913
Other NHS providers	10,032	5,857
NHS other	6,607	5,113
Non-NHS: private patients	3,598	20,426
Non-NHS: overseas patients (chargeable to patient)	1,693	2,441
Injury cost recovery scheme	1,108	1,863
Non NHS: other	8,493	893
Total income from activities	**1,099,485**	**1,015,898**
Of which:		
Related to continuing operations	1,099,485	1,015,898

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

	Group and Trust	
	2020/21	2019/20
	£000	£000
Income recognised this year	1,693	2,441
Cash payments received in-year	288	796
Amounts added to provision for impairment of receivables	1,265	1,227
Amounts written off in-year	1,234	2,518

Note 3.4 Other operating income

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Other contract operating income				
Research and development	9,849	11,350	9,849	11,350
Education and training	36,140	34,418	36,140	34,418
Non-patient care services to other bodies	20,481	21,193	20,380	21,088
Provider sustainability fund (2019/20 only)	-	14,355	-	14,355
Financial recovery fund (2019/20 only)	-	14,807	-	14,807
Marginal rate emergency tariff funding (2019/20 only)	-	2,620	-	2,620
Reimbursement and top up funding [1]	107,978	-	107,978	-
Other income	20,653	18,819	17,847	19,305
Other non contract operating income				
Charitable and other contributions to expenditure [2]	15,083	550	15,083	550
Rental revenue from operating leases	268	391	268	391
Receipt of capital grants and donations	3,771	-	3,771	-
Total other operating income	214,223	118,503	211,316	118,884
Of which:				
Related to continuing operations	214,223	118,503	211,316	118,884

Notes:

Note 1: £108.0m of system funding to cover costs of the Covid-19 pandemic including additional staffing requirements, Nightingale hospital, PPE procurement, Covid-19 testing and vaccine hub.

Note 2: During 2020/21 the trust received £680k (2019/20: £420k) from the Royal Free Charity and £8k (2019/20: £130k) from the Barnet League of Friends as contributions to expenditure.

Note 4 Operating expenses

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	11,974	13,658	11,974	13,658
Purchase of healthcare from non-NHS and non-DHSC bodies	70,825	55,615	70,825	55,614
Staff and executive directors costs	658,822	592,892	654,480	589,634
Remuneration of non-executive directors	213	198	167	171
Supplies and services - clinical (excluding drugs costs)	83,150	74,038	83,150	72,845
Supplies and services - general	39,110	24,114	29,797	19,387
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	212,359	198,334	212,359	198,334
Inventories written down	384	34	361	0
Consultancy costs	1,656	1,534	1,656	1,419
Establishment	6,035	6,716	5,977	6,703
Premises	53,335	64,088	48,929	62,531
Transport (including patient travel)	18,087	12,266	18,087	12,265
Depreciation on property, plant and equipment	34,387	31,145	33,921	30,838
Amortisation on intangible assets	5,144	5,781	5,144	5,781
Net impairments	6,106	1,160	6,106	1,160
Movement in credit loss allowance: contract receivables / contract assets	(525)	4,019	(525)	4,019
Increase/(decrease) in other provisions	27,408	(2,337)	27,408	(2,337)
Change in provisions discount rate(s)	178	320	178	320
Audit fees payable to the external auditor				
- audit services- statutory audit [4.1]	258	187	216	151
Other auditor remuneration (external auditor only) [4.2]	-	2	-	2
Internal audit costs	154	157	154	157
Clinical negligence	28,781	24,534	28,781	24,534
Legal fees	596	1,032	596	1,028
Insurance	999	665	977	616
Research and development	9,683	10,324	9,683	10,324
Education and training	1,708	2,151	1,708	2,151
Rentals under operating leases	2,787	3,131	2,787	3,131
Early retirements	-	141	-	141
Redundancy	998	251	998	251
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI)	28,494	22,775	28,494	22,775
Car parking & security	81	140	81	140
Hospitality	-	12	-	12
Other	2,112	1,829	19,273	13,120
Total	**1,305,299**	**1,150,906**	**1,303,742**	**1,150,875**
Of which:				
Related to continuing operations	1,305,299	1,150,906	1,303,742	1,150,875

Notes:

2020/21: Included within the 2020/21 expenditure is £85.9m in respect of the Covid-19 pandemic. Trust related Covid-19 expenditure is £51.9m (£23.5m pay within 'Staff and executive directors costs' line above and £28.4m non-pay). Covid-19 expenditure on behalf of London and National for continued support of Nightingale hospital and purchasing and distribution of PPE is £34.1m (£0.7m pay, £33.4m non-pay). Covid-19 expenditure has been funded by NHS Improvement and is included in Income (see note 3).

2019/20: Included within the 2019/20 expenditure above is £28.9m in respect of the Covid-19 pandemic. This expenditure has been funded by NHS Improvement and is incluided in Income (see note 3). £27.2m is included within the 'Premises' line as this relates to the set up of Nightingale Hospital at the London ExCel supported by the Trust. Covid-19 expenditure directly relating to the Trust was £1.7m, of which £0.8m is included in 'Staff and executive directors costs' and £0.5m is included in 'Supplies and services - general'.

Note 4.1 Limitation on auditor's liability

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

Note 4.2 Other auditor remuneration

	Group and Trust	
	2020/21	2019/20
	£000	£000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	-	2
Total	**-**	**2**

Note 4.3 Nightingale facility

During 2020/21 the Trust was a host Trust for a Nightingale facility as part of the regional coronavirus pandemic response. The lease/license was between NHS Englad and the Excel Centre – NHS England then commissioned The Royal Free NHS Foundation Trust to carry out the construction and mobilisation of the Nightingale and then its transformation to a rehab unit The costs incurred by the Trust in operating the facility have been included within the operating expenses note in these accounts. The total costs associated with the facility are disclosed below for information; this includes where existing resources were redeployed so the note below does not represent the additional cost to the Trust of operating the facility. Incremental costs associated with operating the facility have been reimbursed by NHS England.

The total gross costs are shown below;

		Group and Trust
		2020/21
		£000
Set up costs:	Other operating costs	14,607
Running costs:	Staff costs	236
	Other operating costs	2
Decommissioning costs:	Other operating costs	4,877
Total gross costs		**19,722**

Note 5 Impairment of assets

	Group and Trust	
	2020/21	2019/20
	£000	£000
Net impairments charged to operating surplus / (deficit) resulting from:		
Changes in market price	6,106	1,160
Total net impairments charged to operating surplus / (deficit)	**6,106**	**1,160**
Impairments charged to the revaluation reserve	67,817	2,416
Total net impairments	**73,923**	**3,576**

The impairments recognised above arise as a result of the external revaluation exercise undertaken in the year, as described in note 13.3.

Note 6 Employee benefits

	Group		Trust	
				Restated
	2020/21	2019/20	2020/21	2019/20
	Total	Total	Total	Total
	£000	£000	£000	£000
Salaries and wages	497,340	442,720	493,577	439,900
Social security costs	59,569	55,310	59,202	55,086
Apprenticeship levy	2,476	2,295	2,459	2,279
Employer's contributions to NHS pensions [1]	89,171	83,980	89,028	83,828
Temporary staff (including agency)	21,720	18,186	21,667	18,141
Total staff costs	**670,276**	**602,491**	**665,933**	**599,234**
Of which: Costs capitalised as part of assets	3,043	1,197	3,043	1,197

Further details of staff numbers and directors remuneration is available in the annual report.

Notes: 1. 2019/20 figures for the Trust for 'Employer's contributions to NHS pensions' have been restated to correct an error in the prior period financial statements. The 2019/20 financial statements omitted £25,477k relating to the additional pension contribution central funding. This amount is disclosed in note 3.1 and within note 4. There is no impact on the primary statements or notes to the financial statements with the exception of this note.

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 for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

Note 8 Operating leases

Note 8.1 Royal Free London NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Royal Free London NHS Foundation Trust is the lessor. Operating lease income arises principally to leasing parts of buildings belonging to the Trust.

	2020/21	2019/20
	£000	£000
Operating lease revenue		
Minimum lease receipts	251	374
Contingent rent	17	17
Total	**268**	**391**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	215	215
- later than one year and not later than five years;	532	469
- later than five years.	20	145
Total	**767**	**829**

Note 8.2 Royal Free London NHS Foundation Trust as a lessee

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

The operating lease payments recognised in expenses principally include the energy centre, imaging equipment contracts and the lease of office. The energy centre contract is for 15 years with no option to extend and no option to purchase the machinery. The equipment remains the property of the contractors for the period and also on contract expiry. The imaging equipment contract is for seven years; there is currently no plan to extend the lease or purchase the equipment at the end of the lease period. The office lease is for 10 years and was entered into during 2015/16.

	2020/21	2019/20
	£000	£000
Operating lease expense		
Minimum lease payments	2,318	2,705
Contingent rents	469	426
Total	**2,787**	**3,131**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,347	2,230
- later than one year and not later than five years;	5,388	7,955
- later than five years.	-	767
Total	**6,735**	**10,952**

Note 9 Finance income

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

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Interest on bank accounts	120	756	89	560
Interest on other investments / financial assets	-	-	5,567	5,807
Total finance income	**120**	**756**	**5,656**	**6,367**

Note 10.1 Finance expenditure

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

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Interest expense:				
Loans from DHSC	641	5,084	641	5,084
Other loans	-	-	5,915	5,807
Finance leases	1,415	1,194	1,415	1,194
Main finance costs on PFI schemes obligations	3,010	3,292	3,010	3,292
Total interest expense	**5,066**	**9,570**	**10,981**	**15,377**
Unwinding of discount on provisions	(4)	16	(2)	16
Total finance costs	**5,062**	**9,586**	**10,979**	**15,393**

Note 11 Other gains / (losses)

	Group and Trust	
	2020/21	2019/20
	£000	£000
Gains on disposal of assets	2,004	1,050
Total other gains	**2,004**	**1,050**

The gain on disposal above is in respect of the sale of the investment property, 332 Grays Inn, during the year.

Note 12 Intangible assets

31 March 2021

	Group and Trust			
	Software licences	**Licences & trademarks**	**Development expenditure**	**Total**
	£000	**£000**	**£000**	**£000**
Gross cost as at 1 April 2020 and 31 March 2021	**1,185**	**63**	**33,413**	**34,661**
Additions	95	-	1,036	**1,131**
Reclassifications	520	-	2,600	**3,120**
Valuation / gross cost at 31 March 2021	**1,800**	**63**	**37,049**	**38,912**
Amortisation as at 1 April 2020	**655**	**18**	**19,261**	**19,934**
Provided during the year	211	10	4,923	**5,144**
Amortisation as at 31 March 2021	**866**	**28**	**24,184**	**25,078**
Net book value at 31 March 2021	**934**	**35**	**12,865**	**13,834**
Net book value at 1 April 2020	**530**	**45**	**14,152**	**14,727**

All intangible assets are owned by the Trust.

31 March 2020

	Group and Trust			
	Software licences	**Licences & trademarks**	**Development expenditure**	**Total**
	£000	**£000**	**£000**	**£000**
Gross cost as at 1 April 2019 and 31 March 2020	**1,185**	**63**	**33,413**	**34,661**
Amortisation as at 1 April 2019	**492**	**8**	**13,653**	**14,153**
Provided during the year	163	10	5,608	**5,781**
Amortisation as at 31 March 2020	**655**	**18**	**19,261**	**19,934**
Net book value at 31 March 2020	**530**	**45**	**14,152**	**14,727**
Net book value at 1 April 2019	**693**	**55**	**19,760**	**20,508**

All intangible assets are owned by the Trust.

Note 13 Property, plant and equipment

Group

31 March 2021	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2020	**66,231**	**529,354**	**170**	**38,977**	**104,630**	**43**	**22,560**	**27,771**	**789,736**
Additions	-	21,399	-	45,803	6,935	-	1,443	323	**75,903**
Impairments	-	(73,923)	-	-	-	-	-	-	**(73,923)**
Revaluations	34,385	(7,773)	(9)	-	-	-	-	-	**26,603**
Reclassifications	-	4,852	-	(33,906)	11,279	-	14,625	29	**(3,121)**
Disposals / derecognition	-	(251)	-	-	-	-	-	-	**(251)**
Valuation/gross cost at 31 March 2021	**100,616**	**473,658**	**161**	**50,874**	**122,844**	**43**	**38,628**	**28,123**	**814,947**
Accumulated depreciation at 1 April 2020	-	-	-	-	**75,899**	**43**	**13,928**	**7,481**	**97,351**
Provided during the year	-	18,203	9	-	8,970	-	4,208	2,997	**34,387**
Revaluations	-	(18,203)	(9)	-	-	-	-	-	**(18,212)**
Accumulated depreciation at 31 March 2021	-	-	-	-	**84,869**	**43**	**18,136**	**10,478**	**113,526**
Net book value at 31 March 2021	**100,616**	**473,658**	**161**	**50,874**	**37,975**	-	**20,492**	**17,645**	**701,421**
Net book value at 1 April 2020	**66,231**	**529,354**	**170**	**38,977**	**28,731**	-	**8,632**	**20,290**	**692,384**

31 March 2020	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019	**67,459**	**480,538**	**180**	**15,600**	**94,824**	**43**	**20,489**	**14,424**	**693,557**
Additions	-	23,332	-	38,977	7,853	-	1,911	497	**72,570**
Impairments	(1,371)	(2,205)	-	-	-	-	-	-	**(3,576)**
Revaluations	143	27,689	(10)	-	-	-	-	-	**27,822**
Reclassifications	-	-	-	(15,600)	2,537	-	160	12,903	**0**
Disposals / derecognition	-	-	-	-	(584)	-	-	(54)	**(638)**
Valuation/gross cost at 31 March 2020	**66,231**	**529,354**	**170**	**38,977**	**104,630**	**43**	**22,560**	**27,771**	**789,736**
Accumulated depreciation at 1 April 2019	-	-	-	-	**69,354**	**43**	**10,456**	**5,076**	**84,929**
Provided during the year	-	18,225	10	-	6,979	-	3,472	2,459	**31,145**
Revaluations	-	(18,225)	(10)	-	-	-	-	-	**(18,235)**
Disposals / derecognition	-	-	-	-	(434)	-	-	(54)	**(488)**
Accumulated depreciation 31 March 2020	-	-	-	-	**75,899**	**43**	**13,928**	**7,481**	**97,351**
Net book value at 31 March 2020	**66,231**	**529,354**	**170**	**38,977**	**28,731**	-	**8,632**	**20,290**	**692,384**
Net book value at 1 April 2019	**67,459**	**480,538**	**180**	**15,600**	**25,470**	-	**10,033**	**9,348**	**608,628**

Trust

The 'Group' property, plant and equipment includes assets which belong to RFL Dispensary Services Limited. The net book value of these assets as at 31 March 2021 is £1,159k (total cost £1,931k less accumulated depreciation £772k). The net book value as at 31 March 2020 was £1,374k (total cost £1,680k less accumulated depreciation £306k). The Trust net book value at 31 March 2021 is £700,258k (31 March 2020: £607,254k).

Note 13.1 Property, plant and equipment - financing

Group

2020/21	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021								
Owned - purchased	100,616	385,683	161	49,271	35,947	16,004	12,997	**600,679**
Finance leased	-	7,348	-	-	-	4,488	4,648	**16,484**
On-SoFP PFI contracts and other service concession arrangements	-	72,248	-	-	-	-	-	**72,248**
Owned - donated	-	8,379	-	1,603	2,028	-	-	**12,010**
NBV total at 31 March 2021	**100,616**	**473,658**	**161**	**50,874**	**37,975**	**20,492**	**17,645**	**701,421**

Trust

The 'Group' property, plant and equipment - financing note above includes assets which belong to RFL Dispensary Services Limited. The net book value of these assets as at 31 March 2021 is £1,158k of which £203k is included in plant & machinery - owned purchased and £955k is included in buildings - finance leased.

2019/20	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	66,231	437,149	170	34,534	28,493	8,632	14,996	**590,204**
Finance leased	-	8,224	-	4,443	-	-	5,294	**17,961**
On-SoFP PFI contracts and other service concession arrangements	-	75,206	-	-	-	-	-	**75,206**
Owned - donated	-	8,775	-	-	238	-	-	**9,013**
NBV total at 31 March 2020	**66,231**	**529,354**	**170**	**38,977**	**28,731**	**8,632**	**20,290**	**692,384**

In June 2018 the trust entered into an agreement with RFL Property Services Limited to manage and be financially and operationally responsible for the completion of the Chase Farm site in accordance with the development contract novated to it. RFLPS substantially funded this additional construction work through the receipt of loans from the Trust and is subsequently recovering these costs, together with a margin, from the Trust through a 'unitary charge' payable by the Trust in accordance with the service agreement.

The Trust granted RFL Property Services Limited a non exclusive licence to occupy the Chase Farm site to enable the completion of the development of the site and to enable it to access the site to provide contracted property services. RFL Property Services Limited is not granted legal title over the site, nor does it acquire any other property or ownership rights under the licence and the Trust continues to retain the rights to occupy and use the site as well as allow other parties access to it should it wish. The Trust therefore retains the right to direct and control the asset and secures all the economic benefits arising from its use.

Note 13.2 Donations of property, plant and equipment

Centrally procured equipment

In response to the COVID-19 pandemic during 2020/21, the Department of Health and Social Care donated centrally procured ventilators, medical and imaging equipment to the trust. The total value of these assets is £2,372k of which £2,093k was capitalised as a donated asset and £279k expensed as the criteria to capitalise them was not met.

Note 13.3 Revaluations of property, plant and equipment

A valuation exercise was carried out on the trust's land and buildings by Gerald Eve. The purpose of this exercise was to determine a fair value for those assets as at 31 March 2021 (2019/20: valuation by Montagu Evans).

The valuation was undertaken having regard to IFRS as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 8th Edition.

Fair value is defined as ‘the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date’. Fair values are determined as follows:

- for non-specialised operational assets, this equates in practice to Existing Use Value (EUV), as defined below.
- for specialised operational assets, if there is no market-based evidence of fair value because of the specialised nature of the property and the item is rarely sold, except as part of a continuing business, fair value is estimated using a depreciated replacement cost approach subject to the assumption of continuing use.

The basis used for the valuation of non-specialised operational owner-occupied property for financial accounting purposes under IAS 16 is fair value, which is the market value subject to the assumption that the property is sold as part of the continuing enterprise in occupation. This can be equated with EUV, which is defined in the RICS Standards at UKVS 1.3 as:

“The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.”

Where a non-specialised operational property is valued to fair value reflecting the market value assuming continuance of existing use, the total value has been apportioned between the residual amount (the land) and the depreciable amount (the building).

Depreciated Replacement Cost (DRC) is the valuation approach adopted for reporting the value of specialised operational property for financial accounting purposes. RICS GN 6, entitled ‘Depreciated Replacement Cost Method of Valuation for Financial Reporting’, at para 2.3 defines DRC as:

“The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.”

Those buildings which qualify as specialised operational assets, and therefore fall to be assessed using the Depreciated Replacement Cost approach, have been valued on a modern equivalent asset (MEA) basis.

In addition the valuers have taken account of RICS Valuation Information Paper No. 10 (VIP10) : the DRC method of valuation for financial statements. This guidance covers both interpretation of site location and gross internal area. The guidance asks the valuer to consider whether the actual site remains appropriate and this will normally depend on the locational requirements of the service that is being provided.

VIP (10) guidance also states that where DRC is being used to value specialised property it will rarely be appropriate to cost a modern reproduction of the asset. The value of the property should normally be based on the cost of a modern equivalent asset that has the same service potential as the existing assets and then adjusted to take account of obsolescence.

Note 14 Investment Property

	Group and Trust	
	2020/21	2019/20
	£000	£000
Carrying value at 1 April	**750**	**-**
Acquisitions in year	-	750
Disposals	(750)	-
Carrying value at 31 March	**0**	**750**

Note 14.1 Investment property income and expenses

	Group and Trust	
	2020/21	2019/20
	£000	£000
Investment property income	17	17

Note 15 Investments in associates and joint ventures

Details of the trust's investments in joint arrangements are as follows.

UCL Partners Limited

The group holds a 20% interest in UCL Partners Limited ('UCLP'), a company limited by guarantee in the UK, acquired by a guarantee of £1.

The company's costs are funded by its partners who contribute to its running costs on an annual basis. The contributions paid by the trust are included within operating expenditure.

The most recent available signed financial statements for UCLP have been prepared for the year ended 31 March 2020; the reported assets, liabilities, revenues and profit/loss are not material to the trust.

Health Services Laboratories LLP ('HSL LLP')

The group holds a 24.5% equity stake in HSL LLP and is accounted for as a joint venture. The main purpose of the entity is to provide pathology services. The movements in investment values for these joint arrangements for the trust is as follows.

	Group and Trust	
	2020/21	2019/20
	£000	£000
Carrying value at 1 April - brought forward	**19,150**	**17,764**
Share of profit	5,452	1,386
Carrying value at 31 March	**24,602**	**19,150**

Note 16 Investments in Subsidiaries

RFL Property Services Limited

RFL Property Services Limited was incorporated on the 28th June 2018 with £50,000 of called up share capital. It is a wholly owned subsidiary of the Trust. The primary purpose of the company is to manage the provision of estates and facilities services to the trust.

The agreement with RFL Property Services Limited (RFLPS) is to manage and be financially and operationally responsible for the completion of the Chase Farm site in accordance with the development contract novated to it. RFLPS will substantially fund this additional construction work through the receipt of loans from the Trust and will subsequently recover those costs, together with a margin, from the Trust through the 'unitary charge' payable by the Trust in accordance with the service agreement.

RFL Dispensary Services Limited

RFL Dispensary Services Limited was incorporated on the 31 July 2018 with £1 of called up share capital. It is a wholly owned subsidiary of the Trust. The primary purpose of the company is to deliver outpatient pharmacy services. The principal customer of RFL Dispensary Services Limited is the Trust, with whom it has a service level agreement for the dispensing of outpatient prescriptions at the Royal Free and Chase Farm Hospital sites.

Note 17 Inventories

	Group		Trust	
	31 March 2021 £000	**31 March 2020 £000**	**31 March 2021 £000**	**31 March 2020 £000**
Drugs	7,427	7,853	5,738	5,876
Consumables	7,090	6,798	6,999	6,798
Energy	170	178	170	178
Total inventories	**14,687**	**14,829**	**12,907**	**12,852**

Shown within note 4 - operating epenses: Inventories recognised in expenses for the year were £212,359k (2019/20: £198,334k). Write-down of inventories recognised as expenses for the year were £384k (2019/20: £34k).

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 £14,116k of items purchased by the Department of Health and Social Care. This expense is included within Note 4 operating expenses - supplies and services clinical (excluding drugs costs).

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 18 Receivables

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Contract receivables - invoiced	58,815	99,908	61,509	100,833
Contract receivables - not yet invoiced	14,715	60,781	16,469	67,651
Capital receivables	2,900	-	2,900	-
Allowance for impaired contract receivables	(26,006)	(40,289)	(26,006)	(40,289)
Prepayments (non-PFI)	7,440	6,511	8,017	6,452
PDC dividend receivable	3,887	1,292	3,887	1,293
VAT receivable	6,918	1,469	6,217	-
Other receivables	204	736	2,710	759
Total current receivables	**68,873**	**130,409**	**75,703**	**136,699**
Non-current				
Contract receivables - not yet invoiced	-	-	126,505	128,502
Prepayments (non-PFI)	83	606	83	137
Total non-current receivables	**83**	**606**	**126,588**	**128,639**
of which receivable from NHS and DHSC group bodies:				
Current	45,242	108,790	41,318	107,370

* Non-current receivables (Trust) relates to the disposal of the Chase Farm property to RFL Property Services Limited (a wholly owned subsidiary of the trust) and the creation of a loan receivable.

Note 18.1 Allowances for credit losses - contract receivables

	Group and Trust	
	2020/21	2019/20
	£000	£000
Allowances as at 1 April - brought forward	**40,289**	**42,722**
New allowances arising	4,752	6,337
Changes in existing allowances	741	77
Reversals of allowances	(6,018)	(2,395)
Utilisation of allowances	(13,758)	(6,452)
Allowances as at 31 March	**26,006**	**40,289**

Note 18.2 Ageing of trade and other receivables

Ageing of impaired Receivables	31 March 2021 £000	31 March 2020 £000
0 - 30 days	1,468	4,292
30-60 days	16	5,513
60-90 days	86	434
90- 180 days	22	1,731
Over 180 days	13,738	26,699
Total	15,330	38,669

Ageing of non-impaired receivables past their due date	31 March 2021 £000	31 March 2020 £000
0 - 30 days	2,497	7,274
30-60 Days	1,690	(6,384)
60-90 days	2,763	4,866
90- 180 days	6	11,813
Over 180 days	(60)	7,875
Total	6,896	25,444

Of the non-impaired receivables past their due date the trust fully expects to receive these amounts.

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.

	Group		Trust	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
At 1 April	**24,564**	**35,929**	**23,721**	**33,900**
Net change in year	86,117	(11,365)	81,804	(10,179)
At 31 March	**110,681**	**24,564**	**105,525**	**23,721**
Broken down into:				
Cash at commercial banks and in hand	5,845	1,619	689	775
Cash with the Government Banking Service	104,836	22,945	104,836	22,946
Total cash and cash equivalents as in SoFP	**110,681**	**24,564**	**105,525**	**23,721**

Note 19.1 Third party assets held by the trust

Royal Free London NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Bank balances	11	11
Total third party assets	**11**	**11**

Note 20 Trade and other payables

	Group		Trust	
		Restated		Restated
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Trade payables [1]	67,945	75,575	65,607	80,864
Capital payables	24,187	27,188	24,187	27,188
Accruals [1]	128,426	101,267	125,842	92,918
Social security costs	8,378	8,003	8,316	7,968
VAT payables	617	-	-	739
Other taxes payable	9,252	7,048	8,905	6,978
Other payables	13,648	14,352	13,589	14,353
Total current trade and other payables	**252,453**	**233,433**	**246,446**	**231,008**
Non-current				
Other payables	425	425	425	425
Total non-current trade and other payables	**425**	**425**	**425**	**425**
of which payables due to NHS and DHSC group bodies:				
Current	31,644	31,159	31,644	31,159

Notes:

1. 31 March 2020 Reclassification: £9,872k has been reclassified from accruals to trade payables to reflect the correct nature of the liability and ensure consistency with 2020/21.

Note 21 Other liabilities

	Group and Trust	
	31 March 2021	31 March 2020
	£000	£000
Current		
Deferred income: contract liabilities	13,367	13,424
Lease incentives	168	168
Total other current liabilities	**13,535**	**13,592**
Non-current		
Lease incentives	3,100	3,268
Other deferred income	1	1
Total other non-current liabilities	**3,101**	**3,269**

Note 22 Borrowings

	Group 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2021 £000	Trust 31 March 2020 £000
Current				
Loans from DHSC [1]	1,600	147,414	1,600	147,414
Obligations under finance leases	2,826	1,637	4,392	2,632
Obligations under PFI or other service concession contracts (excl. lifecycle)	2,461	2,137	2,461	2,137
Total current borrowings	**6,887**	**151,188**	**8,453**	**152,183**
Non-current				
Loans from DHSC [1]	18,954	20,532	18,954	20,532
Obligations under finance leases	20,441	22,501	151,515	155,114
Obligations under PFI or other service concession contracts	15,241	17,698	15,241	17,698
Total non-current borrowings	**54,636**	**60,731**	**185,710**	**193,344**

Further details of loans from Department of Health and Social Care

2020/21

Loan and purpose	Interest rate	Date of Loan	Date of Maturity	Amount Borrowed £000	Amount Outstanding Current £000	Amount Outstanding Non Current £000
Capital loan [1]	2.63%	2014/15	2033/34	30,000	1,600	18,954
				30,000	**1,600**	**18,954**

Note 1: On 1 April 2020 all interim loans as per schedule below were repaid and replaced with public dividend capital, this is the only loan repayable to Department of Health and Social Care as at 31 March 2021.

2019/20

Loan and purpose	Interest rate	Date of Loan	Date of Maturity	Amount Borrowed £000	Amount Outstanding Current £000	Amount Outstanding Non Current £000
Capital loan	2.63%	2014/15	2033/34	30,000	1,602	20,532
Interim Revenue [2]	3.50%	2016/17	2021/22	46,356	46,356	-
Interim Revenue [2]	3.50%	2017/18	2021/22	13,000	13,000	-
Interim Revenue [2]	1.50%	2017/18	2020/21	10,000	10,029	-
Interim Revenue [2]	1.50%	2017/18	2020/21	20,000	20,011	-
Interim Revenue [2]	3.50%	2018/19	2021/22	18,000	18,072	-
Interim Revenue [2]	3.50%	2018/19	2021/22	35,000	35,044	-
Interim Capital [2]	3.50%	2019/20	2020/21	3,300	3,300	-
				175,656	**147,414**	**20,532**

Note 2: As per Department of Health and Social Care guidance all Interim Support loans will be repaid in 2020/21 and replaced with public dividend capital. Hence all interim Department of Health and Social Care loans have been reclassified from non-current to current and the total value of loans to be replaced with public dividend capital is £145.8m.

Note 22.1 Reconciliation of liabilities arising from financing activities

Group

2020/21	**DHSC Loans £000**	**Finance leases £000**	**PFI scheme £000**	**Total £000**
Carrying value at 1 April 2020	**167,946**	**24,138**	**19,835**	**211,919**
Cash movements:				
Financing cash flows - payments and receipts of principal	(147,234)	(871)	(2,137)	**(150,242)**
Financing cash flows - payments of interest	(799)	(1,415)	(3,006)	**(5,220)**
Non-cash movements:				
Application of effective interest rate	641	1,415	3,010	**5,066**
Carrying value at 31 March 2021	**20,554**	**23,267**	**17,702**	**61,523**

2019/20	**DHSC Loans £000**	**Finance leases £000**	**PFI scheme £000**	**Total £000**
Carrying value at 1 April 2019	**166,260**	**19,787**	**21,686**	**207,733**
Cash movements:				
Financing cash flows - payments and receipts of principal	1,722	(513)	(1,855)	**(646)**
Financing cash flows - payments of interest	(5,120)	(1,194)	(3,288)	**(9,602)**
Non-cash movements:				
Additions	-	4,864	-	**4,864**
Application of effective interest rate	5,084	1,194	3,292	**9,570**
Carrying value at 31 March 2020	**167,946**	**24,138**	**19,835**	**211,919**

Trust

2020/21	**DHSC Loans £000**	**Finance leases £000**	**PFI scheme £000**	**Total £000**
Carrying value at 1 April 2020	**167,946**	**157,746**	**19,835**	**345,527**
Cash movements:				
Financing cash flows - payments and receipts of principal	(147,234)	(1,837)	(2,137)	**(151,208)**
Financing cash flows - payments of interest	(643)	-	(3,006)	**(3,649)**
Non-cash movements:				
Application of effective interest rate	485	-	3,010	**3,495**
Carrying value at 31 March 2021	**20,554**	**155,909**	**17,702**	**194,165**

2019/20	**DHSC Loans £000**	**Finance leases £000**	**PFI scheme £000**	**Total £000**
Carrying value at 1 April 2019	**166,260**	**139,329**	**21,686**	**327,275**
Cash movements:				
Financing cash flows - payments and receipts of principal	1,722	(513)	(1,855)	**(646)**
Financing cash flows - payments of interest	(5,120)	(1,194)	(3,288)	**(9,602)**
Non-cash movements:				
Additions	-	18,928	-	**18,928**
Application of effective interest rate	5,084	1,196	3,292	**9,572**
Carrying value at 31 March 2020	**167,946**	**157,746**	**19,835**	**345,527**

Note 23 Finance leases

Note 23.1 Royal Free London NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**43,047**	**45,789**	**288,359**	**295,665**
of which liabilities are due:				
- not later than one year;	4,235	3,216	11,710	10,164
- later than one year and not later than five years;	15,171	15,781	46,879	46,492
- later than five years.	23,641	26,792	229,770	239,009
Finance charges allocated to future periods	(19,780)	(21,651)	(132,453)	(137,922)
Net lease liabilities	**23,267**	**24,138**	**155,906**	**157,743**
of which payable:				
- not later than one year;	2,826	1,637	4,392	2,632
- later than one year and not later than five years;	9,778	9,830	18,683	17,513
- later than five years.	10,663	12,671	132,830	137,598

Group

The group has entered into two contracts to lease accommodation under finance leases, whereby the assets were made available for use and rental payments commenced on 1 April 2000 and 1 June 2005. The group also holds finance leases for various miscellaneous equipment.

Trust

In June 2018 the trust entered into an agreement with RFL Property Services Limited (RFLPS) to manage and be financially and operationally responsible for the completion of the Chase Farm site in accordance with the development contract novated to it. RFLPS will substantially fund this additional construction work through the receipt of loans from the Trust and will subsequently recover those costs, together with a margin, from the Trust through the 'unitary charge' payable by the Trust in accordance with the service agreement.

The completion work elements of the total asset are in effect being acquired by the Trust on the basis of an undertaking to subsequently make payments to RFPSL over the full period of the service agreement. This agreement reimburse RFPSL the initial cost to it of the works and the interest it is charging the Trust for accepting a form of deferred payment for those works. As such the arrangement is an asset financing arrangement analogous to a finance lease or service concession arrangement under which the Trust secures the right to control the use of the underlying asset in return for a series of payments, namely the capital element of the 'unitary charge'. The element of this arrangement is therefore classified as a finance lease.

Note 24 Provisions

	Group and Trust						
	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	**4,780**	**454**	**139**	**2,292**	**251**	**6,853**	**14,769**
Change in the discount rate	155	23	-	-	-	-	**178**
Arising during the year	58	-	-	266	979	27,651	**28,954**
Utilised during the year	(517)	(51)	-	-	(325)	-	**(893)**
Reversed unused	(98)	-	-	-	-	(2,439)	**(2,537)**
Unwinding of discount	(2)	(2)	-	-	-	-	**(4)**
At 31 March 2021	**4,376**	**424**	**139**	**2,558**	**905**	**32,065**	**40,467**
Expected timing of cash flows:							
- not later than 1 year	517	50	139	2,558	905	27,358	**31,526**
- between 1 and 5 years	2,068	200	-	-	-	-	**2,268**
- later than 5 years	1,791	174	-	-	-	4,708	**6,673**
Total	**4,376**	**424**	**139**	**2,558**	**905**	**32,066**	**40,467**

Pensions: early departure costs - Staff pensions are calculated using a formula supplied by the NHS Pensions Agency. These pensions are the costs of early retirement of staff resulting from reorganisation.

Pensions: injury benefits - Legacy provision administered by NHS Pensions Agency.

Legal claims - relate to an action against the Trust which is not covered by the NHS Litigation Authority. IAS 37 allows for the non-disclosure of further information which may prejudice the outcome of litigation.

Equal pay - In respect of potential contractual claims under agenda for change.

Redundancy - In respect of staff on the redeployment register.

Other provisions - includes sums held in respect of additional charges arising from provision of services, dilapidations associated with leases and other contractual challenges and obligations. No further information has been disclosed as IAS 37 allows the withholding of information which may seriously prejudice the Trust.

Note 25 Clinical negligence liabilities

At 31 March 2021, £502,937k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Royal Free London NHS Foundation Trust (31 March 2020: £438,293k).

NHS Resolution operates a risk pooling scheme under which the Royal Free London NHS Foundation Trust pays an annual contribution to them, which, in return, settles all clinical negligence claims. Although the NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Royal Free NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of Royal Free NHS Foundation Trust is disclosed here but is not recognised in the Trust's accounts.

Note 26 Contingent liabilities

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Value of contingent liabilities		
NHS Resolution legal claims	(43)	(73)
Net value of contingent liabilities	**(43)**	**(73)**

Note 27 Contractual capital commitments

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	8,202	11,338
Total	**8,202**	**11,338**

Note 28 On-SoFP PFI or other service concession arrangements

Barnet Hospital operates under a PFI arrangement with Metier Healthcare which began in February 1999 under a 33-year contract for the provision of a fully managed hospital. This is recognised in the Statement of Financial Position and is included as part of the Trust estate for the purposes of revaluation. The land at Barnet Hospital remains the property of the Trust during the contract period. The building transfers to the Trust at the end of the contract period subject to payment of consideration.

The PFI contract is also responsible for the provision of managed technology services, non-clinical hotel services and equipment and building maintenance services at Barnet Hospital.

Note 28.1 On-SoFP PFI or other service concession arrangement obligations

The following obligations in respect of the PFI or other service concession arrangements are recognised in the statement of financial position:

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Gross PFI or other service concession liabilities	**30,068**	**36,196**
Of which liabilities are due		
- not later than one year;	5,147	5,147
- later than one year and not later than five years;	14,808	17,377
- later than five years.	10,113	13,672
Finance charges allocated to future periods	(12,366)	(16,361)
Net PFI or other service concession arrangement obligation	**17,702**	**19,835**
- not later than one year;	2,461	2,137
- later than one year and not later than five years;	7,812	9,013
- later than five years.	7,429	8,685

Note 28.2 Total on-SoFP PFI or other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Total future payments committed in respect of the PFI or other service concession arrangements	**351,183**	**380,147**
Of which payments are due:		
- not later than one year;	33,641	28,962
- later than one year and not later than five years;	117,062	117,062
- later than five years.	200,480	234,123

Note 28.3 Analysis of amounts payable to service concession operator

Analysis of the unitary payments made to the service concession operator are:

	Group and Trust	
	2020/21 £000	2019/20 £000
Unitary payment payable to service concession operator	**33,641**	**27,922**
Consisting of:		
- Interest charge	3,010	3,292
- Repayment of balance sheet obligation	2,137	1,855
- Service element and other charges to operating expenditure	28,494	22,775
Total amount paid to service concession operator	**33,641**	**27,922**

Note 29 Financial instruments

Note 29.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the service provider relationship that the group has with clinical commissioning groups and the way those organisations are financed, the NHS group is not exposed to the degree of financial risk faced by business entities. In addition, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. Financial assets and liabilities are typically generated by day-to-day operational activities rather than being held to change the risks facing the group in undertaking its activities. The group does not undertake speculative treasury transactions.

The group’s treasury management operations are carried out by the finance department, within parameters defined formally within the group’s standing financial instructions and policies agreed by the board of directors. Group treasury activity is subject to review by the group’s internal auditors.

Currency risk

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

Interest rate risk

The group borrows from government for capital expenditure, subject to affordability. The borrowings are for up to 20 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The group therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the group’s income comes from binding contracts with other public sector bodies, the group has low exposure to credit risk. The maximum exposures as at 31 March 2021 and 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The group’s operating costs are incurred under contracts with clinical commissioning groups, which are financed from resources voted annually by Parliament. The group funds its capital expenditure from funds obtained within its prudential borrowing limit. The group is therefore not exposed to significant liquidity risks.

Note 29.2 Financial assets

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Financial assets measured at amortised cost				
Trade & other receivables excluding non financial assets	50,277	121,133	184,137	257,456
Cash and cash equivalents	110,681	24,564	105,525	23,721
Total carrying value of financial assets	**160,958**	**145,697**	**289,662**	**281,177**

Note 29.3 Financial liabilities

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Financial liabilities measured at amortised cost				
Loans from the Department of Health and Social Care	20,554	167,946	20,554	167,946
Obligations under finance leases	23,267	24,138	155,906	157,743
Obligations under PFI and other service concessions	17,702	19,835	17,702	19,835
Trade & other payables excluding non financial liabilities	234,206	218,382	229,225	215,323
Provisions under contract	31,623	5,756	31,623	5,756
Total carrying value of financial liabilities	**327,352**	**436,057**	**455,010**	**566,603**

Note 29.4 Fair values of financial assets and liabilities

Due to the nature of financial instruments, the carrying value approximates their fair value.

Note 29.5 Maturity of financial liabilities

Where financial liabilities have not been discounted to present values, the difference between the discounted value and carrying values is not material.

Note 30 Losses and special payments

	2020/21		2019/20	
Group and trust	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Bad debts and claims abandoned	183	2,168	342	2,624
Stores losses and damage to property	2	142	1	71
Total losses	**185**	**2,310**	**343**	**2,695**
Special payments				
Ex-gratia payments	53	15	98	61
Total special payments	**53**	**15**	**98**	**61**
Total losses and special payments	**238**	**2,325**	**441**	**2,756**

Note 31 Related parties

Members of the governing body are required to declare any interests that they hold, either directly or through close family members, in organisations other than the Trust. Where the Trust incurs expenditure with or receives income from those organisations, the organisations are known as related parties and the transactions must be reported. Those transactions, together with the nature of the interest and the nature of the transaction, are shown below.

During the year the Board Members including executive directors and non-executive directors, or parties related to them, have undertaken transactions with the Trust listed below.

Department of Health and Social Care Group Bodies

The Department of Health and Social Care is regarded as a related party. During the year the Trust has had a significant number of material transactions with entities for which the Department is regarded as their parent. Transactions with government bodies greater than 0.5% of trust income, together with all transactions for other related parties, are as follows:

NHS England
NHS Brent CCG
NHS Herts Valleys CCG
NHS East and North Hertfordshire CCG
NHS Harrow CCG
University College London Hospitals NHS Foundation Trust
NHS North Central CCG

Other government organisations

In addition, the Trust has had a number of material transactions with other government organisations as per below:

2020/21	**2020/21 Expenditure**	**2020/21 Income**	**31 March 21 Payables**	**31 March 21 Receivables**
	£000	**£000**	**£000**	**£000**
Health Education England	-	33,680	-	881
NHS Resolution	28,229	-	136	-
NHS Property Services	15,228	-	9,852	-
NHS Pension Scheme	89,171	-	9,026	-
HMRC	62,045	-	17,222	-

2019/20	**2019/20 Expenditure**	**2019/20 Income**	**31 March 20 Payables**	**31 March 20 Receivables**
	£000	**£000**	**£000**	**£000**
Health Education England	4	34,750	4	106
NHS Resolution	26,112	-	-	-
NHS Property Services	4,339	-	5,359	-
NHS Pension Scheme	83,980	-	8,855	-
HMRC	57,610	-	15,051	1,469

Note 31 Related parties (cont.)

Trust Affiliates

2020/21	**2020/21 Expenditure**	**2020/21 Income**	**31 March 21 Payables**	**31 March 21 Receivables**
	£000	**£000**	**£000**	**£000**
Health Services Laboratories LLP (HSL) [1]	48,769	-	10,912	-
UCL Partners Limited [2]	490	239	96	444
Royal Free Charity [3]	1,507	1,838	-	441
RFL Dispensary Services Limited [4]	20,623	18,980	864	5,494
RFL Property Services Limited [5]	22,234	6,182	132,906	129,205

2019/20	**Restated 2019/20 Expenditure**	**Restated 2019/20 Income**	**Restated 31 March 20 Payables**	**Restated 31 March 20 Receivables**
	£000	**£000**	**£000**	**£000**
Health Services Laboratories LLP (HSL)	43,381	3,627	516	282
UCL Partners Limited	170	330	-	460
Royal Free Charity	4,884	1,288	-	178
RFL Dispensary Services Limited [6]	24,848	5,397	6,941	3,980
RFL Property Services Limited [6]	26,855	5,853	133,858	131,036

Notes:

Related Party	**Nature of Interest**
1. HSL Laboratories	The group holds a 24.5% equity stake in HSL LLP
2. UCL Partners Limited	The group holds a 20% interest in UCL Partners Limited
3. Royal Free Charity	One of the Non Executive Directors of the Royal Free London NHS Foundation Trust is a Trustee of the Charity since 3 June 2019.
4. RFL Dispensary Services Limited	Wholly owned subsidiary of the Trust
5. RFL Property Services Limited	Wholly owned subsidiary of the Trust

6. 2019/20 figures for RFL Dispensary Services Limited and RFL Property Services Limited have been restated to include transactions relating to inter-company borrowings, inter-company finance lease obligations, finance costs and finance income. The pre-restated 2019/20 figures were;

2019/20	**2019/20**	**2019/20**	**31 March 20**	**31 March 20**
	£000	**£000**	**£000**	**£000**
RFL Dispensary Services Limited [6]	24,848	5,255	6,941	3,980
RFL Property Services Limited [6]	21,048	384	253	784

Independent auditors' report to the Council of Governors of Royal Free London NHS Foundation Trust

Report on the audit of the financial statements

Opinion

In our opinion, Royal Free London NHS Foundation Trust's Group financial statements and Foundation Trust financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Trust's affairs as at 31 March 2021 and of the Group's and Trust's income and expenditure and the Group's and Trust's cash flows for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2020/21.

We have audited the financial statements, included within the Annual Report and Accounts 2020/21 (the "Annual Report"), which comprise: the Group and Trust Statements of Financial Position as at 31 March 2021; the Group and Trust Statement of Comprehensive Income for the year then ended; the Group and Trust Statements of Cash Flows for the year then ended; the Group and Trust Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Trust's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Performance Report and the Accountability Report, we also considered whether the disclosures required by the NHS Foundation Trust Annual Reporting Manual 2020/21 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) and the Code of Audit Practice require us also to report certain opinions and matters as described below.

Performance Report and Accountability Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Performance Report and Accountability Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

In light of the knowledge and understanding of the Group and the Trust and their environment obtained in the course of the audit, we did not identify any material misstatements in the Performance Report or Accountability Report.

In addition, the parts of the Remuneration and Staff reports required to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Accountability Report, the directors are responsible for the preparation of the financial statements in accordance with the Department of Health and Social Care Group Accounting Manual 2020/21 and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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 directors are responsible for assessing the Group's and 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 directors either intend to liquidate the Group and Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.
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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Data Protection Act 2018 , and we considered the extent to which non-compliance might have a material effect on the

financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the National Health Service Act 2006 and related legislation governing NHS Foundation Trusts. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the use of journals to manipulate financial performance, management bias in accounting estimates and judgements and the overstating of costs to claim COVID-19 funding during the year as well as additional year-end top up funding. Audit procedures performed by the engagement team included:

- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations;
- challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), in particular in relation to provisions and the revaluation of property, plant and equipment;
- testing of a sample of COVID-19 related expenditure to supporting documentation to verify that the Trust had correctly included expenditure that related to COVID-19 costs; and
- enquiring with management, internal audit, local counter fraud specialists and those charged with governance to understand the relevant laws and regulations applicable to the Trust, including their assessment of fraud related risks and consideration of known or suspected instances of non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Council of Governors of Royal Free London NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Under the Code of Audit Practice we are required to report, by exception, whether any significant weaknesses were identified during our work on the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources, and to refer to any associated recommendations. As explained further in our Auditor's Annual Report, our work was performed in the context of the COVID-19 pandemic and resulting changes in both the operating and financing regimes for the NHS for the year.

We determined that there were no significant weaknesses to report as a result of this requirement.

Other matters on which we report by exception

We are required to report to you if, in our opinion:

- the statement given by the directors on page 29, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for patients, regulators, and other stakeholders to assess the Group's and Trust's performance, business model, and strategy is materially inconsistent with our knowledge of the Group and Trust acquired in the course of performing our audit.
- the section of the Annual report on page 52, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2020/21 or is misleading or inconsistent with our knowledge acquired in the course of performing our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
- we have referred a matter to Monitor under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- we have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006. ● we have not received all of the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Certificate

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

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 June 2021