NHS

The Dudley Group
NHS Foundation Trust

The Dudley Group NHS Foundation Trust

Annual Report & Accounts

2020/21

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Performance report

Picture courtesy of Tom Maddick/SWNS

About The Dudley Group

We are the main provider of hospital and adult community services to the population of Dudley, parts of the Sandwell borough and smaller but growing communities in South Staffordshire and Wyre Forest. Achieving Foundation Trust status in 2008, we provide a wide range of medical, surgical and rehabilitation services to a population of over 450,000 people from three main sites - Russells Hall Hospital and Guest Outpatient Centre in Dudley, and Corbett Outpatient Centre in Stourbridge – and in people's homes from our community sites.

We also provide a range of specialist services, some of which are accessed by patients from across the UK. These include vascular surgery, endoscopic procedures, stem cell transplants and specialist genitourinary reconstruction. This year we also gained national accreditation as a specialist endometriosis centre.

Our staff are our greatest asset, and with a workforce of around 5,438 whole-time equivalent staff, we provide a range of secondary and tertiary services:

- Adult community services including community nursing, end of life care, podiatry, therapies and outpatient services from a range of community venues across the borough.

- Russells Hall Hospital in Dudley, which has more than 650 beds, including intensive care beds and neonatal cots, provides secondary and tertiary services such as maternity, critical care and outpatients, and an Emergency Department (ED) with Emergency Treatment Centre.

- The Guest Outpatient Centre in Dudley and Corbett Outpatient Centre in Stourbridge provide a range of outpatient, therapy and day case services.

We are also proud to be the vascular services hub for the Black Country and have an active research and development team.

Our vision is to be a healthcare provider that is 'trusted to provide safe, caring and effective services because people matter – care better every day'.

Russells Hall Hospital

Guest Outpatient Centre

Corbett Outpatient Centre

Welcome from our chairman and chief executive

Every year when we write the welcome to the Trust's Annual Report and Accounts, it reminds us just what an incredible organisation we serve in The Dudley Group NHS Foundation Trust and the wider NHS. A year like no other, 2020/21 has been a time with incredible highs and lows brought about largely by a global pandemic.


Dame Yve Buckland, chairman

We would first like to remember and share a moment with all those who have lost loved ones during this past year. The human cost of the pandemic is huge, and we have seen first-hand tremendous sacrifices from our staff, along with incredible resilience and teamwork.

Where families have not been able to be close to loved ones during the most difficult of times, our staff have found different ways of supporting patients where visiting was much reduced or even stopped. Our patient experience team has offered a delivery service of personal belongings. Matching hearts were shared with loved ones and patients to know they were close and of course 'virtual visiting' became commonplace. We had staff who didn't see their families for weeks to protect them from the virus, staff who chose to support in areas they wouldn't normally work, and of course our volunteers and partner organisations continued to support the Trust throughout.


Diane Wake, chief executive

The kindness of our community also shone through during the bleakest of times with hundreds of goods being donated on a daily basis, from schoolchildren and volunteers making protective visors to food deliveries to keep staff going, and gifts of hand cream and other little luxuries. To our fundraisers: we were truly amazed and would like to thank each and every person who did something in support, it really did make a huge difference to us all.

The challenge for all clinical services, with social distancing and management of clinical pathways, has been immense and has been the sole focus of many clinical areas over the last year. Almost overnight COVID-19 provided a platform to quickly transform the way we provide some of our care. As the world got to grips with lockdowns and seeing friends virtually, digital solutions became vital to supporting delivery of care without increasing the risks to patients or staff. In fact, so good was our digital response that

it received national recognition and Adam Thomas, our chief information officer, was able to share this when he presented to the Academy of Fabulous Stuff about our digital response to COVID-19. 'How the unthinkable triggered the unimaginable' described our initiatives such as dbMotion to provide linked care co-ordination; medical device integration into our Electronic Patient Record; text messaging of staff COVID-19 test results; and initiatives to allow working from home such as remote radiology reporting and 'always on' VPN. We also moved many follow-up appointments to virtual 'Attend Anywhere' clinics, receiving good feedback from both patients and staff alike. Across the whole Trust we are now delivering around 40 per cent of our routine outpatient work via some form of virtual pathways.

Another area which has seen change inspired by the challenges of the pandemic include the development of nurse-led pathways in surgical emergency patients to support faster turnaround times, along with the adoption of Hot Clinics for emergency surgery patients.

We have developed a post-operative care unit (POCU). Patients are admitted to POCU after major surgery and these patients are reviewed daily by one of the critical care consultants as well as their own surgical team. These patients often need closer monitoring for 12-36 hours after surgery before returning to the ward for ongoing care.

We have also seen a significant shift in support staff (particularly administration staff) to working from home. This has its basis in the need to maintain social distancing but in many cases we want to maintain and expand this. It has been generally popular among colleagues and has frequently had a positive impact on productivity.

Imaging continues to improve services for staff and patients, working through the CQC action plan for improvement. This included investment into the workforce, focus on staff engagement and service improvement to ensure it is ready for the next CQC inspection. Regional networks and diagnostic hubs are beginning to take shape and will define the future of imaging services in the Black Country.

Our clinical support services division also took the opportunity to strengthen the cancer services team that supports the delivery of cancer targets with new posts in key areas, enhanced training and robust processes including supporting new telephone clinics, daily patient reviews, regular harm reviews and patient prioritisation. The extra resources have been put to good use, with a reduction in the number of patients waiting over 62 days.

Retained pathology services has supported patient and staff testing during the pandemic. Antibody testing for the Trust and wider community has been co-ordinated and a COVID-19 swab service set up at Guest Outpatient Centre for all our pre-op patients. A new online portal for GP blood tests has been established and the phlebotomy service has increased capacity to factor in social distancing.

Breast screening is forecasting recovery by December 2021, which is ahead of the NHSE/PHE deadline of March 2022. Funding for new equipment at Russells Hall Hospital and Cannock Hospital has been secured and will have a positive impact on recall rates and patient care. The service underwent a virtual Quality Assurance visit on 25th March, held by The Service Quality Assurance Service. No immediate concerns or urgent recommendations were identified during the review which is a positive outcome for the service and shows how much progress has been made in the last year.

Despite the challenging environment of a pandemic, several successes have been delivered in pharmacy services and medicines optimisation. The team has developed innovative solutions to improving access to medicines for patients during COVID-19 through home delivery of medicines, enhanced seven-day ward-based pharmacy services, and implementing a liquid oxygen escalation and communication cascade system. The year also saw the successful rollout of a full electronic prescribing and medicines administration system supported through the subject matter expertise of medical, nursing and pharmacy staff.

In our community services, as across the NHS, we have had to rapidly adapt how we deliver our services as a result of COVID-19, such as caring for patients in their own homes instead of attending clinics. Community teams have worked tremendously hard with care and compassion to support their patients physically as well as emotionally and holistically. For many patients, community staff have been their only human contact during the week.

During 2020/21 we have also introduced a number of new community services and teams. The end of life rapid response team works closely with community teams to ensure those patients identified as palliative are supported to remain in their preferred place of care. It has an impressive one-hour response time.

As part of the COVID-19 response, the Trust is the lead employer for the vaccination programme for the Black Country and West Birmingham. Our core role is to provide the workforce capacity required to deliver the vaccination programme across the patch. This involves recruiting, training, rostering and paying the vaccination workforce that is required for the hospital vaccination hubs, vaccination centres and providing workforce capacity to the Primary Care Networks (PCNs).

In eight weeks the bureau recruited more than 1,000 staff from Dudley, Wolverhampton, Sandwell and Walsall. They cover a wide range of job roles and functions, including vaccinators, marshals, nursing roles, pharmacists, receptionists, admin roles and operational management. People from a wide diversity of backgrounds have been recruited, including retired clinicians, people currently seeking employment opportunities, existing NHS staff who are keen to contribute by offering additional shifts and individuals looking for an opportunity to join the NHS workforce family.

The Employment Bureau has a target to recruit 2,500 staff for the vaccination programme by the end of May 2021, and at the time of writing was providing staff and more than 600 volunteers to hospital hubs and vaccination centres including the Black Country Living Museum, as well as to PCNs across the Black Country. Besides making a major contribution to the success of the vaccination programme for the Black Country, there has been great feedback from individuals who have joined the workforce. Many describe this as a fantastic opportunity to 'do their bit for the country' while learning new skills.

Credit too to our Pharmacy Department which has been pivotal in the design and implementation of the vaccination programme across the sites and continues to support this as a routine activity.

Our research team has helped put Dudley well and truly on the map for several studies. COVID-19 patients in Dudley have access to some of the newest treatments thanks to the Trust being the top national recruiter in certain treatment trials. We are part of the urgent public health REMAP-CAP research which is designed to find which treatments work best. We have recruited more patients than any other trust in England to trial convalescent plasma and also immune modulation therapies.

Research such as this is absolutely crucial as we continue to face a long battle with COVID-19. We are incredibly proud of all those involved who have worked so hard and shown such commitment in helping develop the best ways to treat those who fall ill with coronavirus. Our researchers have also been involved in many other studies including the national SIREN study looking at antibody response.

As the COVID-19 pandemic is beginning to decline, we are focused on what we can do as a system across the Black Country to reimagine services. During COVID-19 we have used innovative ways of working that could have taken months or years to implement previously. We want to ensure we capture the best of what we have learned and also progress how we deliver treatment and care as we come out of the pandemic.

Diane is the lead senior responsible officer for the Black Country for cancer and elective services, and talks have already started about how we do things differently to support great care for patients and deliver better outcomes. The Dudley Group is in a good position in terms of performance for cancer treatment waiting times and system working will be critical to reducing waiting lists at pace, making the best use of all resources as we endeavour to restore as quickly as we can.

The pandemic has strengthened our relationships with our colleagues in the local authority and Primary Care Networks and we look forward to building on this as healthcare is not something which can be provided in isolation.

We already worked closely with local authorities in terms of ensuring patients could be discharged with the correct care packages in place. In addition, Own Bed Instead is an integrated service between The Dudley Group and the local authority, led by

therapists and supported by social carers. The pilot began in mid-October to avoid admission to hospital or facilitate early discharge. It proved successful and we have received permanent funding for this service from 1st April 2021.

On 1st October 2020 the Dudley Clinical Hub began support for 1,000 care home patients within Dudley through the Care Home Direct Enhanced Service (DES) contract. This service is directly funded by the CCG and includes ward rounds and new patient assessments in 46 care homes including learning disability facilities. We average 397 visits per month.

We work as a system to encourage uptake of breast screening, and also COVID-19 vaccinations, especially among hard-to-reach communities.

Digital innovations mean our clinical staff can now view GP information, and a refresh of GP systems will allow GPs to view Trust information on patients, including test and scan results.

Away from COVID-19, the Trust was proud to win and be shortlisted for a number of national awards during the last year.

Back in April, the Trust picked up the award for Best Use of Data at the Leading Healthcare Awards 2020. This digital project increased the Trust's sepsis screening of eligible Emergency Department patients to 97.7 per cent, and has led to deaths from sepsis falling to a historical low and below the national average.

The Trust has embraced the Gold Standards Framework (GSF) for care of patients reaching the end of their lives. We won the Keri Thomas Team of the Year Award while the coronary care unit at Russells Hall Hospital was named Hospital Ward of the Year by the GSF. Our coronary care unit is the first such unit in the country to achieve GSF accreditation, and more wards are now going for this.

Our community IV team won the Perioperative and Surgical Care Award at the HSJ Patient Safety Awards 2020. This innovative new service improves outcomes for anaemic patients having surgery by making them fitter for their operations. It sees patients undergoing major surgery at Russells Hall Hospital receive intravenous (IV) iron to boost their red blood cells by a team of specialists in the community without the need to go to hospital for this treatment. It is a great example of multidisciplinary working, combining teams from acute and community, and is a nationally unique model of care.

The enhanced care home team was a finalist in the HSJ Awards 2020 in the category Integrated Care Partnership of the Year. The team works with care homes across the area to reduce 999 calls and hospital admissions by supporting staff to maintain the health of residents, and signposting them to appropriate multidisciplinary services. The team has successfully implemented and embedded

teaching and education on a variety of subjects including oral health, chest infection prevention, hydration and recognising the deteriorating resident.

The Frailty Assessment Unit was a finalist in the Care of Older People category of the Nursing Times Awards 2020. The seven-day service was set up in response to the increasing number of older people attending the Emergency Department and accessing urgent health and social care services. It provides high quality, rapid medical and nursing care for frail patients who would not benefit from being admitted as inpatients. It helps to ensure that patients are seen in the right place, at the right time, by the right professional.

Our staff are our biggest asset and we are particularly proud that the results for the National NHS Staff Survey, conducted in September to November 2020, are improving - in fact we are amongst the top 10 most improved trusts in the country.

In October 2020 we were delighted to receive £3m in funding towards a new modular build to provide combined assessment facilities and same day emergency assessment and care. This extra facility, located by our Emergency Department, is due to open in the summer of 2021 and the two-storey build will provide much-needed additional space and will be a real benefit to our patients.

In February 2021 the CQC visited our Emergency Department to undertake a focused unannounced visit. Inspectors spent the day with the team speaking to staff and patients, reviewing patient notes and data they hold for the Trust. We are pleased the CQC found our staff felt respected, supported and valued and that they lifted the rating for the safe domain to requires improvement.

We have addressed the recommendations in the report and continue to work with our partners across health and social care to ensure our Emergency Department - indeed all our services - are safe and effective. We are committed to continuing our journey, highlighting areas of best practice and supporting teams striving to provide the best care.

Finally, the Trust’s Board of Directors would like to put on record our appreciation for our workforce and our PFI partners over the last 12 months. Everyone who works for, or in, The Dudley Group has shown amazing resilience, determination and professionalism in these most challenging of situations we have all found ourselves in. They are a credit to themselves and the community we serve.

Midwifery service continuity of carer Poppy team

Audiology team at Brierley Hill Health and Social Care Centre

Overview

Our strategy and objectives

The Trust's strategy describes how the Trust will deliver its vision and objectives. It outlines how we will continue to be a sustainable organisation delivering high quality healthcare in the right place at the right time for the population of Dudley and beyond.

The strategy is currently being refreshed and will have a greater focus on how we work with partners in Dudley, across the Black Country and beyond to ensure we deliver the best possible care to patients and do all we can to improve health and reduce inequalities.

For now, though, our existing vision, values and objectives are as follows:

Our vision is to be:
Trusted to provide safe, caring and effective services because people matter – care better every day.

Our values:

We have six strategic objectives which are to:

1. Deliver a great patient experience;
2. Deliver safe and caring services;
3. Drive service improvement, innovation and transformation;
4. Be the place people choose to work;
5. Make the best use of what we have; and
6. Deliver a viable future.

They are underpinned by three clinical aims:

- Develop integrated care provided locally to enable people to stay at home or be treated as close to home as possible.
- Strengthen hospital-based care to ensure high-quality hospital services are provided in the most effective and efficient way.
- Provide specialist services to patients from the Black Country and further afield.

Risks to delivering our objectives

Like any organisation there are risks to the Trust's ability to deliver its objectives and ensure patient safety. The Trust has to ensure it defines these risks, analyses them and identifies how to mitigate against them and this is key to how the Trust manages risk. The most significant risks are reported to board each month, along with actions to manage them, and this information is available in the Trust's board papers on its website www.dgft.nhs.uk. The most recent reporting period at the time of production of this annual report was May 2021.

In relation to achievement of strategic objectives, the Trust faced the following major risks during the year which includes clinical and longer-term risks:

- The impact of COVID-19 on the delivery of services, the wellbeing of staff and the capacity of Trust leadership to engage externally;
- The uncertainties created by the changing NHS architecture and environment;
- Financial viability caused by potential changes in the local health economy.

The Trust has clearly identified the primary risks facing the organisation, and management and mitigation are set out in the Annual Governance Statement as well as under sections relating to clinical, operational and financial performance**.**

Incident management and never events

The Trust actively encourages its staff to report incidents, believing that to improve safety it first needs to know what problems exist. This reflects the National Patient Safety Organisation which has stated:

''Organisations that report more incidents usually have a better and more effective safety culture. You can't learn and improve if you don't know what the problems are.''

As a Trust, we are committed to learning from incidents. This is supported by an open culture which encourages any incident regardless of the level of harm (including 'near misses') to be reported through the Trust's electronic incident management system Datix.

During 2020/2021 the Weekly Meeting of Harm has been further increased to include the divisional chief nurses. Any incident that is identified as potentially requiring a higher-level investigation is presented to the multidisciplinary team. The learning from incidents requiring a higher level of investigation is presented at the Risk and Assurance Group once the investigation is complete.

Serious incident investigation reports continue to be written by the patient safety team, with the support of an independent specialist. The Trust has seen a significant increase of serious incident investigations being closed on first review by the CCG.

Incidents reports which include detail of serious incidents, yellow incidents and green incidents are completed on a monthly basis and these are presented by a member of the patient safety team at the divisional, directorate and specialty governance meetings.

The Trust had three never events during 2020/21. You can read more about how we manage incidents on page 104.

How we manage our services

The overall day-to-day management of our hospitals and services is the responsibility of the team of executive directors, under the leadership of the chief executive and supported directly by other senior managers in various departments.

Our operational structure is formed from three divisions supported by corporate services; Surgery, Women's and Children; Medicine and Integrated Care; and Clinical Support Services, and these are closely linked through patient pathways. Each clinically led division has a management team comprising a chief of, deputy director of operations and a head of nursing. These in turn are managed by a director of operations who report to the chief operating officer.

Divisions are supported by corporate services, which include communications, estates, finance, governance, human resources, information, organisational development, Dudley Improvement Practice, research, development and IT.

We operate a board committee structure to ensure that we are well governed, managed effectively and scrutinised appropriately. The board of directors is responsible for formulating strategy, ensuring accountability and shaping a healthy culture. The board meets monthly, and throughout the year it has met virtually as a result of the COVID-19 pandemic.

Key committees include finance and performance, audit, quality and safety, workforce and staff engagement, and Digital Trust and technology. Members of the board also form the trustees of The Dudley Group NHS Foundation Trust Charity.

We continually refine our governance arrangements, ensuring that they are suitable for the effective running of our Trust. A formal escalation framework is in operation to ensure that key issues and concerns are escalated through the committee structure for board attention where appropriate. In response to escalation to Incident level 4 nationally, the Trust moved to reduced committee agendas for part of the year as a

consequence of the intense operational pressures experienced from COVID-19. All committee meetings were virtual.

Going concern

After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Breast screening team
Picture courtesy of Tim Thursfield/Express & Star

Performance summary

The Trust closely measures and monitors performance throughout the year with reports at service, divisional and board level regarding both financial and operational performance for all areas of the Trust. These reports are reviewed monthly at Finance and Performance Committee, Board of Directors and the Council of Governors. In addition, an electronic performance dashboard (Power Bi), accessible via our staff intranet, allows senior staff to closely monitor performance in their specific areas. Weekly performance reports are discussed by our executive directors. During 2020/2021 the Trust has redesigned the monthly integrated performance report.

Performance against the national targets

The Trust has faced significant challenges during 2020/2021, with surges in COVID-19 cases in addition to maintaining necessary emergency and urgent healthcare to patients. As a direct result of the COVID-19 outbreak all national performance targets have been seriously affected during 2020/2021. COVID-19 has necessitated the cancelation of all elective routine services for most of this financial year. The Trust is now starting to recommence restoration of elective services and plans to fully recover as soon as possible.

Emergency Access Service (EAS)

The Trust is required to ensure timely access to emergency services. The constitutional performance measure stipulates that patients should wait no longer than four hours in the Accident and Emergency Department to be treated, admitted, transferred or discharged. The Trust is currently ranked fifth nationally out of 15 Trusts with similar size and activity levels for performance against the four hour target for both type 1 and type 3 attendances. The Trust has failed to achieve the 95 per cent target of patients admitted, transferred or discharged in four hours since July 2020. During 2020/2021 there has been a reduction in overall attendances, however bed capacity and diagnostic access has been a consistent reason for breaches of the four hour target. In addition, patients have been severely ill with COVID-19. This has meant the Emergency Department has experienced challenging flow issues and overcrowding due to COVID-19. There has also been an increase in ambulance handover delays, this was particularly acute in January 2021. During this period the rate of inpatient admissions from ED has remained stable at around 36 per cent.

Referral to Treatment (RTT)

The Referral to Treatment target ensures that patients can access consultant-led elective services within 18 weeks of referral by a GP to final treatment. This standard is one of the main constitutional performance standards in the NHS. The Dudley Group prides itself as one of the consistently best performing trusts in the delivery of

RTT in the country, and despite COVID-19 we remain one of the highest performing trusts both locally and nationally. However, during 2021 we have seen an increase in waiting time and in patients waiting over 52 weeks for treatment due to COVID-19.

As a result of COVID-19 and the impact it had on the Trust's ability to treat elective patients, The Dudley Group has failed to achieve the 92 per cent standard throughout 2020/2021. Over the whole year the Trust achieved an average of 76.63 per cent against the target of 92 per cent, with the lowest percentages being in July and August 2021. RTT performance had started to improve during the autumn of 2020, however the second wave of COVID-19 caused further deterioration.

With social distancing measures and restrictions in place during the pandemic, all routine elective services had to be cancelled and the number of patients offered appointments at any given time were significantly reduced. Our focus now is firmly on restoration and recovery as we implement plans to fully recover elective services as soon as possible. The Trust will fully utilise other providers where they are available including the independent sector to secure full recovery.

Cancer services

There are three main standards for cancer services:

1. Patients referred by a GP should be seen within two weeks of referral.
2. All patients diagnosed with cancer, irrespective of how they were initially referred, should start treatment within 31 days of the diagnosis of cancer.
3. Patients referred directly by their GP to a cancer pathway who are then subsequently diagnosed with cancer should start treatment within 62 days of referral.

The achievement of cancer performance targets has been challenging during 2020/2021 in line with our peers and the NHS as a whole due to COVID-19. During the most recent wave of COVID-19 the Trust has continued to provide a cancer two week referral service. Cancer services have been adversely impacted by the need for social distancing which has reduced capacity to see patients. Some patients have understandably been reluctant to attend hospital for appointments due to the perceived risk of COVID-19. In addition, there has been a significant amount of staff absences which has further reduced capacity to see and treat patients. Breast and breast symptomatic services have been particularly affected.

Furthermore, the impact of COVID-19 on diagnostic services has also delayed treatment. Measurement of the 62 day pathway has been changed and this has led to an apparent inflation of patients waiting for cancer treatments.

Diagnostic performance

The constitutional performance standard for diagnostics measures the percentage of patients able to access diagnostic tests within six weeks. Achievement against this target has been challenging since April 2020 due to the need to prioritise inpatient,

urgent and long waiting tests. In addition, diagnostic services have been significantly affected by the need for social distancing and staffing shortages as a direct result of COVID-19. There has been a significant increase in the number of people waiting over six weeks for a diagnostic test, however during February 2021 this has reduced from 2,050 to 1,556 as normal services resume.

Patient flow

Patient flow throughout the hospital is vital to ensure the safe and effective running of our hospital emergency and inpatient services. As a result of COVID-19 bed capacity has reduced significantly due to infection and prevention control measures. This has been exacerbated by availability of nursing home placements and domiciliary care. This, however, has been improved by the provision of additional funded care home and nursing home placements.

During 2020/2021 the overall trend for Medically Fit For Discharge (MFFD) patients in hospital has reduced due to multi-agency relationships that have been established during COVID-19. For comparison, the highest number of MFFD patients in hospital during 2019 was as high as 133 on one occasion, during 2020/2021 the average per day has been 38.5. This represents a significant success on the part of the Trust and its partners. The Trust has worked with partners to develop a system-wide approach which has resulted in new and effective pathways and the development of multi-agency relationships. We remain committed to reducing variations in seasonal length of stay and we have established effective processes for the coming year to maintain the reduction in MFFD patients.

The table below highlights the changes in how many patients we have seen over the past three years.

	2018/19	2019/20	2020/21
Inpatient (Finished Consultant Episode)	139,016	134,862	109,827
ED Attendances	107,578	107,503	79,365
Outpatient Attendances	632,174	632,141	586,942

Equality and diversity

The Trust participates in the NHS Employers diversity programme and all staff are required to complete a module on equality and diversity through the Trust mandatory training programme. The Trust regularly celebrates diversity and inclusion by raising awareness of religious celebrations including Birmingham Pride and Black History Month. In 2020/2021 the Trust has launched diversity networks, the Black, Asian and Minority Ethnic (BAME) Network, the Disability Network and the LGBTQ+ Network.

Ethnicity indicators:

- The Trust has 21.2 per cent of staff compared to 10 per cent BME population;
- The Trust has no staff at VSM level compared to 153 nationally, and
- The Trust has one non-executive member.

Equality of service delivery

The Trust delivers services for all who need or are referred to its care and is working with primary care providers to ensure that referrals have due regard for equality. There are also a number of provisions made within the Trust.

- A robust interpreting and translation service meets community languages needs as well as BSL language.
- As part of the Equality, Diversity and Inclusion strategy, the Trust is committed to ensuring its workforce reflects the population it serves and is thereby able to meet the diverse needs of service users.
- The Dudley Group has been awarded Disability Leader Status reflecting the commitment to employing disabled staff across leadership positions, enhancing the ability to meet the needs of disabled service users.
- Commitment to the Accessible Information Standard means the Trust is able to meet any request from service users requiring information in an alternative format.
- The Chaplaincy Department employs faith-based staff and volunteers to support service users from different faiths or none.
- The Learning Disability Team helps improve the Trust's provision for patients with learning disabilities and their families, making it easier for patients with learning disabilities to access hospital services.
- Equality monitoring data of service users is collected which informs the Trust of uptake of services including screening services.
- A calendar of festivals and events celebrate diversity and support awareness and understanding of the diverse communities and groups served.

Patient Experience indicators

On 30th March 2020 NHS England temporarily suspended the submission of Friends and Family Test (FFT) data to NHS England and Improvement from all settings until further notice, due to COVID-19. Data will be available from April 2021. There will no longer be targets set for response rates and NHS guidance states that reporting should in future focus on what feedback has been collected and what has been implemented, rather than 'response rates' and 'scores'.

- Friends and Family: A total of 2,698 responses across all areas have been received during February 2021, a decrease since January 2021 (3,420).

- Overall in February 2021, 84 per cent of respondents have rated their experience of Trust services as ‘very good/good’, a small increase since January 2021 (83 per cent). Only four per cent of patients rated their experience of Trust services as ‘very poor/poor’ - no change since January 2021 (four per cent).
- A&E and Outpatients, Maternity Birth and Postnatal Ward percentage of very good/good scores have improved in February 2021 in comparison to January 2021.
- Percentage of very good/good scores have declined for Inpatient, A&E, Maternity Antenatal and Community. Maternity Antenatal/Postnatal Community received the greatest decline in percentage very good/good scores in February 2021.

Opening of the fourth endoscopy room at Russells Hall Hospital

Financial performance

The onset of the COVID-19 pandemic resulted in a significant change to the financial arrangements for 20/21 as resources were focused on dealing with the crisis. Block contracts with commissioners were mandated and for April to September, additional funding support was made available nationally to ensure each organisation achieved a breakeven position.

For October to March, the focus moved to financial management via the Black Country and West Birmingham wider system with significant resources allocated and devolved to constituent organisations. Initial plans assumed a deficit of £27m across the system with The Dudley Group contributing £2m to this adverse position. However, improved financial management across the system and the deployment of a risk sharing scheme ensured that all organisations within the system delivered a surplus amounting to £2.2m. The Dudley Group end of year position for performance management purposes amounted to £0.2m, the second consecutive year of achieving a positive financial outcome.

It should be noted that there are significant adverse variances against pay and non-pay more than offset by a positive variance on income. The Trust accepted the role of lead employer for the COVID-19 vaccination programme during the year which involved providing staff for the vaccination centres across the Black Country & West Birmingham with costs incurred being fully reimbursed. In addition, consumables and equipment provided for the fight against COVID were effectively fully funded. Both of these two factors are the main reason for the distortion of the figures.

The numbers presented below relate to The Dudley Group financial performance, not including the Charity.

	2020-21			2019-20	
	PLAN £000	ACTUAL £000	VARIANCE £000	PLAN £000	ACTUAL £000
INCOME	£419,964	£450,449	£30,485	£382,327	£411,900
PAY	-£261,884	-£281,534	-£19,650	-£238,106	-£249,923
NON PAY	-£136,922	-£144,392	-£7,470	-£117,837	-£136,061
EBITDA	**£21,158**	**£24,523**	**£3,365**	**£26,384**	**£25,916**
DEPRECIATION & FINANCE COSTS*	-£23,199	-£22,822	£377	-£18,412	-£22,395
NET SURPLUS/(DEFICIT)	**-£2,041**	**£1,701**	**£3,742**	**£7,972**	**£3,521**
Technical Adjustments	£41	-£1,502	-£1,543	£85	(£317)
FINAL SURPLUS/(DEFICIT)	**-£2,000**	**£199**	**£2,199**	**£8,055**	**£3,204**

* Figure includes impairment of £0.028m in 19/20

The year in review

COVID-19 has dominated the last 12 months, meaning our year has looked very different from usual. However, we have still tried to find time for some brighter moments, we have continued to pick up awards for our services, and we have been wonderfully supported by our community. Here is a look back at some of the key events from 2020-21.

April 2020

The first wave of the pandemic saw local restaurants and takeaways, along with community groups and charities, donate food and other goodies for our hard-working staff. Among the first was a generous donation from ex Wolves captain Danny Batth. And away from COVID, we picked up a Best Use of Data Award for our work to improve diagnosis and treatment of sepsis.

May

Donations continued to pour in; teachers made us visors, sewers made wash bags, and we received cash donations of £10,000 from Marciagalia UK and £3,500 from The Rotary Club of Halesowen. We marked International Nurses Day, we gathered in a corridor to sing Happy Birthday to inspirational national fundraiser Captain Tom Moore and Dudley Council painted thank you messages on the roads around our hospital and outpatient centres.

June

Halesowen in Bloom planted bedding plants outside Russells Hall Hospital, spelling out Thank You NHS. Children's ward held a Disney Day to bring a smile to the faces of young patients. Video consultations, so that patients did not have to come on site, took off this month, and another success was the Trust's role in trialling COVID treatment drugs including Dexamethasone, which would go on to have a huge impact on the way patients were treated around the world.

July

Prime Minister Boris Johnson sent us a letter of thanks and praise. ED nurses set up a fitness group to keep body – and mind – in good shape, and we made remarkable progress on the digital front, with virtual patient consultations, integrated patient care records, and rapid risk assessments, modelling and tracing data and clinical trends to inform clinical pathway improvement.

August

The big news this month was the award of £3m to help with pressures on the hospital, allowing us to create a new Acute Medical Unit, creating more bed space and improving diagnostic flow. On a smaller scale, a tea trolley initiative, which saw

staff able to share their views with the Trust in a relaxed environment over a cuppa in their areas, was shortlisted for a national award from the Healthcare People Management Association.

September

One of our governors, Steve Waltho, took on a 45-mile, 25 peak walking challenge in the Lake District to raise money for a parent's bed for children's ward. Our governors this year all got behind the bid to provide the special beds, for use by parents who need to stay with their children.

October

October was awards season with two to celebrate. Mr Shahzad Shafquat, consultant ophthalmic surgeon, won the Macular Society's Clinical Service of the Year Award for 2020 on behalf of the team. Alex Griffiths, who in his spare time also volunteers for Black Country Radio, was given a Young Covid Heroes Award by Dudley Council Voluntary Service for his support on COVID wards, during the height of the pandemic.

November

Ex Wolves and England striker Steve Bull got involved in our flu vaccination campaign, recording special video messages for staff and signing pictures in aid of our Trust charity. The community IV iron team, an integrated acute and community service which makes patients suffering from iron deficiency fitter for their operations, won the Perioperative and Surgical Care Award at the HSJ Patient Safety Awards 2020. The Frailty Assessment Unit were worthy finalists in the Care of Older People category of the Nursing Times Awards 2020. Finally, our hospital was lit up as part of the Dudley Council fireworks display across the borough (see cover photo).

December

Our work with end of life patients was recognised with not one but two awards from the national Gold Standards Framework, which optimizes care for all people nearing the end of life – Team of the Year, and Hospital Ward of the Year for the coronary care unit. Schools sent in Christmas cards for our patients, and we produced a 2021 charity calendar of photos taken by our staff, showing what is great about our area.

January 2021

The year began with Russells Hall Hospital becoming a hospital hub for the Pfizer vaccine, and later in the month we launched the vaccination centre at The Black Country Living Museum. With our eyes on the climate emergency, we reported a reduction in single use plastic in the Trust from 1.5m items to 300,000, thanks to our partners Mitie.

February

Consultants in our Rheumatology Department made a fashion and fundraising statement by wearing floral scrubs in aid of our Trust charity. There were bright colours on the children's ward too with a Rainbows and Hope Day, to show our young patients that hospitals can be fun. Professor Sauid Ishaq, our world-renowned consultant gastroenterologist, was made a Doctor of Philosophy at Amsterdam University Medical Centre, a leading academic medical centre, for his pioneering work on endoscopic treatment of Zenker's diverticulum.

March

Making care more accessible, our breast screening service took its mobile unit named Hope to a supermarket car park. Patients were given control of when they see a hospital clinician in a new initiative, which means that rather than being called for routine follow-up appointments, patients can decide if, and when, they need to be seen. Hitting the headlines was our own DJ doctor, Kishan Bodalia, whose Instagram posts have kept the nation dancing throughout the pandemic. The junior doctor's NHSessions have won the praise of everyone from Matt Hancock and Boris Johnson to Tinie Tempah and Jonas Blue.

Fun day on children's ward

Signed: Diane Wake
Chief executive
Date: 23rd June 2021

Accountability report

Directors' report

The Board of Directors was established and constituted to meet the legal minimum requirements stated in the Health and Social Care (Community Health and Standards) Act 2003 and the requirements of the NHS Foundation Trust Code of Corporate Governance published by Monitor.

Non-executive director (NED) appraisals for 2019/20 were conducted by the chairman on a one-to-one basis against a structured format that used 360 degree feedback from executive team members and peers. The performance of each NED was assessed against agreed objectives, specific strengths or areas for improvement, linked to contribution made across four dimensions of strategy, accountability, culture and engagement. The appraisal findings were considered by the Council of Governors in September 2020.

The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 deals with the Fit and Proper Persons Test which came into force in November 2014. We have complied with this requirement since May 2015 both upon appointment and with annual re-checks.

Non-executive directors can only be removed by a 75 per cent vote of the Council of Governors following a formal investigatory process, and the taking of independent legal advice, in accordance with guidance issued by our regulators.

We are confident that our board members do not have any interests or company directorships which could conflict with their management responsibilities. A Register of Directors' Interests is held by the board secretary and is published on the Trust's website www.dgft.nhs.uk

As an NHS foundation trust, no political or charitable donations have been made during 2020/21. During the year, we were not charged interest under the Late Payment of Commercial Debts (Interest) Act 1998.

As far as the directors are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all of the necessary steps to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. We confirm that we have met this requirement and that income received in 2020/21 had no impact on our provision of goods and services for the purposes of the health service in England.

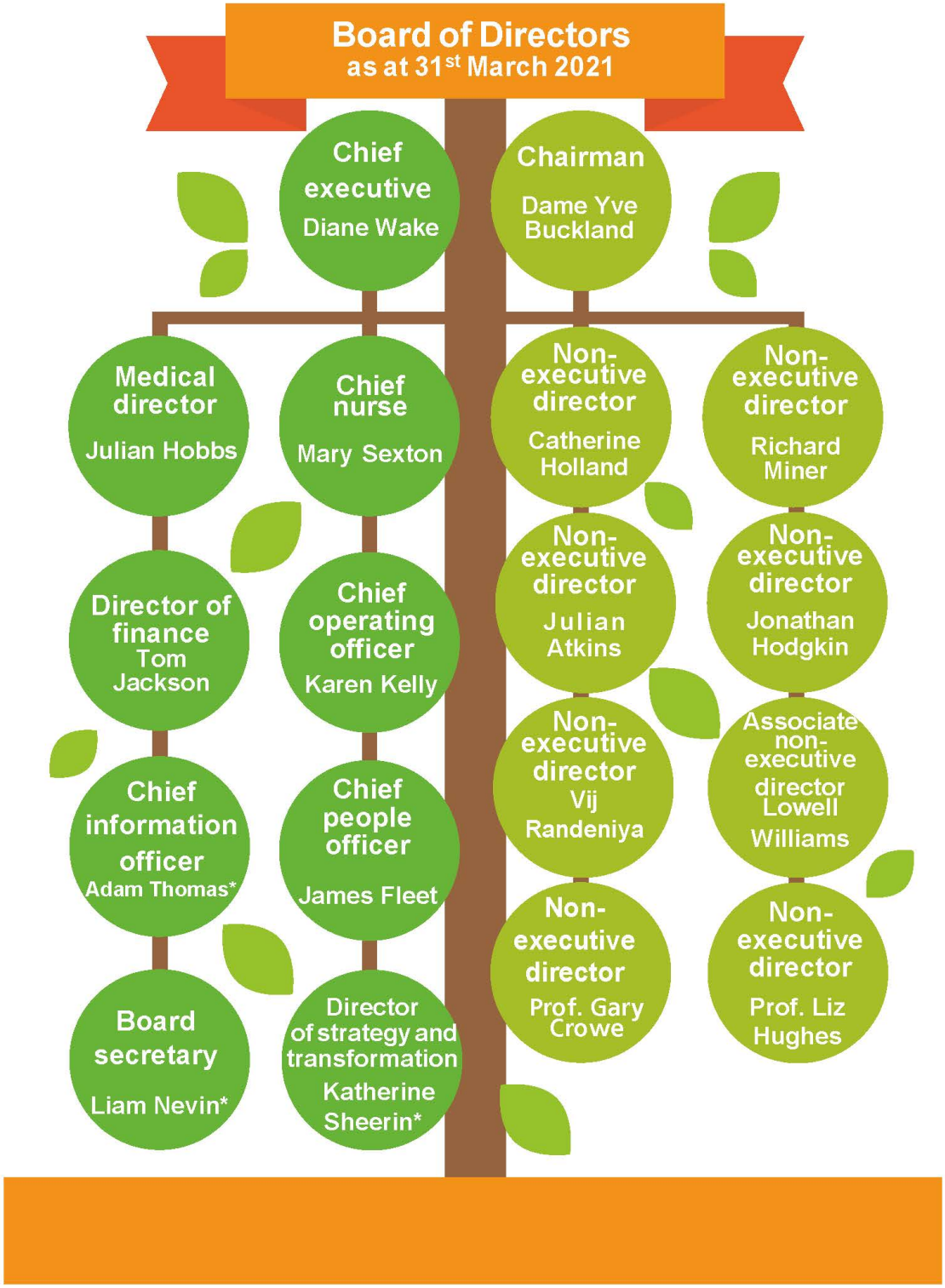
The Board of Directors is responsible for ensuring that we have effective governance arrangements supporting the delivery of our quality priorities. Reports on the Trust's progress against the established quality priorities are taken to both the board and the

Council of Governors by the chief nurse and further information on progress against standards can be found on the Trust's website www.dgft.nhs.uk

You can find more information of how the Board of Directors has assessed itself against the NHS Improvement well led framework through the Annual Governance Statement on pages 96 to 116.

In the following pages you will find more information about the Board of Directors in post during the year 2020/21.

Leg ulcer clinic, Brierley Hill Health and Social Care Centre



*non voting executive

Our directors

Julian Atkins, non-executive director and deputy chair

Julian joined the Trust in January 2016 as a non-executive director and is currently deputy chair. He has experience in both the public and private sectors, having worked at organisations such as Alliance & Leicester, Marks & Spencer, Solihull Health Authority and the Thomas Cook Group. Prior to joining the Trust, he was part of the executive leadership team and head of human resources at Coventry Building Society, where he worked for nearly 25 years.

Julian is a Fellow of the Institute of Financial Services and the Chartered Institute of Personnel and Development. He is board chair of Coventry and Warwickshire Chamber of Commerce's subsidiary training company and is also a past president of the Coventry and Warwickshire Institute of Financial Services.

Julian chairs the Charitable Funds and Workforce & Staff Engagement committees and is a member of the Audit and Clinical Quality, Safety & Patient Experience committees. Julian is passionate about delivering excellent customer service through skilled individuals and effective teams.

Dame Yve Buckland, chairman

Dame Yve Buckland joined us as interim chairman in March 2019 and was asked by the governors to take up the role formally in December 2020.

She started her professional life as an archivist, having completed a history degree and archives training at Leeds and Liverpool universities. She went on to have a series of managerial roles in local government, working for Cheshire and Birmingham councils, and in the early 1990s was appointed city secretary by Nottingham City Council, the first female chief officer in the council.

By 2000 she had achieved her first national role. Yve was appointed by the government to set up the Health Development Agency, a body which put together the evidence base for tackling key public health problems such as childhood obesity and smoking-related diseases. She was awarded a DBE for her work in this area.

Yve went on to become chair of the NHS Institute for Innovation and Improvement based at Warwick University, a post she held from 2005 to 2010 and also, between 2005 and 2015, was the chair of the Consumer Council for Water.

She is currently the chairman of Birmingham and Solihull Integrated Care System, a trustee of the Tessa Jowell Foundation, a member of Birmingham Health Partners and pro-chancellor of Aston University. She was chair of the Royal Orthopaedic Hospital until January 2021.

Gary Crowe, non-executive director

Gary was most recently a university professor of innovation leadership at Keele University Management School. He previously held senior commercial positions in strategy, business transformation and risk & financial management as a director and management consultant in the financial services sector.

Gary holds a number of external board appointments, and has served as an independent non-executive director with another NHS trust since 2015. He is a qualified chartered banker and fellow of a number of professional organisations and learned societies.

James Fleet, chief people officer

James joined the Trust as interim director of strategy and transformation in January 2020 and became our chief people officer in March 2020. He has over 20 years' experience in designing, delivering and leading major healthcare improvement. This has included work on transformation strategies and interventions for a wide range of NHS organisations and systems across the UK.

James is an experienced healthcare director and HR/OD leader, having held leadership roles within the NHS, before taking the role as director for a leading healthcare advisory service. Most recently James co-founded Four Eyes Insight Ltd, where he was the executive lead for their national team of workforce and clinical transformation specialists, supporting NHS organisations to optimise clinical and workforce capacity.

James has a robust knowledge and experience of the regulatory framework, having worked closely with the regulatory bodies at national and regional levels.

A fellow of the Chartered Institute of Personnel and Development, James has worked with a wide range of NHS executive teams and boards, to advise and guide them in developing and implementing far-reaching strategic change and improvement across clinical, quality, performance and workforce measures. James is passionate about harnessing clinical engagement, organisational development

and workforce transformation, as key levers for sustainable change within providers and wider systems.

James also led a national two-year clinical productivity programme with NHS England/Improvement, which involved more than 100 NHS provider trusts.

Julian Hobbs, medical director

Julian joined the Trust from Royal Liverpool where he had been deputy medical director. Julian has also been deputy medical director and lead for mortality for Cheshire and Merseyside area team at NHS England.

Julian is a consultant cardiologist by background and has worked at Liverpool Heart and Chest Hospital alongside his current roles. He has had extensive experience in medical management roles for several years. Julian undertook his research at Manchester Royal infirmary with support from the BHF. He is a keen sportsman and beekeeper.

Jonathan Hodgkin, non-executive director

Jonathan is an economist by training and has extensive experience of working at the interface of the public and private sectors as a consultant, regulator and company director in the utilities sector.

He has held many director positions throughout his career. As a business consultant Jonathan has advised governments, regulators and companies around the world on industry restructuring, strategy and regulation.

Catherine Holland, non-executive director

Catherine is a writer, speaker, coach/mentor and facilitator, developing the practice of senior leaders. A member of the Golden Egg Academy, she is currently writing children's books.

Catherine is an associate consultant with Amara Collaboration, a contributing author to Street Smart Awareness and Inquiry in Action, and co-designer and facilitator in transformational leadership development retreats.

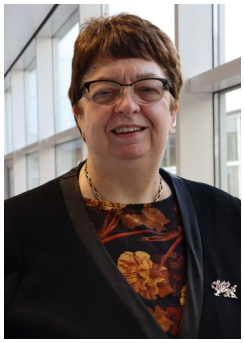
A former social worker and trainer and assistant director in social services, Catherine worked for 14 years in the Probation Service, first as a director for corporate services

and later as chief executive of Staffordshire and West Midlands Probation Trust, the second largest probation trust in the UK.

Catherine designed and led West Midlands Probation through a successful performance and culture turnaround programme, and project managed the merger with Staffordshire Probation, the new trust going on to be recognised for excellence and awarded four stars by the British Quality Foundation.

Catherine led SWM Probation Trust through extensive and challenging changes brought about by the government's Transforming Rehabilitation programme, becoming chief executive of Staffordshire and West Midlands CRC, and later the newly formed Reducing Reoffending Partnership.

Liz Hughes MBE, non-executive director



The Dudley Group welcomed Liz to its board in December 2019. Liz is deputy medical director for Health Education England and a consultant in chemical pathology and metabolic medicine at Sandwell and West Birmingham Hospitals Trust and honorary professor at both the University of Birmingham and University of Aston and visiting professor at Worcester University.

Professor Hughes established the physician associate role in the NHS, a role that many hospitals now have within their workforce, securing the first ever non-medical faculty at the Royal College of Physicians. She is proud that when it first began in 2015 there were 183 and now there are just over 2,500 physician associates employed in the NHS.

Medical education and training is a passion for Professor Hughes who has also established a GP training scheme with the Chinese government and developed speciality medical training within the Middle East.

Liz is a national expert in the treatment of inherited lipid disorders and is one of the founder members of the national charity HEARTUK with which she has worked extensively with multi professional healthcare professionals and patients.

In 2016, the aviation profession honoured Liz for her contribution towards training doctors in aerospace-related medicine. She was the winner of the Improving Safety in Medicines Management category in the Patient Safety Awards 2013.

She has held a number of national roles including chair of Academic Careers and Research Evidence.

Tom Jackson, finance director

Tom is a career NHS finance professional with nearly 30 years' service. For the last 11 years he has operated at board level in a range of organisations including community, acute, primary care and commissioning.

A Fellow of the Chartered Institute of Public Finance, Tom is motivated by adding value and transformation to his finance leadership role.

Karen Kelly, chief operating officer

Karen joined us in January 2018 from Barnsley Hospital NHS Foundation Trust where she held the post of executive director of operations.

A graduate of Keele University, Karen qualified as a nurse in 1993 and worked for more than 23 years at the University Hospital of North Staffordshire where she held a variety of roles including the first matron role for Urgent and Emergency Care before moving into managing the Directorate of Emergency Care.

Prior to joining us as a COO Karen has been involved in overseeing a range of large-scale service developments and improvement projects. She became part of the transformation team tasked with turning around Mid Staffordshire NHS Foundation Trust – becoming head of nursing there in 2010. Following this, she held the post of medical nurse director, followed by deputy director of operations at The Royal Liverpool and Broadgreen University Hospital Trust.

Karen is passionate about leadership development and working alongside people to promote quality of care being delivered that ensures our patients are safe.

Richard Miner, non-executive director

Richard is a chartered accountant by background and chaired the Audit Committee. Having joined the Trust in 2010, he was also a member of the Finance and Performance Committee, the Charitable Funds Committee and chaired the Board of Dudley Clinical Services Ltd.

A former partner in national accounting firm PKF (now part of BDO) he was also group finance director at LPC Group plc, at one time the largest independent tissue manufacturer in the UK. Richard first became involved with the NHS in 2006 as a non-executive director of Birmingham East and North PCT where he chaired the Audit Committee and World Class Commissioning working group.

He is a director of Enterprise FD Limited, a provider of flexible and interim finance directors to entrepreneurial and ambitious organisations. This also includes his role as finance director with Open Study College, one of the leading providers of distance learning materials.

Richard's term of office with the Trust finished on 31st March 2021.

Liam Nevin, board secretary

Liam joined as Trust secretary in August 2019. He has worked in public services for more than 30 years in a variety of roles and has spent the last five years working in further education as company secretary, prior to which he was a director of law for two different local authorities.

Liam is a qualified solicitor of 20 years' standing with approximately 15 years spent in senior governance roles. He is also professionally qualified through the Chartered Institute of Housing.

Vij Randeniya, non-executive director

Vij is an experienced non-executive director within the health service. He is deputy chairman of Birmingham Women's and Children's NHS Foundation Trust and sits as the vice chair on the governing body of Aston University. He is also the chair for one of Defra's committees for the Environment Agency. Vij is a former trustee and vice chair of the Royal Society for Public Health and former chief fire officer for West Midlands Fire Service. Vij has substantial experience of large-scale project management, leadership and change management. Vij was awarded the OBE in 2006.

Mary Sexton, chief nurse

Mary joined the Trust as interim chief nurse in January 2019 and became substantive in November 2019. An experienced corporate lead for nursing, quality and governance, she brought with her more than 15 years' experience at executive level.

Mary is an experienced nurse leader, with a wealth of experience in providing robust oversight of the nursing, midwifery and AHP workforce resulting in an improved patient and staff experience. She has extensive experience in service transformation and professional standards

as well as the delivery of compliance with regulatory standards and effective governance to support learning.

Mary, who began her career as a staff nurse at East Surrey Hospital in 1983, has worked in a variety of settings including acute, community and mental health at local and regional level.

In addition to her chief nurse role Mary is the Trust's director of infection prevention and control and our executive lead for safeguarding and our maternity safety champion.

Katherine Sheerin, director of strategy and transformation

Katherine Sheerin joined the Trust as director of strategy and transformation in July 2020. She has held a variety of roles throughout her career.

Katherine joined the NHS in 1988 as an auxiliary district nurse, working part time to fund her way through university. Following graduation from the University of Liverpool, she joined the NHS Graduate Management Training Scheme, and has undertaken a variety of roles across acute, community and primary care services.

As her experience in the NHS evolved, her career began to focus on commissioning and system redesign, taking on challenges through a variety of director and executive roles.

During her role as accountable officer for NHS Liverpool CCG, Katherine was the architect of the Healthy Liverpool Programme, which brought all NHS, local authority and community partners together to work on improving health outcomes, reducing inequalities and providing high quality and safe services.

Katherine has robust knowledge and experience in implementing sustainable change having worked closely with different service providers to create the environment for significant service redesign across pathways and organisations, most recently in the Leeds system.

Katherine has also held a number of national roles, including as a board member of NHS Clinical Commissioners and the National Association of Primary Care.

Adam Thomas, chief information officer

Adam rejoined the Trust in 2009 and brings more than 15 years of NHS experience in clinical and senior management positions to his executive role.

A graduate of Aston University, Adam qualified as a pharmacist and proceeded to undertake post-graduate qualifications in clinical pharmacy, independent prescribing and digital healthcare leadership. He worked in medical oncology at The Dudley Group and brings a special clinical interest in improving cancer outcomes for the borough.

After leading a number of digital healthcare projects, he made a career move in 2016 to digital service, with a focus on clinical safety design, which has subsequently extended into integrated care, and workforce transformation through digital and data-services.

As a strong advocate for collaborative connected care systems, Adam has led on the delivery of population health management solution and transformation at pace through the Trust's response to the COVID-19 pandemic. Established as a digital leader within the region, he continues to support strategic agendas as well as quality improvement within the Trust. Adam speaks at a national level on digital leadership, as well as digital-data strategy in health and care.

Diane Wake, chief executive

A nurse by background, Diane has worked in the NHS for 37 years. She joined The Dudley Group NHS Foundation Trust as chief executive in April 2017.

Diane trained as a nurse between 1984-1987 and has an extensive background in nursing, occupying senior leadership positions in surgical specialities of urology, colorectal, vascular and breast.

Diane has a wealth of experience in both clinical practice and leadership roles. She was previously chief executive at Barnsley Hospitals NHS Foundation Trust from 2013 to 2017 and interim chief executive at Royal Liverpool and Broadgreen University Hospitals NHS Trust, where she also worked as chief operating officer and executive nurse from 2007.

Diane's experience made her an ideal candidate to become a reviewer as part of the Keogh Trusts in 2013 and then part of the CQC inspection process, chairing CQC inspections in East Kent, University Hospitals North Midlands, BARTS and Leeds Teaching Hospitals.

Diane has a passion for patient safety and high-quality care and has knowledge and expertise in implementing robust governance processes.

She is committed to system working both within place and at ICS level. She is the SRO for the ICS leading on cancer, elective and diagnostics. Diane is also the joint SRO for acute provider collaboration across the Black Country System.

Lowell Williams, associate non-executive director

Lowell was the chief executive officer of Dudley College of Technology from 2008-2019 and led the college to an Ofsted Outstanding rating in the 2017 inspection. In January 2018, he was named as one of seven appointments to the government's advisory group, the National Leaders of Further Education, which is made up of principals from colleges who have been rated good or outstanding. Lowell led the creation of Dudley's Academies Trust.

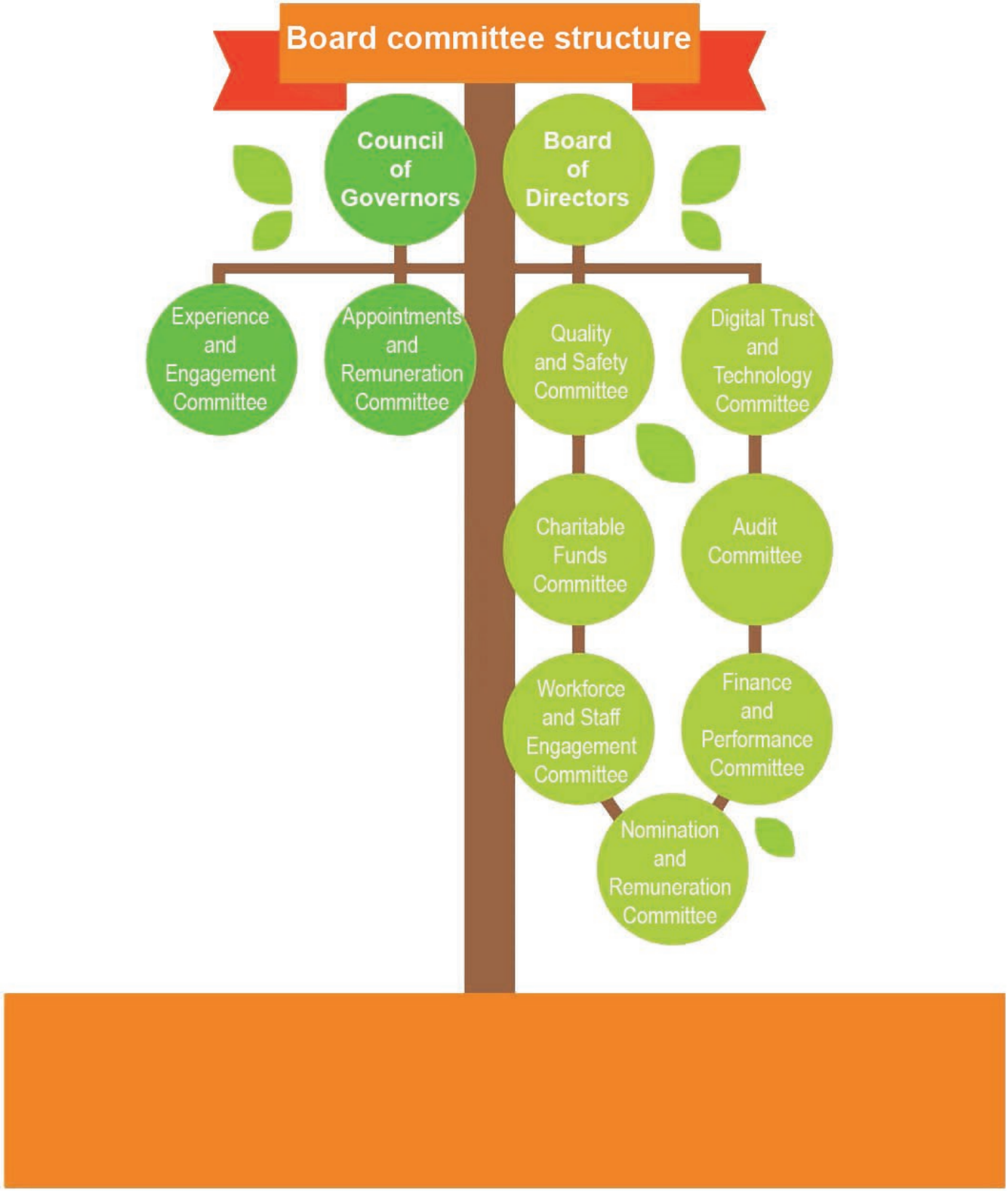
Stourbridge Health and Social Care Centre

Board of directors' attendance

Position	Name	Commencing	End	Board meeting attendance out of 12
Chief executive	Diane Wake	03/04/17		12
Director of finance	Tom Jackson	01/02/18		12
Chief operating officer	Karen Kelly	02/01/18		12
Medical director	Dr Julian Hobbs	02/10/17		12
Chief nurse	Mary Sexton	29/11/19		12
Chief people officer	James Fleet	10/03/202***		11
Director of strategy & transformation	Katherine Sheerin	07/07/20		9
Chief information officer	Adam Thomas*	01/09/19		11
Trust secretary	Liam Nevin*	19/08/19		11
Chairman	Dame Yve Buckland	20/11/20***		12
Non-executive director	Prof Liz Hughes	15/11/19	15/11/22	11
Non-executive director	Julian Atkins	04/01/16	31/05/23	12
Non-executive director	Richard Miner	01/05/12	31/03/21	11
Non-executive director	Catherine Holland	01/09/18	31/08/24	10
Associate non-executive director	Lowell Williams**	01/12/19	31/03/22	12
Non-executive director	Prof Gary Crowe	01/07/19	01/07/22	12
Non-executive director	Vij Randeniya	20/11/20*****	31/03/24	12
Non-executive director	Jonathan Hodgkin	01/04/18	31/03/24	12
Associate non-executive director	Ian James	01/07/19	01/07/20	7 (from 7)

*non voting
**associate non-executive directors are non voting
*** James Fleet joined as interim director of strategy & transformation in January 2020
****Dame Yve Buckland joined an interim chairman in May 2019
*****Vij Randeniya was an associate non-executive director from November 2019

Notice periods – the notice period for all executive directors is three months. Non-executive directors do not have a notice period.


Board committee structure
Council of Governors
Board of Directors
Experience and Engagement Committee
Appointments and Remuneration Committee
Quality and Safety Committee
Digital Trust and Technology Committee
Charitable Funds Committee
Audit Committee
Workforce and Staff Engagement Committee
Finance and Performance Committee
Nomination and Remuneration Committee

Patient experience

Complaints handling

There was an increase in complaints activity from 2019/20 (678) to 2020/21 (711), an increase of 4.86 per cent. There was an increase of 19.8 per cent for the number of complaints received from 2018/19 to 2019/20 and therefore 4.86 per cent is lower than anticipated. It is believed that COVID-19 impacted on the number of complaints received during April 2020 to June 2020. The focus remains on responsiveness, engaging with users and proactively encouraging patients and their families to give feedback.

The Trust received 3,362 informal concerns and comments to the Patient Advice and Liaison Service (PALS) in 2020/21 which is an increase from the previous year (2019/20) of 2,546. This is an increase of 816 cases (32 per cent). This is a reflection on the restrictions to visiting to the Trust during the COVID-19 pandemic. Relatives were contacting PALS to assist in communicating with their loved ones as an inpatient.

The Trust has made a number of changes and improvements in response to patient complaints. Complaints are reviewed monthly to identify themes and trends across the Trust. These are then shared with the divisions. Improvement actions and learning is put into practice and reported to the Patient Experience Group, the Quality and Safety Committee and the Trust board.

Patient experience boards

Working in collaboration with the communications team, we designed a patient information survey to ascertain patient views on how information is currently displayed. We secured funding for 13 patient information boards that have been displayed in the corridors and stairways at Russells Hall Hospital, and Corbett and Guest outpatient centres.

The boards are a ‘What Matters to You’ patient information point to display good news, ‘You Said We Have’ and other information to encourage patient engagement.

Virtual/online surveys

We have now developed QR codes/online surveys to enable patients to send feedback via online channels. These have been promoted on the new patient experience boards, business cards and tablets.

Patient experience Twitter

We developed a patient experience Twitter page to share feedback from our patients to highlight the importance of what matters most to patients, to celebrate successes, and to demonstrate gratitude and appreciation of our staff. We post compliments,

patient poems, and examples from our ‘You Said We Have’ feedback to highlight the impact patient feedback has across the Trust in real patient-led change. Our Twitter account remains very active with increased engagement and the number of followers is increasing each month.

Carers’ COVID packs

A recurring theme from the National Inpatients Survey was a lack of support post-discharge on social care and providing information to families/carers. In collaboration with Dudley CGG, Dudley Carers Network and the Trust’s carers coordinator, we have produced a COVID Carers’ Pack to provide and include information on health and wellbeing, social care support, finance and benefits, bereavement support, NHS services and advocacy/feedback on services.

Launch of the new Friends and Family Test

In September 2020 the FFT changed and there is a new question and ratings. The old question ‘How likely are you to recommend our services to friends and family?’ has been replaced with the new question ‘Overall, how was your experience of our service?’ The new FFT includes free-text questions to drive service improvement.

We redesigned the FFT paper surveys to provide a quick and simple mechanism for patients, relatives and carers (on behalf of the patient) to give feedback, which can then be used to identify what is working well and to improve the quality of any aspect of patient experience. We worked with the children and young people’s team to ensure the survey was user-friendly and met the needs of the patients.

We produced FFT stickers for the Maternity Department to put on patients’ maternity antenatal and postnatal notes to improve response rates and ensure that the FFT is accessible to all, as SMS text messaging is not available within the service, and to reduce risk of infection from paper survey methods during COVID-19.

Patient Reported Experience Measures Survey (PREMS)

We added a new-style survey on the back of the FFT card which includes five additional questions about:

- dignity and respect;
- involvement in decisions about care; and
- whether patients were provided with enough information about their care and treatment.

The feedback card has been designed as a Patient Reported Experience Measure (PREM) survey. Each of the five questions on the survey are aligned to CQC care standards. These aim to achieve a way of surveying patients using a standard set of questions to capture, understand and use patient experience in a consistent way, cross referencing the findings with the FFT, as an overall satisfaction score.

COVID Family Support Service

We set up a dedicated Family Support Service to help patients stay in touch with relatives during their inpatient stay and to recognise the importance of communicating with family members during these difficult times. The service enabled relatives to get a message to a loved one, arrange for personal items to be delivered, and for an appropriate person to speak to relatives regarding the patient's treatment and to discuss any worries about the care received.

Patient Panel

We have hosted a number of virtual Patient Panels throughout the year to capture people's views and experiences on what we did well and what we could improve to help us shape future service planning and development.

Stakeholder relations

Integrated care

We have continued to work with our local partners on the development of a 'place' based model for the delivery of integrated care in Dudley. Dudley Integrated Health and Care NHS Trust was set up on 1st April 2020 to support the delivery of this model. The care model has been developed by the Dudley Partnership Board with engagement and support from all partners in the Dudley system. It is designed to meet three needs: improve population access to primary and community services; improve, provide and deliver continuity of care for the rising number of people with multiple long-term conditions; and deliver better coordination of care for those with multiple complex needs.

Acute collaboration

The Trust has worked closely with the three other acute trusts in the Black Country and West Birmingham on how we should collaborate to improve the services we offer to patients. A programme of clinical change has been agreed, with a programme board established comprising the chairs, chief executives and lead directors from all four organisations. The key focus for this work is to improve clinical outcomes, effectiveness and accessibility of services within a sustainable system.

Black Country Pathology Services

BCPS comprises the four pathology laboratories in the Black Country for the sustainability and transformation partnership (STP). It provides the pathology services for the acute hospitals and also local GPs. Some of the laboratories offer specialist services to the wider NHS and also work on research studies.

Black Country & West Birmingham STP Cancer Board

The Black Country and West Birmingham STP Cancer Board is established to drive delivery of the National Cancer Strategy through aligning commissioning responsibilities across the cancer pathway and enabling collaborative working across providers.

It provides a critical link between the Black Country and West Birmingham STP and West Midlands Cancer Alliance (WMCA) and will ensure that emerging cancer plans are consistent with wider STP transformation programmes, as appropriate.

The Group reports to the STP Health Partnership Board. The Trust's chief executive Diane Wake is chair of the Cancer Board.

Audit Committee

During the year, the Audit Committee operated in accordance with its responsibilities as set out in its terms of reference, which included:

- To agree the audit plan, audit fee and approach (including areas of risk, fraud risk, misstatement, and materiality), and received findings of the external auditor in relation to the financial statements, value for money opinion, the Quality Accounts (where applicable), the report to those charged with governance and to consider the implications of and management's responses to their work. More specifically, the Audit Committee considered the auditor's identified significant risks as part of their plan in relation to fraud in revenue recognition, management override of controls, and the valuation of property, plant and equipment. It has commented on its approach and attitude to fraud to the external auditor.

- To receive and approve the Annual Report and Accounts.

- To review, monitor the integrity (including the application of accounting principles and policies) and approve the financial statements and other reports when delegated by the board or in conjunction with the board and to provide assurance to the board.

- To review the systems which underpin the Trust's reporting including the establishment and maintenance of an effective system of integrated governance (including budgetary control), risk management and internal controls (including counter fraud measures) across the whole of the Trust's activities, both clinical and non-clinical, that supports the achievement of the Trust's objectives and in so doing;

- To ensure that there is an effective internal audit and Local Counter Fraud function that meets Government Internal Audit Standards and that provides appropriate independent assurance to the Audit Committee, chief executive and Trust board.

The key issues that the Audit Committee considered during the year were in relation to the following:

- Internal Audit identified some internal control weaknesses regarding audits in the areas of GDPR compliance and seven day working. Management has implemented action plans in respect of each of these areas and progress on the implementation of the recommendations of Internal Audit is being overseen by the Audit Committee.

- The process by which the Board Assurance Framework is updated was considered and challenged during the year, resulting in improvements being made to provide greater analysis and oversight of key risks.

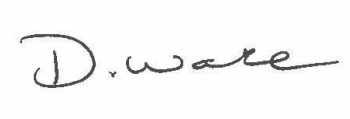
- The progress of the Trust's Clinical Audit programme against the plan was considered during the year to receive assurance that quality improvement and outcomes were being checked and monitored.

In each case the Audit Committee considered the information and explanations from management, and sought assurance that actions were put in place to address the issues raised. More detail on some of these areas is included in the Annual Governance Statement.

The external auditor, Grant Thornton, provides a progress report to each Audit Committee meeting set against the audit plan. The Audit Committee measures the effectiveness of the external audit process, its timing, and outputs against this plan. The external auditor is appointed by the Council of Governors for a maximum five-year term following a competitive tender process against a set of quality and value for money criteria and following the recommendation of a tender committee which includes executive, non-executive and governor representation. The most recent tender process in 2019 resulted in the appointment of Grant Thornton who have been the Trust's external auditors for the period covered by this Annual Report.

Audit Committee Membership		Attendance
Richard Miner	Non-executive director (committee chair)	6/6
Gary Crowe	Non-executive director	6/6
Lowell Williams	Non-executive director	4/6
Julian Atkins	Non-executive director	5/6
In attendance		
Tom Jackson	Director of finance	6/6
Liam Nevin	Board secretary	6/6

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



Signed: Diane Wake
Chief Executive
Date: 23rd June 2021

Remuneration Report

Annual statement on remuneration (Information not subject to audit)

The Nominations and Remuneration Committee operates to review and evaluate the board structure and expertise, as well as to agree a job description and person specification for the appointments of the chief executive and audit executive directors. The committee also identifies and nominates suitable candidates for such vacancies and recommends its proposed appointment for chief executive to the Council of Governors.

Interview panels for executive director appointments are usually made up of existing directors, governors and external stakeholders. The committee determines the appropriate levels of remuneration for the executive directors. Remuneration levels are normally determined by reference to such factors as those applying in equivalent organisations in the NHS, changes in responsibility, performance, salary increases agreed for other NHS staff and guidance issued by the Secretary of State.

During the year, substantive appointments were made to the post of director of strategy and transformation.

For the purpose of the Annual Report and Accounts, the chief executive has agreed the definition of a "senior manager" to be voting executive and non-executive directors only.

Evaluation of the Trust board
Executive directors were set objectives and were evaluated by the chief executive as part of the annual appraisal process and the chief executive's own performance was evaluated by the chairman. The non-executive directors' objectives were set by the chairman and their evaluation was carried out by the chairman. Objectives were set by the senior independent director for the chairman as part of the evaluation process. All directors undertook an externally facilitated 360 degree which was fed into the evaluation process.

Senior manager remuneration policy (Information not subject to audit)

Remuneration for executive directors does not include any performance-related elements and there are no plans for this in the future. No significant financial awards or compensation have been made to past senior managers during the reporting period. There is no provision for the recovery of sums paid to directors or for withholding payments of sums to senior managers. Senior managers' service contracts do not include obligations on the Trust which could give rise to or impact on remuneration payments for loss of office. Senior managers' individual service contracts mirror national terms and conditions of employment and include notice

periods and any termination arrangements. In the event of a contract being terminated, the payment for loss of office will be determined by the Nomination and Remuneration Committee. Payment will be based on contractual obligations. Payment for loss of office will not be made in cases where the dismissal was for one of the five 'fair' reasons for dismissal.

In setting the remuneration policy for senior managers, consideration was given to the pay and conditions of employees on Agenda for Change. The Trust uses benchmarking data to ensure all salaries, including those over £150,000, are reasonable and provide value for money. Executive directors were awarded a cost of living rise of 1.03 per cent in 2020/21. The Trust has not consulted with employees when determining the senior managers' remuneration.

Nomination and remuneration committee (Information not subject to audit)

The Nomination and Remuneration Committee is a sub-committee of the board and holds at least one meeting per year. During 2020/21, it held four meetings and attendance at meetings were as below. Executive directors also attend the Nomination and Remuneration Committee on occasion. The terms and conditions for the executive directors and senior managers of the Trust are included in their individual contracts of employment which includes notice periods and any termination arrangements.

The Trust has an Equal Opportunity and Diversity Policy in place which was approved in January 2020 and covers all aspects of the Trust's business. An Equality and Diversity Policy Statement in relation to the board was approved in March 2021.

Nomination and remuneration committee		Attendance (/4)
Julian Atkins	Non-executive director	4
Yve Buckland	Non-executive director	4
Gary Crowe	Non-executive director	3
Jonathon Hodgkin	Non-executive director	4
Catherine Holland	Non-executive director	4
Liz Hughes	Non-executive director	1
Ian James	Non-executive director	1/2
Richard Miner	Non-executive director	3
Vij Randeniya	Non-executive director	4
Lowell Williams	Non-executive director	4

Future policy tables

These set out the Trust's policy for future remuneration of senior managers.

Executive directors

	Salary and fees	Taxable Benefits	Annual Performance related bonuses	Long-term Performance related bonuses	Pension-related benefits	Other Remuneration
Description	Basic pay for executive role	Chief exec has a lease car; the benefit associated with this is reported on yearly P11d's. The following directors receive a harmonised accommodation allowance: o finance director o chief nurse o medical director o chief people officer o director of strategy	N/A	N/A	NHS Pension Scheme membership	Medical director paid under M&D terms and conditions. Medical director remuneration paid as a pensionable responsibility allowance.
How that component supports the short and long-term strategic objectives of the foundation trust	To ensure the Trust is well-led and all short and long term objectives are met, the salary for senior managers must be competitive in order to recruit and retain talented individuals	To ensure senior managers are appropriately compensated for those journeys they have undertaken on behalf of the Trust. The policy for senior managers is the same as that applying to other staff.	N/A	N/A	This enables the Trust to recruit sufficient talent at executive director level and accords with custom and practice in the rest of the NHS.	This is essential to ensure a medically qualified person can occupy the role of medical director

	Salary and fees	Taxable Benefits	Annual Performance related bonuses	Long-term Performance related bonuses	Pension-related benefits	Other Remuneration
An explanation of how that component operates	Executive director salaries are determined by the Remuneration Committee of the Trust board, informed by benchmark salary derived from established national NHS pay surveys. Executive directors are appointed on a permanent basis under a contract of service at an agreed salary	Trust Expenses Policy applies to senior managers. Taxable benefits incurred fell within the scope of this policy. Levels of benefits reflect national terms and conditions for other staff groups to ensure consistency	N/A	N/A	This is determined in accordance with NHS Pension Scheme Benefits. No additional payments are made	As determined by national terms and condition of employment
The maximum that could be paid in respect of that component	Fixed salary determined by Nominations & Remuneration Committee	N/A	N/A	N/A	As determined by NHS Pension Scheme Entitlements	As determined by national terms and condition of employment
Where applicable, a description of the framework used to assess performance	N/A	N/A	N/A	N/A	N/A	N/A

Non-executive directors

	Fee payable	Any additional fees payable for any other duties to the foundation trust	Such other items that are considered to be remuneration in nature
Description	Fee for the chair, deputy chair, senior independent director, chair of Audit Committee, and other non-executive directors	N/A	Expenses incurred in the course of their duties such as public transport, mileage and subsistence as determined by Trust policy.
How that component supports the short and long-term strategic objectives of the foundation trust;	To ensure the Trust is well-led and all short and long term needs met, the fee for non-executive directors must be competitive in order to recruit and retain talented individuals	N/A	To ensure non-executive directors are appropriately compensated for those journeys they have undertaken on behalf of the Trust. The policy for non-executive director expenses is the same as that applying to other staff
An explanation of how that component operates	The chair and non-executive members are entitled to be remunerated by the Trust for so long as they continue to hold office as chair or non-executive member. They are entitled to receive remuneration only in relation to the period for which they hold office. There is no entitlement to compensation for loss of office. The level of remuneration is determined by the governors with due regard to the remuneration paid in other foundation trusts	N/A	Mileage and subsistence allowances for non-executive directors are set by the Council of Governors.
The maximum that could be paid in respect of that component	The rate of remuneration payable to the chairman of the Trust is £48,324 p.a. The senior independent director and deputy chair are remunerated at £15,230 p.a. and the chair of Audit Committee is remunerated at £15,079 p.a. The remuneration for the other non-executive directors is between £13,190 and £13,585 p.a.	N/A	N/A
Where applicable, a description of the framework used to assess performance	Performance of non-executive directors is assessed by the chairman annually, and for the chairman, by the senior independent director.	N/A	N/A

Salary and pension entitlements of senior managers (audited)

a). Remuneration

Name and Title	Note	2020-21						2019-20					
		Salary (bands of £5,000)	* Expense payments (taxable) (to the nearest £100)	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	# All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)	Salary (bands of £5,000)	* Expense payments (taxable) (to the nearest £100)	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	# All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
		£000	£	£000	£000	£000	£000	£000	£	£000	£000	£000	£000
Diane Wake, Chief Executive		215 - 220				40 - 42.5	255 - 260	175 - 180				0	175 - 180
Tom Jackson, Director of Finance		155 - 160	1,400			52.5 - 55	210 - 215	145 - 150				2.5 - 5	150 - 155
Julian Hobbs, Medical Director		200 - 205	4,000			32.5- 35	245 - 250	190 - 195				80 - 82.5	270 - 275
Karen Kelly, Chief Operating Officer		150 - 155				125 - 127.5	275 - 280	130 -135				37.5 - 40	170 - 175
Mary Sexton, Chief Nurse		140 - 145	800			52.5 - 55	195 - 200	135 - 140	9,000			130 - 132.5	275 - 280
Andrew McMenemy, Director of Workforce & OD	A	30 - 35					30 - 35	85 - 90				25 - 27.5	110 - 115
James Fleet, Chief People Officer	B	145 - 150	7,100			30 - 32.5	185 - 190	0 - 5	400			0 - 2.5	5 - 10
Jenni Ord, Chairman	C	0					0	0 - 5	400				5 - 10
Yve Buckland, Chairman	D	45 - 50	1,000				45 - 50	40 - 45	1,700				40 - 45
Julian Atkins, Non Exec		15 - 20	100				15 - 20	15 - 20	600				15 - 20
Gary Crowe, Non Exec	E	10 - 15					10 - 15	10 - 15	200				10 - 15
Jonathon Hodgkin, Non Exec		10 - 15	100				10 - 15	10 - 15	400				10 - 15
Catherine Holland, Non Exec		15 - 20					15 - 20	15 - 20	100				15 - 20
Elizabeth Hughes, Non Exec	F	10 - 15					10 - 15	0 - 5					0 - 5
Ian James, Non Exec	G	5 - 10					5 - 10	10 - 15					10 - 15
Richard Miner, Non Exec	H	15 - 20	100				15 - 20	15 - 20	800				15 - 20
Vijith Randeniya, Non Exec	I	10 - 15					10 - 15	5 - 10					5 - 10
Lowell Williams, Associate Non Exec	J	10 - 15					10 - 15	0 - 5					0 - 5
Aggregate Total		1,220 - 1,225	14,700	0	0	340 - 345	1,580 - 1,585	1,025 - 1,030	13,600	0	0	280 - 282.5	1,325 - 1,330

Note:-

* Expense Payments relate to home to base travel reimbursement for Non Executive Directors

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

A Andrew McMenemy left 31 March 2020. The value shown for 2020/21 represents final salary entitlement.
B James Fleet started 19 March 2020.
C Jenni Ord left 30 April 2019.
D Yve Buckland started 20 May 2019.
E Gary Crowe started 1 July 2019.
F Elizabeth Hughes started 15 November 2019.
G Ian James started 1 July 2019 and left 30 October 2020.
H Richard Miner left 31 March 2021.
I Vijith Randeniya started 7 November 2019 and became a Non Executive on 18 December 2020.
J Lowell Williams started 1 December 2019.

b). Pension benefits

Name and Title	Note	Real increase in pension at pension age (bands of £2,500)	Real increase in lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2020	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2021	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
Diane Wake, Chief Executive		0 - 2.5	5 - 7.5	70 - 75	220 - 225	1,584	85	1,675	
Tom Jackson, Director of Finance		2.5 - 5	0 - 2.5	55 - 60	125 - 130	1,018	51	1,091	
Julian Hobbs, Medical Director		0 - 2.5	5 - 7.5	65 - 70	150 - 155	1,216	55	1,292	
Karen Kelly, Chief Operating Officer		5 - 7.5	10 - 12.5	55 - 60	155 -160	1,163	140	1,324	
Mary Sexton, Chief Nurse		5 - 7.5	2.5 - 5	50 - 55	120 - 125	1,013	61	1,095	
James Fleet, Chief People Officer		2.5 - 5	0 - 2.5	5 - 10	15 - 20	96	8	125	

Note:-
Figures shown reflect time in office during the year and include accrued benefits and contributions in respect of full salary, which will include both management and medical contributions.

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. The figure excludes any increase due to inflation, and takes account of 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.

The benefits and related CETVs in the above table do not allow for a potential future adjustment arising from the McCloud judgement.
The CETV values at 31 March 2020 and 31 March 2021 may have been calculated using different methodologies (due to the introduction of Guaranteed Minimum Pension GMP) indexation also known as GMP equalisation during 2019/20). This change in methodology may have impacted the real increase in CETV figure.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

The Trust is required to disclose the expenses paid to Directors, Non Executive Directors and Governors.
The band of the expenses paid for 2020/21 was £2,500 - £5,000 (2019/20 £12,500 - £15,000)
The remuneration information disclosed in the table above has been subject to audit.

Fair pay disclosure (audited)

The Trust is required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of the other Trust employees. The banded remuneration of the highest paid director of the Trust for 2020/21 is £215,000-£220,000 (2019/20 £190,000-£195,000). This was 8.26 times (2019/20 6.82 times) the median remuneration of the workforce, which was £25,000-£30,000 (2019/20 £25,000-£30,000). This is based on a full time equivalent annualised calculation.

In 2020/21, there were eight employees (2019/20 17 employees) who received remuneration in excess of the highest paid director. The range of staff remuneration during 2020/21 was £0-£5,000 to £485,000- £490,000 (2019/20 £0-£5,000 to £505,000 to £510,000). The reduction in numbers is due to service reductions during the pandemic.

Total remuneration includes salary, non consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The remuneration information disclosed in the table and details above have been subject to audit.

Governor and director expenses (Information not subject to audit)

During 2020/21, 16 individuals (2019/20, 17) were executive or non-executive directors for the Trust. Of these, 9 (2019/20, 14) received expenses in the reporting period and the aggregate sum of expenses paid was £12,108.89 (2019/20, £22,119.72). In addition, 25 individuals (2020/21, 25) were governors for the Trust. Of these, no governor (2019/20, 5) received expenses in the reporting period and the aggregate sum of expenses paid was £nil (2019/20, £862.81).

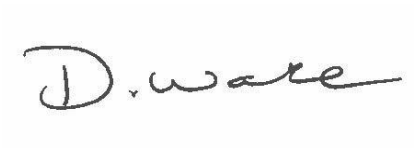
Better Payment Code of Practice

The Better Payment Code of Practice requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

Following a difficult 2019-20 financial year the Trust was able to significantly improve its performance against the Better Payment Code of Practice in 2020-21. The COVID-19 pandemic changed the financial regime of the NHS. Trusts were provided with cash funding each month that enabled the faster payment of suppliers.

	2020/21 Number	2020/21 £000	2019/20 Number	2019/20 £000
Total non-NHS trade invoices paid in the year	45,617	254,545	49,550	214,678
Total non-NHS trade invoices paid within target	40,842	242,631	13,541	137,237
Percentage of non-NHS trade invoices paid within target	**90%**	**95%**	**27%**	**64%**

The Trust can confirm that is has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance. This guidance discusses how public sector organisations should charge for information.



Signed: Diane Wake
Chief executive
Date: 23rd June 2021

Volunteer at the vaccine centre at Russells Hall Hospital

Staff report

About our employees

In this section you will find a breakdown of the workforce profile, staff in post during the year and information about how the Trust promotes equality, diversity and inclusion and how it engages with its workforce.

The Trust employs 4,901 substantive and 537 fixed term contract employees by headcount as of 31st March 2021.

An analysis of workforce statistics indicates they are comparable with the local Dudley population although a greater proportion of people from BAME background choose to work at The Dudley Group NHS Foundation Trust. The higher proportion of female workers to male is typically reflected across other combined acute and community trusts, and across the NHS as an organisation.

Staff Group	Headcount *	FTE **
Add Prof Scientific and Technic	204	184.86
Additional Clinical Services	1233	1061.41
Administrative and Clerical	1138	1007.33
Allied Health Professionals	425	364.43
Healthcare Scientists	57	50.75
Medical and Dental	564	539.67
Nursing and Midwifery Registered	1792	1564.29
Students	25	24.24
Total	5438	4796.97

* Primary assignments only
** Includes secondary assignments

Workforce Profile as of 31/03/20201

Age Group	2018	2019	2020	2021
<=20 Years	1.47%	1.51%	1.48%	1.32%
21-25	9.11%	8.40%	8.72%	8.33%
26-30	12.79%	12.75%	13.29%	14.31%
31-35	13.60%	13.22%	13.08%	14.33%
36-40	11.43%	11.57%	11.83%	11.44%
41-45	11.94%	11.20%	10.84%	10.65%
46-50	12.19%	13.57%	12.85%	11.92%
51-55	14.21%	13.69%	13.39%	13.26%
56-60	8.26%	9.02%	9.63%	9.29%
61-65	3.80%	3.79%	3.78%	4.12%
66-70	0.97%	1.02%	0.84%	0.81%
>=71 Years	0.23%	0.27%	0.27%	0.24%

Gender	2018	2019	2020	2021
Female	82.17%	82.25%	82.09%	81.83%
Male	17.83%	17.75%	17.91%	18.17%

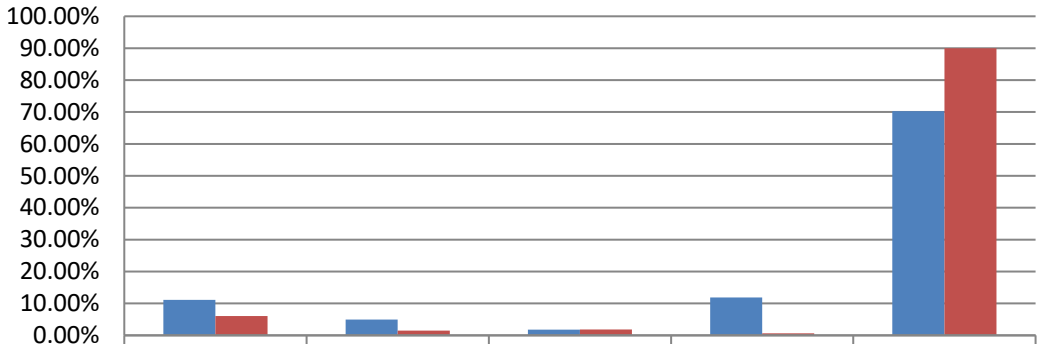
Ethnicity	2018	2019	2020	2021
BAME	16.10%	16.52%	18.10%	19.25%
Not stated	15.61%	14.73%	10.86%	10.65%
White	15.61%	68.75%	71.04%	70.10%

Disability	2018	2019	2020	2021
No	35.06%	39.98%	54.87%	60.89%
Not Declared	63.62%	58.28%	42.10%	35.40%
Prefer Not To Answer	0.00%	0.00%	0.00%	0.07%
Yes	1.32%	1.73%	3.04%	3.64%

Religious Belief	2018	2019	2020	2021
Atheism	5.24%	5.92%	8.80%	10.61%
Buddhism	0.14%	0.20%	0.31%	0.31%
Christianity	28.99%	30.76%	37.00%	38.98%
Hinduism	1.48%	1.47%	1.62%	1.58%
I do not wish to disclose my religion/belief	42.19%	40.31%	32.95%	29.50%
Islam	2.09%	2.67%	3.83%	4.38%
Jainism	0.00%	0.00%	0.04%	0.07%
Judaism	0.00%	0.02%	0.04%	0.02%
Other	3.64%	3.92%	5.14%	5.44%
Sikhism	0.93%	1.29%	1.44%	1.82%
No response provided	15.30%	13.44%	8.84%	7.28%

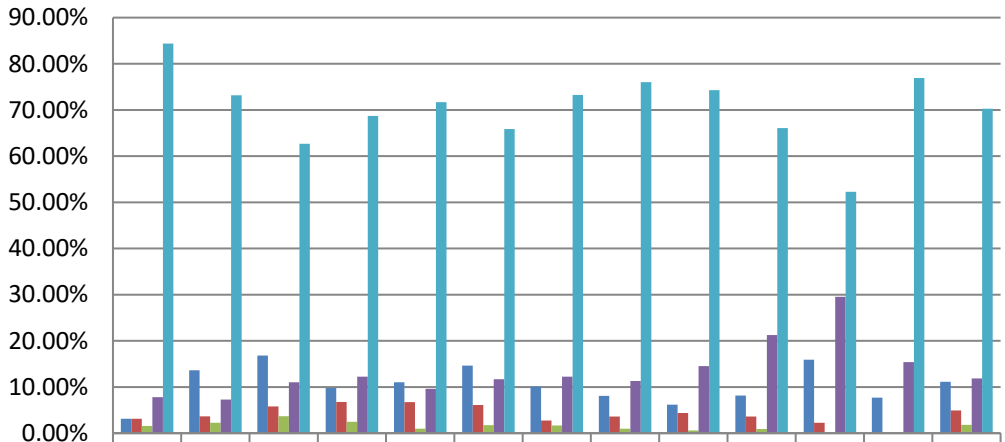
Sexual Orientation	2018	2019	2020	2021
Bisexual	0.10%	0.10%	0.29%	0.35%
Gay or Lesbian	0.73%	0.88%	1.23%	1.12%
Heterosexual or Straight	42.94%	46.94%	59.65%	65.15%
Not stated (person asked but declined to provide a response)	40.97%	38.72%	29.93%	26.06%
Other sexual orientation not listed	0.00%	0.00%	0.12%	0.09%
Undecided	0.00%	0.00%	0.00%	0.04%
No response provided	15.26%	13.36%	8.78%	7.19%

Trust population compared to local population (Dudley Borough Council)



	Asian/Asian British	Black/Black British	Mixed	Other	White
Trust Population	11.13%	4.94%	1.80%	11.85%	70.27%
DMBC	6.05%	1.49%	1.84%	0.62%	89.99%

Trust population - age band by ethnicity



	<=20 Years	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	>=71 Years	Grand Total
Asian/Asian British	3.13%	13.64	16.82	9.78%	11.04	14.63	10.09	8.09%	6.18%	8.14%	15.91	7.69%	11.13
Black/Black British	3.13%	3.64%	5.78%	6.78%	6.72%	6.10%	2.75%	3.63%	4.38%	3.62%	2.27%	0.00%	4.94%
Mixed	1.56%	2.27%	3.68%	2.48%	0.96%	1.74%	1.68%	0.98%	0.60%	0.90%	0.00%	0.00%	1.80%
Other	7.81%	7.27%	11.04	12.26	9.60%	11.67	12.23	11.30	14.54	21.27	29.55	15.38	11.85
White	84.38	73.18	62.68	68.71	71.68	65.85	73.24	76.01	74.30	66.06	52.27	76.92	70.27

Staff numbers (audited)

	Total Accounts 31 Mar 202 2020/21 No.	Permanent Accounts 31 Mar 2021 2020/21 No.	Other Accounts 1 Mar 202 2020/21 No.	Total Accounts 1 Mar 202 2019/20 No.	Permanent Accounts 31 Mar 2020 2019/20 No.	Other Accounts 1 Mar 202 2019/20 No.
Medical and dental	**599**	512	87	**553**	484	69
Ambulance staff	**0**			**0**		
Administration and estates	**1,036**	957	79	**950**	903	47
Healthcare assistants and other support staff	**1,484**	1,337	147	**1,435**	1,297	138
Nursing, midwifery and health visiting staff	**1,830**	1,540	290	**1,698**	1,499	199
Nursing, midwifery and health visiting learners	**5**	5		**11**	11	
Scientific, therapeutic and technical staff	**293**	234	59	**304**	242	62
Healthcare science staff	**0**			**0**		
Social care staff	**0**			**0**		
Other	**0**			**0**		
Total average numbers	**5,247**	**4,585**	**662**	**4,951**	**4,436**	**515**

Staff costs (audited)

	Total Accounts 31 Mar 2021 2020/21 £000	Permanently employed total Accounts 31 Mar 2021 2020/21 £000	Other Accounts 31 Mar 2021 2020/21 £000	Total Accounts 31-Mar-20 2019/20 £000	Permanently employed total Accounts 31-Mar-20 2019/20 £000	Other Accounts 31-Mar-20 2019/20 £000
Salaries and wages	**212,181**	210,175	2,006	**188,418**	186,494	1,924
Social security costs	**20,038**	20,038	0	**17,627**	17,627	
Apprenticeship levy	**1,039**	1,039	0	**933**	933	
Pension cost - employer contributions to NHS pension scheme	**22,431**	22,431	0	**20,478**	20,478	
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**9,689**	9,689	0	**8,886**	8,886	
Pension cost - other*	**77**	77	0	**70**	70	
Other post employment benefits	**0**	0		**0**	0	
Other employment benefits	**0**	0		**0**	0	
Termination benefits	**0**	0		**0**	0	
Temporary staff - external bank	**0**	0		**0**	0	
Temporary staff - agency/contract staff	**16,079**	0	16,079	**13,511**	0	13,511
TOTAL GROSS STAFF COSTS	**281,534**	**263,449**	**18,085**	**249,923**	**234,488**	**15,435**
Recoveries from DHSC Group bodies in respect of staff cost netted off expenditure	**0**	0		**0**	0	
Recoveries from other bodies in respect of staff cost netted off expenditure	**0**	0		**0**	0	
TOTAL STAFF COSTS	**281,534**	**263,449**	**18,085**	**249,923**	**234,488**	**15,435**

Breakdown by gender

As of 31st March 2021

Gender	Other Staff	Senior Manager	Grand Total
Female	4444	6	4450
Male	980	8	988
Grand Total	**5424**	**14**	**5438**

Sickness absence data

Financial Year 2020/21	Absence Rate*
Q1	9.93%
Q2	6.37%
Q3	8.14%
Q4	7.46%
Grand Total	7.97%

* Includes Covid-19 related absence

Sickness absence data can also be found at the following link to NHS Digital: https://digital.nhs.uk/dataand-information/publications/statistical/nhs-sickness-absence-rates

Staff with disabilities

The Dudley Group is subscribed to the Disability Confident scheme and is in a position to apply for the Disability Confident Leader status. This reflects our positive commitment to employing people with disabilities.

As part of the Trust's Equality, Diversity and Inclusion Strategy, we have established a set of dynamic staff networks including one for colleagues with a disability or long term condition. This has a dedicated and protected budget, a nominated chair and identified executive and non-executive sponsors.

We have developed a suite of supportive guidelines to sit alongside our overarching Equal Opportunity and Diversity Policy. These include Supporting Colleagues with Disabilities and contain a helpful Reasonable Adjustment passport for staff and managers to use. Our Inclusive Recruitment Guidelines support managers to make adjustments for candidates and also to use more inclusive questions and encourage activities as well as competency based questions. We continue to develop helpful, supportive guidelines and training for all of our colleagues to encourage diverse practice and thinking.

As part of our social responsibility we will continue to strengthen our partnerships with Job Centre Plus and Remploy. We pledge to support the Care Leavers Covenant to improve the life chances and employment opportunities of those leaving the care system.

Engaging with our workforce and communities

The Trust is committed to working in partnership with its employees to maximise its potential to deliver against its business objectives, through robust arrangements for joint working which include consultation and negotiation. We appreciate the need for collaborative working on the underpinning aims and values to ensure exemplary practice in the employment and treatment of staff. The Trust recognises the importance of proper representation by recognised trade unions, and we are committed to involving and engaging with Staff Side, trade unions and staff through our Joint Negotiating Committee to ensure that we maintain effective workplace employee relations.

Good communication and engagement across the Trust is a priority to ensure colleagues, patients and the public know what is happening in the Trust. We use many different channels to engage our workforce and community in service development.

The Hub

The Hub is the Trust's intranet and enables us to share news and updates with all our staff. This includes health campaigns, finance information, workforce and recruitment updates. It shares successes such as award wins and innovations, and alerts staff to any operational changes. The Hub is also the central repository for all clinical and non-clinical procedural documents, links and essential information. During the pandemic it has been a central source for COVID-19 related information divided into the following sections: clinical guidance, workforce and wellbeing, personal protective equipment (PPE), preparedness, IT, and our services.

In the Know

In the Know is a daily email bulletin to all staff and our PFI partners. It began as a regular COVID-19 update, providing information on case numbers, along with important clinical and operational information. As the first wave passed, the update was renamed In the Know and continued as a daily email bulletin with a wider remit than just COVID-19 information. We produced 106 editions of the COVID-19 update and to date, more than 150 editions of In the Know. It has become the go-to source of information in the Trust.

Team Brief

Led by the chief executive each month, this event enables staff to receive updates on Trust performance and developments, and to ask questions. Previously held face-to-face, this has become an online event due to COVID-19.

Live Chat

Again led by the chief executive once a month, and more frequently during the pandemic, Live Chat is a very popular online forum for staff to put questions and to

receive an immediate response from the senior management team. They have the option to do this anonymously. This year has seen several ‘themed’ Live Chats with guest expert hosts, such as an opportunity to put questions on vaccines, home working, and other HR issues.

Healthcare Heroes

Healthcare Heroes is an opportunity to recognise and reward the great work of our teams, individuals and volunteers. Staff and patients put in nominations each month and the winners, chosen by the chief executive, are paid a surprise visit and presented with a certificate and prize. We share the success through videos on our social media channels as well as on The Hub and in Team Brief. Healthcare Heroes was delayed during the height of the pandemic.

Patient Safety and Experience Bulletins

We continue to engage clinicians with important patient safety and experience information through weekly email bulletins on specific themes.

Long Service Awards

We feel that 10, 25, 40 and 50 years are big milestones in an NHS career and we recognise this with our Long Service Awards. These events happen annually and we were fortunate enough to continue with holding a ceremony at the Trust in December 2020 with a few changes in place to comply with COVID-19 restrictions. In 2020, we recognised 298 members of staff and celebrated a collective total of 4,150 years of service in the NHS. At the beginning of 2021, we introduced an award for 30 years’ service and plan to hold a number of ceremonies through the year to ensure everyone is recognised for their dedication to the NHS.

Social media

We have a strong social media presence and regularly post news about the Trust, events, our services and health advice on Facebook and Twitter. We actively encourage staff to engage with us on Twitter and more and more departments now have their own Twitter accounts. We have around 13,500, total page followers on Facebook and nearly 5,800 followers on Twitter.

Dudley Improvement Practice (DIP)

The DIP method consists of a range of training, tools, facilitated workshops and reporting styles which together support teams with a structured approach to their improvement journeys. This is underpinned by changes in leadership behaviours to promote an improvement culture and by a management system that links improvement activities to the Trust’s True Norths and strategic goals. DIP believes in three essential elements of Continuous Improvement;

1. Engagement – the power of collaboration is maximised by engaging the people who do the work every day and therefore have the most insight about how to improve it.
2. Equality - harnessing the great diversity in our people by treating everyone as 'thinking equals' drives innovation and creativity.
3. Empowerment – developing a coaching style of leadership to make our people feel valued and psychologically safe to propose new ways of working, to contribute and to learn together.

During 2020, although some planned activity with large teams had to be postponed, DIP was still able to support many teams with new ways of working during COVID-19. The gastro clinical pathway work was launched with an event in October where clinicians, nurses and operational staff that work along upper and lower GI services solved challenges and designed 'future state' processes which will be implemented throughout 2021.

DIP has been supporting the vaccination teams at Action Heart and the Black Country Living Museum and the teams have implemented many changes to the way vaccinations are administered safely, efficiently and with excellent patient experience.

For 2021, DIP will be supporting the divisional staff survey response plans, particularly focusing on improving performance in the engagement, inclusion, morale and wellbeing themes of the survey. When staff feel they are included in shaping the way their services develop and can contribute to improving patient care and experience, their own engagement and wellbeing improves and is reflected in the staff survey results.

Health and safety

The Trust is committed to providing exemplary standards of care to its patients and a safe working environment for its staff to accomplish this. The corporate resilience team focus on all issues related to work activities and the environment in which they are provided, ensuring that the Trust complies with our statutory obligations and associated legislation and guidance.

The health and safety and fire team now form part of the corporate resilience team linked with the emergency preparedness, resilience and response (EPRR) and business continuity, sharing resources and subject matter expertise ensuring a holistic resilience programme for the organisation.

During 2020/21 the team concentrated on:

- Fire safety, engaging with estates and contractors;
- Ensuring the AMU modular build complies with all associated regulations;

- Ensuring the Trust process for oxygen enriched environments is embedded due to increased risk as a result of COVID-19;
- Risk assessment;
- Communication and consultation;
- Safer sharps;
- Training – fire, and health and safety;
- Manual handling;
- Work related stress;
- Control of substances hazardous to health;
- Personal protective equipment;
- Display screen equipment assessments and guidance;
- Violence at work;
- Relevant support to the Trust's vaccination centres;
- Anti-ligature assessments;
- Door buffer safety; and
- Social distancing assessment guidance.

The team has been an integral part of the response to the COVID-19 outbreak, providing specialist advice and guidance in relation to appropriate personal protection equipment (PPE) for staff and working closely with the incident response team to ensure staff are protected to enable them to do their clinical work during a difficult period.

Moving into 2021/22 the team will continue to work on key priorities, specifically around Control of Substances Hazardous to Health (COSHH) safety, health surveillance compliance, health and safety auditing throughout the organisation, training and continuing to review relevant polices.

Staff health and wellbeing

Supporting our staff to be at their best at work has been really important this year as they have had to work in much more difficult circumstances as a result of the pandemic. COVID-19 has created additional challenges around health and wellbeing – both to protect our staff from the virus itself through risk assessments and vaccinations, as well as the impact of the workload and caring for acutely unwell patients during peak demand. We have seen increased absence due to stress and mental health issues and have delivered more services and support around health and wellbeing this year.

Our core health and wellbeing service has continued to deliver pre-employment health assessments, immunisations and vaccinations, health surveillance, treatment and follow up of inoculation injuries/sharps injuries, in-employment health assessments and health checks. We also provide management referrals and

ongoing support to make sure that our colleagues are safe and well to deliver care to our patients.

Our dedicated physiotherapy service for our teams continued to deliver services during 2020/21 and provides access to fast track physiotherapy to support colleagues who have identified a musculoskeletal problem. It also has a drop-in service to allow access for colleagues with acute issues.

The staff health and wellbeing team supported the HR advisors with sickness absence training for managers. This included how and when to make a management referral for their staff.

Our wellbeing support for colleagues was a key priority during the pandemic and meant that we have delivered a range of support services, wellbeing activities and improved access to services that can help our employees be at their best. This includes:

- A comprehensive employee assistance programme that offers phone and virtual consultations for colleagues with all their health and wellbeing matters – including work-related stress/anxiety, financial worries, legal advice and can support the adult family members of our staff.

- Increased access to face-to-face counselling offered by a Trust-employed counsellor.

- Telephone helpline for advising and supporting colleagues with queries relating to COVID-19, 12 hours a day, seven days a week.

We strengthened our staff health and wellbeing offer with BHSF RISE employee assistance programme, partnering with ViaVita to offer tailored wellbeing support. We have worked closely with neighbouring organisations, NHSI/E and NHS Employers to offer support to our all staff in the form of webinars, Q&As, support services and general advice and information about COVID-19 and its effects.

In addition, we have also been signposting colleagues to other sources of free support for NHS Employees, including among others:

- A free wellbeing support helpline and textline available from 7am-11pm, seven days a week, providing confidential listening from trained professionals and specialist advice, including coaching, bereavement care, mental health and financial help.

- Online peer-to-peer, team and personal resilience support including through Silver Cloud and free mindfulness apps such as Unmind, Headspace, Sleepio and Daylight.

During the pandemic, we have supported risk assessments and targeted support and advice for those at increased risk of coronavirus, staff who are shielding and those who have continued to experience symptoms. The Trust is offering clinics to support staff with long COVID.

We have been delivering a broader wellbeing programme this year – to offer more activities to encourage healthy behaviours at work and to support people to be at their best. This has included regular health coaching support sessions on a one-to-one basis, sharing wellbeing materials and campaigns, offering additional physical and mental wellbeing sessions such as dance, resilience coaching, nutrition sessions and webinars on sleep, stress and keeping active. This has been complimented by a range of support activities by the Trust – including free parking, reduced catering prices, welfare packs, rest areas and recognition activities.

The annual flu vaccine campaign was delivered between October and February with more than 80 per cent of staff having a vaccine this year. In addition, we have offered the coronavirus vaccine in-house since December 2020.

We are planning to increase the resources of the staff health and wellbeing service in the medium to long term, including clinical and administrative staffing levels and premises used to deliver the service.

Training

Ensuring that staff have access to development opportunities to enable them to be at their best at Dudley has been a clear commitment during 2020. Although the pandemic has impacted on the ability to deliver some activities, a number of programmes have continued throughout the year including leadership and management programmes, nurse and AHP development and apprenticeships. During 2020, the Trust launched its Manager's Essentials programme for all line managers to support a clear standard of compassionate leadership for all people and teams.

Training opportunities are available for clinical and non-clinical staff and competency is monitored as part of the Trust's appraisal system. The Board of Directors ensures that quality improvement is central to all activities. This is achieved by routine monitoring, participation in national improvement campaigns, celebrating success with our staff awards and proactively seeking patient views on our services.

Countering fraud

The Trust has continued to ensure its staff are aware of responsibilities towards fraud and bribery and have both a fraud and corruption policy and an anti-bribery

policy to support staff, and takes its responsibility for countering these issues very seriously.

We have a Local Counter Fraud service and one of our key aims is to work together to promote an anti-fraud culture. Newsletters and alerts, including on COVID-19 related scams, are published and promoted regularly on the Hub. When possible we carry out fraud presentations and awareness sessions, and these measures all help to ensure staff understand that fraud against the NHS will not be tolerated.

Equality, diversity and inclusion (EDI)

Our commitment to EDI is underpinned by The Dudley Group vision and values and recognises the diverse people and communities we serve as well as the tremendous wealth of diversity in our workforce.

The Trust is now a member of the Alumni Partners Programme with NHS Employers, alongside joining the Stonewall champions programme and the Employers Network for Equality and Inclusion (enei) which will continue to support progress on being a trust that values equality, diversity and inclusion.

During 2020, the Trust commenced a targeted campaign to gain interest in the development of staff networks. As a result Black, Asian Minority Ethnic (BAME), Disability, and Lesbian, Gay, Bi-sexual, Transgender, Queer (LGBTQ plus) networks were established. These networks will focus on peer-to-peer support, raising awareness and providing a critical eye to the Trust's policies and processes. All have a dedicated and protected budget, a nominated chair and identified executive and non-executive sponsors. All networks have ambitious work programmes focused on delivering the Trust's commitment to improving the working lives of our staff and ensuring they feel like they belong in the NHS. We continue to expand the current networks' membership and seek ways to grow further staff networks such as a Women's Staff Network which we aim to launch in June 2021.

The Trust has agreed to fund a network co-ordinator to provide dedicated support and development of these and further networks.

The Board of Directors continue to monitor the Trust activities to promote diversity and inclusion through the Workforce and Staff Engagement Committee (WSEC). The committee is responsible for the co-ordination and strategic leadership of all aspects of the inclusion agenda. Membership of the committee includes key representatives from each of the departments and divisions and is chaired by a non-executive director.

Due to COVID-19 many of the usual calendar events such as celebrating diversity and inclusion, awareness of religious celebrations, attending Birmingham Pride and celebrating Black History Month were all postponed as we concentrated on putting our efforts in to saving lives. We hope to restart these activities when the opportunity arises as we believe participation raises awareness of the importance of diversity and inclusion within the workplace.

During 2020 we played particular attention to protecting our frontline staff. We ensured all our frontline staff had a risk assessment and where appropriate were deployed in a safer working environment.

All staff are required to complete a module on equality and diversity through the Trust's mandatory training programme which includes learning disability and autism awareness. All new employees complete this training as part of their induction into the Trust. Due to COVID-19, all training was transferred online and all new starters were directed to access the training via MS meetings.

The Trust has developed an Equality, Diversity and Inclusion Strategy for 2021 which aims to improve the working lives of all staff and ensure that everyone feels like they belong in the NHS. The detailed plan includes actions which will further improve our overall diversity using the Workforce Race Equality and Disability Equality standard performance and address key priorities from the 2020 staff survey.

We will continue to build our partnerships across the Black Country integrated Care Systems (ICS) such as Cultural Ambassadors Programme and Black Lives Matter (BLM) initiatives.

Mandatory equality duties

In support of the effective delivery of the equality duties of the Equality Act 2010 and the Public Sector Equality Duties (PSED), there are other mandatory requirements for the Trust as an NHS organisation. These include:

- NHS Standard Contract (SC13 Equity of Access, Equality and Non-Discrimination) compliance of which is regulated and monitored by the Care Quality Commission (CQC) and local Clinical Commissioning Group.
- Workforce Race Equality Standard (WRES)
- Workforce Disability Equality Standard (WDES), from 2018/2019
- Gender Pay Gap (GPG) reporting
- Equality Delivery System 2 (EDS2)
- Accessible Information Standard (AIS)
- Sexual Orientation Monitoring Standard

At 31st March 2021, the Board of Directors comprised nine non-executive directors including the chair and eight executive directors. Of the total six are female and 12 are male. Of the Trust, 4313 (81.70 per cent) staff are female and 966 (18.30 per cent) are male, 18.22 per cent are BAME (Black, Asian and Minority Ethnic) and 69.8 per cent white.

Staff turnover

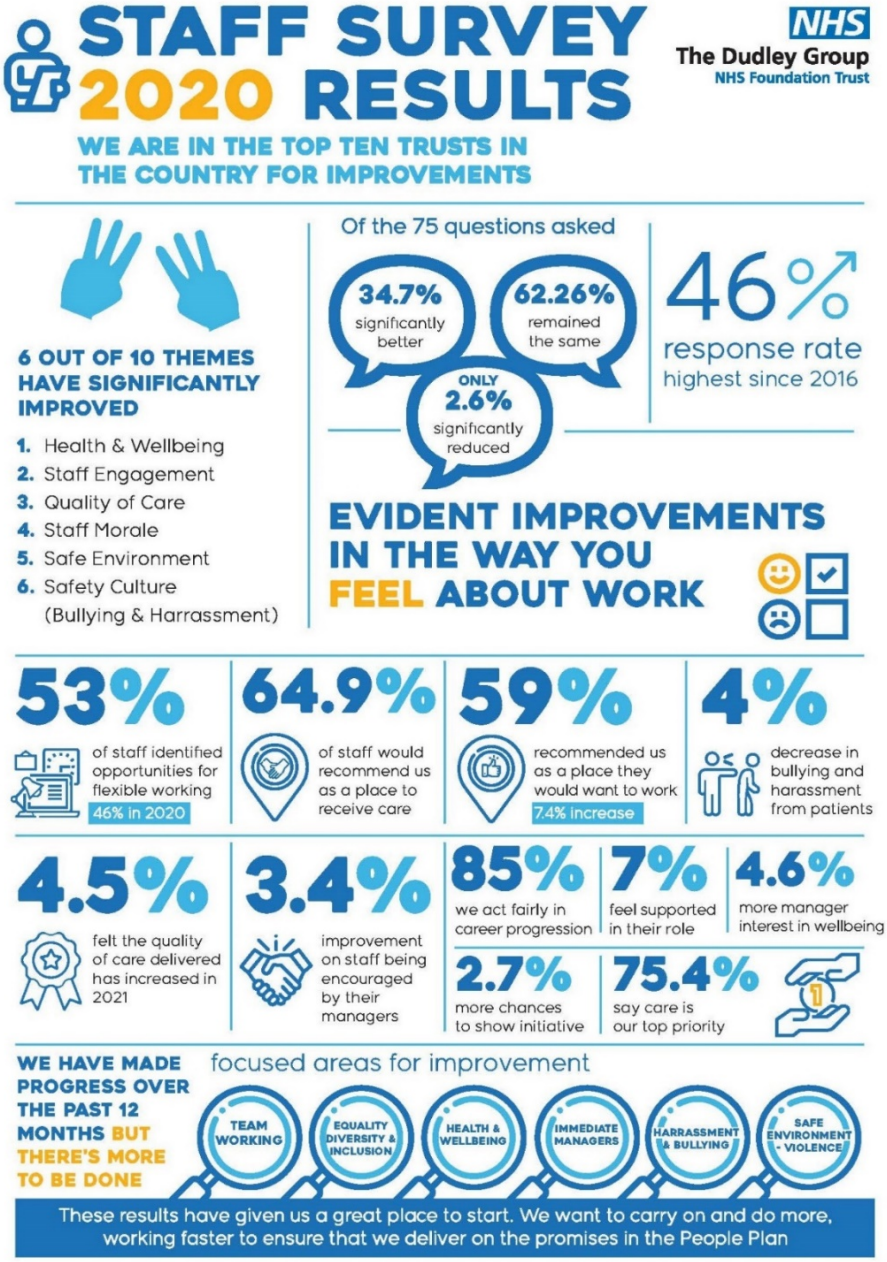
Our staff turnover for the year was 7.4 per cent. More information on our staff turnover can be found at the NHS workforce statistics published by NHS Digital.

Staff survey

Staff engagement

The NHS Staff Survey is conducted annually. We use the results each year to determine our focus for staff engagement, identifying where we need to make improvement. We engage with staff on these issues further, for example through director-led workshops, and 'Stop – Start – Continue' posters displayed around the Trust for staff to comment, anonymously if they wish, about what we should stop, start and continue with to improve working lives.

The national staff survey was held between 16th September and 27th November 2020. All staff employed on 1st September 2020 (5,079 staff members) were invited to complete the survey via an online survey.



Summary of performance

Our 2020 response rate reached 46 per cent (2,322 responses), which is a significant improvement on the previous two years (2019 – 43 per cent, 2018 – 36.1 per cent) and the highest response rate for more than five years. This is one per cent above the median for the benchmark group of acute providers.

In terms of question responses, there are 75 questions that can be compared between 2019 and 2020 (due to changes in the survey over time, not all questions are comparable). Of those 75 questions:

- 26 are significantly better
- 47 show no significant change (although for most of those, there are positive changes in responses that are not statistically significant i.e., >2% change)
- 2 are significantly worse.

The two scores where performance has declined are: *that time does not pass quickly when working*; and *teams do not routinely meet to discuss effectiveness*. These are understandable areas for improvement given that participants were asked to rate their experience during the COVID pandemic.

We are among the top 10 trusts nationally for improvement in scores.

Scores for each indicator together with that of the survey benchmarking group (acute and community trusts) are presented below.

	2020/21		**2019/20**		**2018/19**	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.1	9.1	9	9.2	9.1	9.2
Health and wellbeing	5.8	6.1	5.5	6.0	5.7	5.9
Immediate managers	6.8	6.8	6.6	6.9	6.8	6.8
Morale	5.9	6.2	5.7	6.2	5.7	6.2
Quality of care	7.3	7.5	7.2	7.5	7.1	7.4
Safe environment – bullying and harassment	7.9	8.1	7.7	8.2	7.9	8.1
Safe environment – violence	9.5	9.5	9.5	9.5	9.4	9.5
Safety culture	6.7	6.8	6.5	6.8	6.4	6.7
Staff engagement	6.8	7.0	6.7	7.1	6.7	7.0
Team working	6.3	6.5				

The impact of COVID-19 restricted the scale and pace of action which had been planned in response to our previous staff survey results. Re-establishing the momentum is a priority over the coming weeks, as the Trust and the wider NHS emerges from the acute phase of the pandemic.

We have captured the proposed response to the staff survey results in three core phases of activity, these being to share, engage and action (and review).

Chief executuive Diane Wake and chief people officer James Fleet have hosted a series of ‘Share’ events using MS Teams, providing a chance for staff to ask questions and/or give comments. These are being followed up on at divisional level, with detailed divisional analysis allowing the identification of areas for improvement and action areas through meetings and engagement forums.

We are working with the divisional and corporate leadership teams and staff inclusion networks to:

- review the plans developed in 2020 in order to revise and update actions; and
- develop a programme of Share and Engage events and a Divisional Action Plan.

The Divisional Action Plans and Inclusion Network Plans will be supported by the Trust Level Plan. There will be a continued focus on the plans from 2020 which were paused in part due to the impact of the pandemic, enhanced with action to sustain and build on areas of emergent improvement through the 2020 survey results.

The key areas we have identified are:

- management/leadership capacity and capability, bullying and harassment and morale;
- delivery and tracking of benefits;
- increasing visibility of the executives/board;
- developing the Trust’s Equality, Inclusion and Diversity Strategy, and Inclusion Networks; and
- health and wellbeing.

We will use the Pulse Survey approach to understand our data better, and improve real-time reporting for staff Friends and Family Test responses to monitor a selection of the questions from the survey throughout the year.

Trade Union facility time

Under The Trade Union (Facility Time Publication Requirement) Regulations 2017, the Trust is required to publish certain information on trade union officials and facility time on the Trust website and government portal.

Facility time covers duties carried out for the trade union or as a union learning representative, for instance accompanying an employee to disciplinary or grievance hearing. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.

Trade union representatives and full-time equivalents (FTE)

Trade union representatives: 4
FTE trade union representatives: 3.76

Percentage of working hours spent on facility time

0% of working hours: 0 representatives
1 to 50% of working hours: 3 representatives
51 to 99% of working hours: 0 representatives
100% of working hours: 1 representative

Total pay bill and facility time costs

Total pay bill*: £229,365,087
Total cost of facility time: £32,356.00
Percentage of pay spent on facility time: 0.01%

Paid trade union activities

Hours spent on paid facility time: 2,020
Hours spent on paid trade union activities: 48.2
Percentage of total paid facility time hours spent on paid trade union activities: 2.39%

*Includes all substantive staff costs, on call payments to substantive staff and overtime paid to substantive staff

Expenditure on consultancy

Details of expenditure on consultancy can be found on page 24 of the accounts.

Off payroll engagements

There were no off payroll engagements during 2020/21. It is our policy not to use off payroll engagements.

Artist's impression of the new Acute Medical Unit

Reporting of other compensation schemes - exit packages 2020/21

(audited)

Exit package cost band (including any special payment element)	Number of compulsory redundancies		Cost of compulsory redundancies		Number of other departures agreed		Cost of other departures agreed		Total number of exit packages		Total cost of exit packages		Number of departures where special payments have been made		Cost of special payment element included in exit packages	
	Accounts 31 Mar 2021	2020/21	Accounts 31 Mar 2021	2020/21	Accounts 31 Mar 2021	2020/21	Accounts 31 Mar 2021	2020/21	Accounts 31 Mar 2021	2020/21	Accounts 31 Mar 2021	2020/21	Accounts 31 Mar 2021	2020/21	Accounts 31 Mar 2021	2020/21
		No.		£000		No.		£000		No.		£000		No.		£000
<£10,000	1		1		11		40		12		41					
£10,000 - £25,000					2		25		2		25					
£25,001 - £50,000					2		74		2		74					
£50,001 - £100,000									0		0					
£100,001 - £150,000									0		0					
£150,001 - £200,000									0		0					
>£200,000									0		0					
Total	1		1		15		139		16		140		0		0	

Exit packages - other (non compulsory) departure payment 2020/21

	Payments agreed Accounts 31 Mar 2021 2020/21 No.	Total value of agreements Accounts 31 Mar 2021 2020/21 £000	Payments agreed Accounts 31 Mar 2020 2019/20 No.	Total value of agreements Accounts 31 Mar 2020 2019/20 £000
Voluntary redundancies including early retirement contractual costs	1	44	3	47
Mutually agreed resignations (MARS) contractual costs				
Early retirements in the efficiency of the service contractual costs	14	95	14	57
Contractual payments in lieu of notice				
Exit payments following employment tribunals or court orders				
Non-contractual payments requiring HMT approval (special severance payments)*	**15**	**139**	**18**	**105**

Gender pay gap

Information on the Trust's gender pay gap can be found on the Cabinet Office website at www.gender-pay-gap.service.gov.uk

Hospital volunteer service

We would usually have around 500 volunteers from the local community giving their time on a regular basis to make a real difference to patients, visitors and staff at the Trust. However, the pandemic meant that many of our volunteers were shielding according to government guidelines, resulting in reduced numbers of individuals offering support.

Restricted activity in clinical areas kept our remaining volunteers safe, and there was still much we could do to help.

There was an outpouring of generosity from the local community all wanting to support the NHS at this difficult time. Individuals furloughed from their own work applied to volunteer and we quickly reacted to the current needs of the Trust.

At the beginning of the pandemic the volunteers rallied to produce and supply 19,000 face visors for staff, using materials kindly donated by local companies and individuals.

Visiting patients was no longer allowed so our volunteers' hub at Russells Hall Hospital extended its opening hours to take belongings to and from reception for relatives and patients. Running errands between wards for staff also enabled staff to remain in their areas caring for patients.

A volunteer driver service was set up to help with deliveries of medication to our most vulnerable patients and for urgent deliveries of PPE to community clinics.

Throughout the pandemic volunteers have also helped visitors with PPE requirements and greeted visitors to outpatient areas.
Although close contact with patients in clinical areas was no longer allowed, we were still able to make drinks for patients in non-COVID-19 areas.

With the introduction of the vaccination programme, volunteers have once again stepped up and helped with marshalling both at the hospital and in the local community.

Now at the end of this difficult year, with the easing of lockdown restrictions and the rollout of vaccinations, we look forward to reintroducing volunteers keen to return along with new student volunteers excited by their plans to become our health care professionals of the future.

Anyone interested in volunteering should contact Jane Fleetwood, hospital volunteers' coordinator, on 01384 456111 ext 1887 or via email: dgft.volunteering@nhs.net

Further information can be found on our website www.dgft.nhs.uk

Volunteers' funding

NHS England and NHS Improvement (NHSEI) made an offer of financial support (up to £20,000) to NHS trusts to contribute to reducing pressure on staff and NHS services due to the COVID-19 pandemic. The Trust made an application for £15,000 and was successful.

The monies awarded to the are being used as follows:

- Volunteer drivers' expenses – our volunteer drivers deliver TTOs and regular medication to patients, return lost property to its owners, collect and deliver equipment, PPE deliveries, 4 x 4 vehicle service to assist in bad weather including bringing staff into work as well as any other reasonable requests.
- iPads – The Trust purchased 10 iPads for the wards and chaplains to enable patients to stay in contact with their loved ones.
- Communication system – A PDA system will be put in place for the utility volunteers who are running errands throughout the Trust. This will enable them to stay in contact with each other rather than having to report back to the main reception after each job has been completed.

Sustainability and the environment

The Trust recognises our responsibility to find ways to deliver great healthcare that is also environmentally, socially and financially sustainable. We are a significant employer, buyer and provider of services within the region and recognise that our activities have a detrimental effect on the environment. Despite the challenge of managing services through the pandemic, the Trust has been able to make progress on our approach to environmental sustainability in line with our Strategy.

The NHS has become the world's first national health system to commit to become carbon net zero, backed by clear deliverables and milestones as part of a multiyear plan. The commitment comes amid growing evidence of the health impacts of climate change and air pollution, and aims to save thousands of lives and hospitalisations across the country.

The NHS Net Zero Expert Panel published its report on 1st October 2020. Based on the findings of the report the NHS has formally adopted two targets, set as the earliest possible credible dates:

- NHS Carbon Footprint (emissions under NHS direct control), net zero by 2040, with an ambition for an interim 80 per cent reduction by 2028-2032, and
- for the NHS Carbon Footprint Plus, (which includes our wider supply chain), net zero by 2045, with an ambition for an interim 80 per cent reduction by 2036-2039.

The Trust formally adopted a Green Plan in December 2020 that sets out how we will play our part in contributing to the wider NHS agenda. A summary can be found on our website.

Some key headlines for this year include:

- Establishment of a Green Plan Working Group which will submit reports to the Trust Board twice a year, highlighting the progress that is being made. These reports will be shared with staff, members and the public.
- Setting up reporting systems that will enable the Trust to report changes in its carbon emissions over time. The Trust is reliant on the support of Mitie to facilitate this.
- Invitation to staff who are interested in promoting environmental sustainability to join the 'green team' – a network of staff who will act as advocates in their local area. The first meeting in November identified a number of actions that staff wanted to see, such as improved access to recycling facilities and electric vehicle charging points in Trust car parks.
- A page about environmental sustainability on the Hub, the staff intranet, so that staff can hear about what is going on and contribute ideas.
- Information about sustainability is included in the Induction Pack given to new staff and is being incorporated into internal management and leadership programmes – emphasising that all staff have their part to play.
- Following our commitment to reducing single use plastic in catering services, the Trust and Mitie were able to demonstrate a significant reduction in plastic items used between 2018/19 and 2019/20 from over 1.8 million items to about 300,000 items. Due to infection control requirements the likelihood is that use of single use plastics will have increased this year, but we now know what can be achieved once these requirements are no longer necessary.
- Working in conjunction with Mitie, improved recycling facilities have been made available in one of the theatres to increase the amount of waste that is recycled. This will be rolled out to other theatres in the coming year.
- The Trust was instrumental in starting a sustainability network across the Black Country to bring together staff working in different organisations on their sustainability plans. The network has provided a forum for staff to learn together and share ideas.
- The systems and processes the Trust has put in place has led to a marked improvement in attainment against the Sustainable Development Assessment Tool (SDAT) produced by the Sustainable Development Unit in the Department of Health. An assessment carried out between December and February showed that the Trust had achieved a score of four per cent, compared with 28 per cent when the original baseline was measured in October 2019. The tool is designed to help health and social care organisations assess progress in sustainable development and identify how local action is contributing to the UN Sustainable Development Goals. Although NHS England are replacing the tool with an alternative to better align with the ambition to achieve net zero, the improvement in the score demonstrates that the Trust is making progress.

In recognition of the breadth of this agenda, the Trust board has suggested that the Trust focuses our efforts on a smaller number of areas in the first two years of the Plan. These are reducing energy consumption and the management of waste,

including recycling. To promote the sustainability agenda, staff are encouraged to adopt three simple pledges:

- Recycling – sort it!
- Energy – save it!
- Plastic – avoid it!

Code of governance

Foundation Trust membership

The membership of the Trust comprises local people and staff who are directly employed by us or our partner organisations. Our minimum age for membership is 14 years; there is no upper age limit. Full details of who is eligible to register as a member of the Trust can be found in the Trust Constitution which is available on our website www.dgft.nhs.uk. Any public members wishing to come forward as a governor when vacancies arise or to vote in governor elections must reside in one of the Trust's constituencies. Staff are automatically included as members within staff group constituencies unless they choose to opt out.

During 2020/21, we continued to promote membership to local communities and the importance of having a voice. We continue to maintain a public membership of more than 13,000. As of 31st March 2021 the Trust had a total of 13,443 public members.

More information about the Trust and the latest news can be found on our website at www.dgft.nhs.uk. The members' area of the website also contains information about being a member and the contribution members make to the ongoing success of the organisation.

Members can:

- be involved in shaping the future of healthcare in Dudley by sharing their views;
- vote in governor elections;
- stand for election to represent their constituency (candidates must be minimum 16 years old);
- attend behind the scenes tours and member events;
- participate in public meetings, public and patient involvement panels and focus groups; and
- fundraise for The Dudley Group NHS Charity.

Throughout the year, the Trust was operating under Level 4 restrictions owing to the coronavirus pandemic and consequently all face-to-face engagement events were cancelled.

Membership

31st March 2018	13,888
31st March 2019	13,794
31st March 2020	13,671
31st March 2021	13,443

Membership constituency breakdown report as of 31st March 2021

Public Constituencies	Number of Members
Brierley Hill	1,750
Central Dudley	2,324
Halesowen	1,084
North Dudley	1,278
Rest of England[1]	2,232
South Staffordshire and Wyre Forest	1,122
Stourbridge	1,633
Tipton and Rowley Regis	2,020

[1] 'Outside of West Midlands' and 'Rest of the West Midlands' were merged during the year to form the constituency 'Rest of England'.

Public membership breakdown by age, gender and ethnicity		Number of Members
Age	0-16 years	6
	17-21 years	190
	22+ years	12,577
	Not stated	670
Gender	Male	4,384
	Female	8,745
	Unspecified/not stated	314
Ethnicity	White	10,628
	Mixed	386
	Asian or Asian British	1,178
	Black or Black British	397
	Other	66
	Not stated	788

Staff constituencies

Staff constituencies	Number of Members
Allied Health Professionals and Healthcare Scientists	686
Medical and Dental	564
Nursing and Midwifery	3025
Non Clinical	1138
Partner Organisations	683

Council of Governors

The Council of Governors was formed on 1st October 2008 and is responsible for holding the non-executive directors to account for the performance of the Board of Directors. The majority of the Trust's governors are elected through the public membership to make up the Council of Governors which consists of 25 governors in total:

Public elected: 13 governors
Staff elected: 8 governors
Appointed from key stakeholders: 4 governors

Tables summarising the Council of Governors and the constituencies they represent can be found on pages 87 and 88.

The Board of Directors continues to work closely with the Council of Governors through regular attendance at both full Council of Governor meetings and the committees of the council. Both non-executive and executive directors are assigned as nominated attendees at the Council of Governors' sub-committees. This provides opportunities for detailed discussion and debate on strategy, performance, quality and patient experience and enables governors to see non-executive directors function. Governors regularly attend public Board of Directors meetings and are invited to observe meetings of the committees of the board.

The Board of Directors is accountable to the Council of Governors, ensuring it meets its Terms of Authorisation. A Register of Interests confirming individual declarations for each governor is available on the Trust's website or is available on request by calling 01384 321124 or emailing dgft.foundationmembers@nhs.net.

All the Trust's governors comply with the 'fit and proper' persons test as described in the Trust's provider licence. The conditions are incorporated into the Foundation Trust Constitution.

The Council of Governors has the following key responsibilities:

- appointing and/or removing the chair, including appraisal and performance management;
- appointing and/or removing the non-executive directors;
- appointing the external auditors;
- advising the Board of Directors on the views of members and the wider community;
- ensuring the Board of Directors complies with its Terms of Authorisation and operates within that licence;
- recruiting and engaging with members;
- advising on strategic direction;

- receiving the Annual Accounts, any report of the auditor on them, and the Annual Report at the Annual Members' Meeting,
- approving significant transactions which exceed 25 per cent by value of Trust assets, Trust income or increase/reduction to capital value;
- approving any structural change to the organisation worth more than 10 per cent of the organisation's assets, revenue, or capital by way of merger, acquisition, separation or dissolution;
- deciding whether the level of private patient income would significantly interfere with the Trust's principal purpose of providing NHS services; and
- approving amendments to the Trust's Constitution.

Where an item is reserved for both Council of Governors and Board of Directors approval, for example a change to the Trust's Constitution, then this change would not be made if either party did not approve the recommendation put before them. In practice, a constructive and close working arrangement is maintained between the Council of Governors and board through the chairman and lead governor.

The Trust continues to work closely with the Council of Governors to further develop the governor role to reflect the requirements of the Health and Social Care Act and other best practice and guidance. Ongoing training and development is provided by the Trust allowing experts from within and outside the Trust to work with the Council of Governors to identify key aspects of their role. This includes how they influence strategy within the Trust, and how they will engage with members and the wider community so that their views and opinions can be heard.

Council of Governor committees

The Council of Governors reviewed its committees and their terms of reference and operates the following:

- Appointments and Remuneration Committee (chairman Yve Buckland)
- Experience and Engagement Committee (chairman Yvonne Peers)

The Appointments and Remuneration Committee meets at least once a year and is responsible for ensuring a formal, rigorous and transparent procedure for the appointment, appraisal, reappointment and removal of non-executive directors, reviewing their number, specific skill mix and remuneration as set out in the relevant aspects of the Code of Governance and in line with the Trust's Constitution.

The committee, chaired by the Trust chairman, oversees the recruitment process through the use of interview and stakeholder assessment panels. The Appointments and Remuneration Committee submits its recommendations for appointments, outcomes of appraisals, reappointments and removals to a meeting of the full Council of Governors.

The table on page 41 provides a summary of the non-executive members' length of appointment.

Council of Governors Membership and Meetings 2020/2021

Figures show number of meetings attended that were held during the term of office.

Public Governors

Name	Constituency	
Fred Allen	Central Dudley	3/4
Helen Ashby (elected Dec 2020)	Stourbridge	2/2
Arthur Brown (end of term of office Dec 2020)	Stourbridge	1/3
Karen Clifford (elected Dec 2020)	Halesowen	1/2
Joanna Davies-Njie	Stourbridge	1/4
Sandra Harris	Central Dudley	2/4
Mike Heaton	Brierley Hill	4/4
Maria Lodge-Smith (elected Dec 2020)	Brierley Hill	2/2
Hilary Lumsden	Halesowen	3/4
Chauntelle Madondo (elected Dec 2020)	Rest of England	1/2
Natalie Neale (resigned July 2020)	Brierley Hill	1/1
Rex Parmley (end of term of office Dec 2020)	Halesowen	2/3
Yvonne Peers	North Dudley	4/4
Nicola Piggott	North Dudley	0/4
Alan Rowbottom (elected Dec 2020)	Tipton & Rowley Regis	2/2
Peter Siviter (end of term of office Dec 2020)	South Staffordshire and Wyre Forest	3/3
Farzana Zaidi (end of term of office Dec 2020)	Tipton & Rowley Regis	0/3

Staff Governors

Name	Constituency	
Marlon Amulong (resigned Feb 2021)	Nursing & Midwifery	0/3
Jill Faulkner	Non Clinical	1/4
Ann Marsh	AHP & HCS	4/4
Atef Michael	Medical and Dental	0/4
Margaret Parker	Nursing & Midwifery	0/4
Michelle Porter (elected Dec 2020)	Partner Organisations	1/2
Edith Rollinson (retired Jan 2021)	Nursing & Midwifery	0/3
Louise Smith (elected Dec 2020)	Nursing & Midwifery	2/2
Alan Walker (resigned July 2020)	Partner Organisations	0/1

Appointed Governors

Name	Constituency	
Dr Mohit Mandiratta (appointed Dec 2020)	Dudley Clinical Commissioning Group	2/2
Maria Kisiel	University of Wolverhampton Medical School	0/4
Mary Turner	Dudley CVS & Trust volunteers	3/4
Steve Waltho	Dudley Metropolitan Borough Council	4/4

The Council of Governors monitors attendance at full council meetings and committee meetings as agreed under the governors' Code of Conduct. In all instances above where governors have maintained less than the required attendance, the Council of Governors is satisfied that there was reasonable cause for non-attendance.

Full Council of Governor meetings are regularly attended by key clinicians and senior staff from across the Trust, providing presentations and question and answer sessions to help governors understand how the organisation works.

Governor elections and reappointments

During 2020/21, elections were held for vacancies in the following constituencies:

- **Public:** Brierley Hill, Dudley Central, Halesowen, Rest of England, South Staffordshire and Wyre Forest, Stourbridge, Tipton and Rowley Regis – one vacancy in each
- **Staff:** Nursing and Midwifery, Partner Organisations – one vacancy in each

In accordance with the Trust's Constitution, we use the method of single transferable voting for all elections. This system allows voters to rank candidates in order of preference and, after candidates have either been elected or eliminated, unused votes are transferred according to the voter's next stated preference.

During the year, a total of 32 members put themselves forward as nominees for the vacancies arising with more than eight per cent returning votes in contested public elections and six per cent turnout in staff elections.

Civica Election Services was appointed to oversee the election process which returned the following governors for a three-year term effective from December 2020:

Public: Brierley Hill, Maria Lodge-Smith
Public: Dudley Central, Sandra Harris
Public: Halesowen, Karen Clifford
Public: Rest of England, Chauntelle Madondo
Public: South Staffordshire and Wyre Forest, no nominations received
Public: Stourbridge, Helen Ashby
Public: Tipton and Rowley Regis, Alan Rowbottom
Staff: Nursing and Midwifery, Louise Smith
Staff: Partner Organisations, Michelle Porter

The Dudley Clinical Commissioning Group appointed Dr Mohit Mandiratta for a three-year term effective from December 2020.

Governors reaching end of term of office or resigning during 2020/21

Marlon Amulong, Staff elected: Nursing and Midwifery (resigned February 2021)
Arthur Brown, Public elected: Stourbridge (end of term of office December 2020)
Natalie Neale, Public elected: Brierley Hill (resigned July 2020)
Rex Parmley, Public elected: Halesowen (end of term of office December 2020)
Edith Rollinson, Staff elected: Nursing and Midwifery (retired January 2021)
Peter Siviter, Public elected: South Staffordshire and Wyre Forest (end of term of office December 2020)
Alan Walker, Staff elected: Partner Organisations (resigned July 2020)

Farzana Zaidi, Public elected, Tipton and Rowley Regis (end of term of office December 2020)

Council of Governors Review 2020/21

Since authorisation, our Council of Governors has regularly conducted a review of its effectiveness in discharging its statutory and other duties. During quarter four, the council undertook an effectiveness review and will use the results to support an action plan to address those areas highlighted as requiring development. Early analysis of the feedback has highlighted themes that the council judge to be positive along with some items for improvement which includes, amongst other things, maintaining effective governance arrangements in respect of the council's responsibility to deliver it statutory duties.

The governor training programme is constructed on a modular basis with the modules structured to support newly appointed and elected governors and as a refresher for all council members.

These modules were delivered for the newly elected governors from the elections in quarters one and three and as refresher for those returned for a further term of office and new governors. One to one support is in place for all new governors and buddying is encouraged for those more experienced governors to support newly-appointed governors. Annual training on fire safety and infection control is offered across two sessions in the year allowing governors to attend at least one of these sessions.

The coronavirus pandemic has meant that the Council of Governors has had to adopt a new way of working and has successfully adapted to the world of virtual meetings. They have continued to maintain good attendance at quarterly council meetings and at a series of development events to supplement their training. Other activities have included strategy workshops with the board, coupled with presentations from elements of the Trust on their service.

Council members have also maintained an attendance at Trust board committees and working groups.

Governors have joined the Programme Board that is looking after the ED redesign project. Governors are active members of the Clinical Education Charity.

The Annual Members Meeting went online with pre-recorded videos featuring the executive team, auditors and the lead governor reporting on the year 2019/2020. These were uploaded to the Trust's YouTube channel with foundation trust members and members of the public invited to submit questions relating to the annual report and accounts.

Governor engagement with Trust members and local communities

The Trust supports governors in raising public and staff awareness of the work of the Trust and their role within their constituencies. The 'Out There' initiative continues to support governors to undertake their role in finding out what people think about the Trust and feedback their views to the Board of Directors. Owing to the coronavirus pandemic, face-to-face engagement is on hold until further notice.

A regular feature of the foundation members' email update, which is circulated monthly, is an invitation to attend the Council of Governors and Board of Directors meetings and to submit any questions they wish to raise in advance.

Throughout the year, governors have continued to participate in virtual Trust activities that seek to assure and improve standards of quality and patient experience and have joined online patient feedback and listening sessions hosted by the Trust and other health economy stakeholders including the Peoples Network, Dudley CCG and Healthwatch. Governors have continued to reach out into their constituencies and have attended a small number of community and support groups such as GP patient panels and participation groups.

Governor fundraising activities

The Council of Governors' charity campaign during 2020/2021 was to raise funds for fold-out beds for the children's ward at Russells Hall Hospital. The beds provide parents of sick children a vital place of comfort at the bedside of their child. Governors have undertaken a range of activities including hosting tombola raffles, donations in lieu of Christmas cards and a sponsored mountain climb and have purchased one bed.

Lead governor

The lead governor role is designed to assist the Council of Governors where it may be considered inappropriate for the chairperson, or her deputy, to deal with a particular matter. The lead governor will also provide an independent link between the Council of Governors and the Board of Directors. Mr Fred Allen has held the role of lead governor for the year 2020/21.

How to contact a governor or director

There are several ways Trust members or members of the public can contact either their governor or a member of the Board of Directors:

- at Council of Governors meetings in public;
- at Board of Directors meetings in public;
- at the Annual Members' Meeting;

- at members events; and
- via the Foundation Trust office on email or by phone.

For dates and times of these meetings and other members' events, please visit the members section on the Trust website at www.dgft.nhs.uk or contact the Foundation Trust office:
Email dgft.foundationmembers@nhs.net
Telephone (01384) 321124
Write Freepost RSEH-CUZB-SJEG, 2nd Floor, South Block, Russells Hall Hospital, Pensnett Road, Dudley, DY1 2HQ

Several governors are also happy to be contacted directly and their details can be obtained using the details above.

NHS Foundation Trust Code of Governance Disclosures

- The Trust's Council of Governors, see pages 85 to 92.
- The Trust's Board of Directors, see pages 29 to 42.
- Nominations and Remuneration Committee, see page 50.
- Audit Committee, see page 46.
- The Foundation Trust's Membership, see pages 83 to 84.

NHS Oversight Framework

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

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

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

Segmentation

At the time of the last annual report the Trust was subject to Section 31 notices which are more fully described in the Annual Governance Statement along with the measures that the Trust had implemented to address the Care Quality Commission's (CQC) findings. All the Section 31 notices have now been lifted by the CQC.

The Trust has been assigned a segmentation rating of 3 as of 31st March 2021. Segmentation of 3 or 4 would indicate a trust is, or is likely to be, in breach of its licence. For more information on how the Trust reviews its governance, risk management and systems of internal control see the Annual Governance Statement at pages 96 to 116.

This segmentation information is the Trust's position as of 31st March 2021. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Statement of the chief executive's responsibilities as the accounting officer of The Dudley Group 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 Dudley Group 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 Dudley Group 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:

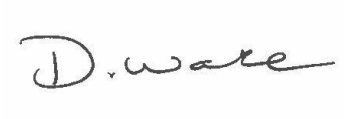
- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in 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*.



Signed: Diane Wake
Chief Executive
Date: 23rd June 2021

Annual Governance Statement

Scope of responsibility

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 Dudley Group NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Dudley Group NHS Foundation Trust for the year ended 31st March 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The chief nurse has responsibility for the oversight of the Trust's risk management policy and processes with the Trust's board secretary being responsible for the Board Assurance Framework. The Board of Directors has an established Risk and Assurance Group, which meets monthly chaired by the chief executive to review corporate and directorate specific risks and associated assurances and mitigation plans. The group oversees the effective operation of the Trust's risk register and provides challenge to the levels of assurance throughout the organisation to ensure the effective management and mitigation of risks.

Additionally, each division of the Trust, through their divisional governance framework, reports to the Risk and Assurance Group on their management of risks at an operational level. The risk and assurance group reports into the Quality and Safety Committee of the Board

The Trust has a comprehensive induction and training programme, supplemented by e-learning training packages and additional learning opportunities for staff.

Collectively, these cover a wide range of governance and risk management topics for both clinical and non-clinical staff in all disciplines and at all levels in the organisation.

Enhanced or additional training is available from the corporate governance team on aspects of the wider risk management and governance agenda.

The risk and control framework

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission.

The Board of Directors provides leadership on the management of risks, determining the risk appetite for the organisation and ensuring that the approach to risk management is applied consistently. Through the Board Assurance Framework the board determines the total risk appetite the Trust is prepared to accept in the delivery of its strategic objectives. The board takes its assurance from the Risk and Assurance Group and its board committees. This incorporates the controls in place to manage the identified risks to their determined target score and the monitoring of any required actions where the risk exceeds the board's appetite for risk in that area.

To ensure a consistent approach, the Trust's Risk Management Strategy and Policy provides guidance on the identification and assessment of risk and on the development and implementation of action plans. Risk identification is clinically driven and divisions undertake continuous risk assessments to maintain their risk registers and to implement agreed action plans. Risks are assessed by using a 5x5 risk matrix where the total score is an indicator as to seriousness of the risk. Action plans to address or manage risks are recorded in the risk register and managed at divisional and/or board level. Regular reports to the Risk and Assurance Group confirm the progress made in managing any identified risks.

Each level of management, including the Board, reviews the risks and controls for which it is responsible. The board and board committees monitor the progress against actions to minimise or mitigate risks in accordance with the Risk Management Strategy. The strategy was reviewed by the Audit Committee in September 2020.

Papers received at the Board of Directors meetings and at board committee meetings identify the risks to the achievement of Trust objectives and their link to the risk register. The Trust uses a dedicated monitoring system. This records and monitors all risks across the organisation including the current and targeted mitigated risk scores and progress against the identified action plans where the risk is above its target score. Active risk management forms part of the divisional governance framework with the operational risk registers being a standing item on the Risk and Assurance Group's agenda. Positive assurance to date confirms the effectiveness of

the management and control of these identified risks. Action plans are in place to address any perceived gaps in control or assurance that arise during the year.

The Board Assurance Framework identifies the key risks to the achievement of the Trust's objectives and the assurance mechanisms and it reports on the effectiveness of the Trust's system of internal control in those areas. The Board Assurance Framework was reviewed during the course of the year in order to provide greater clarity around strategic risks and the relationship to significant corporate risks. Further work is being undertaken to refresh the framework to reflect the review of the Trust Strategy that will be concluded during the summer of 2021 and this will ensure that the strategic risk framework reflects changes to the strategic priorities of the Trust.

Each board committee considers the strategic risks that fall within its terms of reference and the reports are triangulated with the Corporate Risk reports considered by the committees. The Board Assurance Framework supports this Annual Governance Statement and is informed by partnership working across the Black County Sustainability and Transformation Partnership, and through working with the Dudley Clinical Commissioning Group (CCG), Council of Governors, and other stakeholders. The Board Assurance Framework focuses on those key risks to achievement of the Trust's objectives; below are the significant issues that have been tracked and reported to the board and the degree of risk remaining at the end of the year.

The reporting framework requires risks to be identified, on both board and committee front summary sheets that accompany all reports submitted, providing an ongoing record of emerging issues which allow the link back to the Board Assurance Framework and the Corporate Risk Register.

The Trust faced the following major risks during the course of the year which includes clinical and longer term risks:

- Failure to meet access standards and operational performance standards caused by demand exceeding hospital capacity, and as a further consequence of the impact of COVID-19 on the provision of hospital services.
- The National Escalation level of Level 4 dictating the priorities and work undertaken within provider organisations.
- An inability to recruit sufficient numbers of appropriately trained staff due to local and national staff shortages.
- Financial viability risks caused by potential changes in the local health economy and in particular the potential implications of the MCP procurement.

The Trust has also submitted Improvement Plans to the Regulator in relation to operational performance and the service quality issues arising from the CQC inspection and, as a result of breaches of its licensing conditions, has entered into

enforcement undertakings in relation to the delivery of these plans. The Trust has requested that NHSI/E consider discharging some or all of the undertakings on the basis that:

- All three of the Section 31 notices previously imposed by the CQC have been removed during the financial year.
- The Trust has satisfied the financial undertakings which were time limited to the 2019/20 financial year.
- The Trust has, for much of the preceding twelve months directed substantial resources and capacity to addressing the COVID-19 pandemic. As a consequence, the inability to recover operational performance to meet national standards is common to all acute providers in the current circumstances. The Trust has a credible Restoration and Recovery plan and benchmarks well with other system providers.

The Trust adopts a robust approach to data quality and governance with more information available on page 110.

The Trust is practising good data security against the National Data Guardians' ten data security standards and the Trust completes an annual Data Security and Protection (DSP) Toolkits to provide assurance. Board assurance is provided by the Caldicott and Information Governance Group (CIGG), the data protection officer (DPO), senior information risk owner (SIRO), chief information officer (CIO) and Caldicott Guardian are core members of this Group.

The Trust also has well established arrangements to monitor quality governance and improvements in quality. These include the use of performance dashboards, a clinical and nursing audit programme, the review and monitoring of Nursing Care Indicators and the robust monitoring against local and national targets for quality measures including healthcare associated infections (HCAI), pressure ulcers and falls.

The Trust has further developed its integrated performance report during 2021/21 and is using Statistical Process Control (SPC) reporting which informs the effectiveness of our business improvement processes. A consistent base set of data is used to report to each of the relevant board committees – Workforce & Staff Engagement, Finance and Performance, and Quality and Safety Committee, as well as operationally to the divisions and the executive. Quality dashboards are also provided for each ward giving visual feedback on quality metric delivery for staff and patients.

The Trust has a regular programme of Nursing Care Indicator audits, along with the use of the 'perfect ward' auditing tool as a methodology to measure the quality of care given to patients. The monthly audits of key nursing interventions and associated documentation, are published, monitored and reported to the Board of

Directors by the chief nurse. This is supported by on-going real-time surveys, capturing the views of patients and using these to make improvements. The Trust continues to monitor the standardised hospital mortality ratio indicator (SHMI) to monitor its performance compared with national levels.

Regular reports on the progress against key Quality Priorities provide assurance that these are actively managed and progressed at an operational level. Internal audit involves external stakeholder partners and provides an independent opinion on the adequacy of the arrangements for ensuring compliance with the Care Quality Commission Regulatory Standards.

Information risks are managed and controlled through the Trust's established risk management processes.

The Trust has a Caldicott and Information Governance Group (CIGG), which reports to the Audit Committee, whose remit is to review and monitor all risks and incidents relating to data security and governance. The Trust's Caldicott Guardian, SIRO (director of finance and information) and information governance manager are members of the CIGG.

The Trust is registered with the Information Commissioner's Office registration number Z8909702.

The Trust is working to the Data Security and Protection (DSP)Toolkit which is an online self-assessment tool that allows organisations to measure their performance against the National Data Guardian's ten data security standards.

All organisations that have access to NHS patient data and systems must use this Toolkit to provide assurance that they are practicing good data security and that personal information is handled correctly. There are 42 Assertions (37 of which are mandatory and five non-mandatory) within the Data Security and Protection Toolkit requiring 111 mandatory pieces of evidence. The Trust has one remaining action to achieve the "Standards met" designation, namely:

- Percentage of Staff Successfully Completing the Level 1 Data Security Awareness training

All committees of the board are chaired by non-executive directors. The board has established seven committees each with clear terms of reference which are reviewed annually to ensure they remain appropriate to support the board.

Committee effectiveness review were undertaken by each committee in March 2021 and some amendments to workplans and terms of reference were made as a result. There are no outstanding actions arising from these reviews.

Each committee chair provides a formal summary of key issues arising from the committee to the full Board of Directors meeting. This summary report provides information on the assurance received at the committee which supports the Trust's assurance framework and performance reporting ultimately received by the board.

The Trust informs and engages with its key stakeholders in relation to risk through a number of forums. This includes regular review meetings with the Trust's regulators and commissioners and the sharing of performance reports with the Trust's Council of Governors. Key stakeholders include local and national politicians, Dudley Clinical Commissioning Group (CCG), our PFI partner Summit Healthcare (Dudley) Ltd, the Council of Governors, the Foundation Trust (FT) members, patient groups, patients, the local community and the Local Authority Select Committee on Health and Adult Social Care.

In response to the governance challenges presented by the COVID-19 pandemic, the Trust has also adopted additional forms of assurance outside of its formal decision-making structures. For example, there is a fortnightly meeting of non-executive directors and the chief executive, that is minuted and ensures that key operational matters are given additional scrutiny.

Non-executive directors are also engaged in remote programmed activities to allow them to triangulate information received though formal meetings. This includes participating in Trus- wide Team Briefs, joining divisional team meetings and shadowing and volunteering sessions.

All directors undertook 360-degree reviews as part of the appraisal process in 2020 and this information has been fed into the design of a Board Development Programme that commenced in April 2021. This will provide an additional evidence base for the board to identify and focus on the key challenges over the next twelve months.

During 2020/21, the work of the internal auditors and the board review of the Assurance Framework and supporting governance processes had identified some gaps in control which resulted in specific action plans being drawn up with their progress reported to, and monitored by, the Audit Committee.

Whilst not significant issues in themselves, internal audit identified gaps in some specific control areas in the following areas:

- Implementation of high and medium priority management actions arising from Internal Audit reports
- General Data Protection Regulation (GDPR)
- Seven day working

Management have implemented an action plan to address each of the control areas.

Implementation of the discharge management recommendations is being overseen by the Finance and Performance Committee and Internal Audit will review implementation of the recommendations in respect of radiology and sickness absence in the 2020/21 Audit Plan.

None of the gaps had impacted on the final delivery of the Trust's stated objectives.

The head of internal audit opinion includes an assessment of the Trust's Risk Management processes and control framework.

The Audit Committee

Greater detail on the role of the Audit Committee is set out elsewhere in the Annual Report; however, the Audit Committee, comprised of non-executive directors, is established to provide assurance to the board that there is an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives and that this system is established and maintained.

After each of its meetings during the year, the Audit Committee provides a written report to the Trust board that details the matters discussed, key issues identified and any items requiring referral to Trust board.

Further, as part of discharging its main functions, the Audit Committee prepares an annual report for the Trust board and the chief executive as accounting officer of the Trust and expresses its considered opinion on key aspects of governance based upon the evidence and assurances it has received.

Workforce safeguards

The Trust has undertaken a full review of the Dudley People Plan which is aligned to the NHS People Plan 2020/21, including key workforce development, transformation and well-being initiatives. The plan was approved by the Board in November 2020. The plan has five key pillars:

- A workforce for now and in the future
- A caring, kind and compassionate place
- Equality, fairness and inclusion
- Improvement and development culture
- Using technology to innovate

The implementation of the plan is overseen by the Workforce and Staff Engagement Committee.

The main areas of workforce performance including absence rates, vacancy rates, staff retention, agency spend, appraisal and mandatory training compliance is reported within the specific Workforce Key Performance Indicator Report to the committee as well as being part of the Trust's Integrated Performance Report that is provided monthly to the Board of Directors.

The Trust collates and reviews data every month for a range of workforce metrics, quality and outcomes indicators and productivity measures, this enables the Trust to undertake safe workforce planning. For example, a range of targeted recruitment campaigns were launched in the year; and an enhanced range of staff health and wellbeing packages made available, with particular regard to the extraordinary pressures on staff resulting from the COVID-19 pandemic.

The Trust has published on its website an up-to-date register of interests**,** including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past 12 months as required by the '*Managing Conflicts of Interest in the NHS*' guidance. During the year the Trust introduced an electronic system of registration for staff which has streamlined the process and improved the ability to track compliance.

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

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

Further information on staff matters is available in the staff section of the Annual Report.

Failure to remain financially sustainable in 2020/21 and beyond

For the full duration of 2020/21 the NHS was subject to more centralised command and control to support the national COVID-19 efforts. This has led to a significant increase in both revenue and capital costs that have been met with central funds. In addition, there has been a suspension of routine contracting mechanisms.

For the second half of 2020/21, additional resources have been channelled through the Black Country and West Birmingham STP and all constituent organisations have agreed a formal risk share arrangement to manage any additional pressures arising in individual organisations. The collection of national and local arrangements and assurances has enabled the Trust to reduce the relevant risk score on the corporate

risk register as the year has progressed. The introduction of a month's cash payment in advance has significantly enhanced the Trust's cash position for the duration of 2020/21.

NHS organisations have been advised that the current arrangements will continue for at least the first quarter of 2021/22 following which there will be a period of recovery and restoration. The Trust's sustainability going forward is heavily reliant on two main factors: the prevailing financial framework and the Trust's internal ability to recover baseline spend plans to pre-COVID-19 levels.

Commitments have been made by central government and mechanisms are being created by NHS Improvement/England to ensure all resource requirements are addressed. The Trust continues to support medium term planning objectives to secure a recurrently financial balanced position. Oversight continues to be provided by the board and the Finance and Performance Committee.

The proposal to establish a Multi-Specialty Community Provider in the Black Country also has potential implications for the future financial sustainability of the Trust and the board has carried out a detailed risk assessment. The Trust continues to have dialogue with partners on an integrated system solution going forward.

Never events

The Trust experienced three never events in 2020/21, each has been reported and investigated through the Trust's incident reporting systems. The Trust has identified immediate changes to practice and have now completed the investigations, the identified learning will be embedded into practice within the clinical areas and shared widely across the Trust.

Our commissioners are fully informed during our investigation process and they are members of our Risk and Assurance Group where these incidents are discussed.

Sustainable development management plan

Working with its PFI provider, the Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. The Trust's Green Plan was approved by the board in December 2020. You can read more about the work we do to provide our services in a sustainable way on pages 80 to 83.

Care Quality Commission

Following a CQC inspection in January and February 2019, the Trust was rated by the CQC overall as “Requires Improvement.” However, urgent and emergency care was rated as “inadequate” in the safe domain but overall Requires Improvement. Diagnostic imaging was additionally rated as “inadequate” at service level, and also on both the safe and well led domains. The Trust was rated “Requires Improvement” in the Well Led inspection. The CQC issued three Section 31 notices in July 2019 concerning triage performance, escalation and management of patients with sepsis or a deteriorating medical condition, and the number of registered nurses available at all times within the Emergency Department.

The Trust has implemented a number of measures in response to these findings including the introduction of digital dashboards to monitor performance and periodic audits of practice. The Trust sepsis data demonstrates that the Trust is now performing at target and in excess of the national average. Nurse staffing has been reviewed by the chief nurse and safe staffing is reported to the Board of Directors as part of the chief nurse’s monthly report.

As a consequence of these improvements, in June 2020 two of the three notices were withdrawn (escalation and management of sepsis and the number of registered nurses in the Emergency Department).

The CQC undertook a Focussed Inspection of the Emergency Department in February 2021 which resulted in the following conclusions:

- Improvements had been made to safety and culture within the Emergency Department.
- Critically ill patients were assessed as directed by national guidelines.
- Staff followed Personal Protective Equipment (PPE) recommendations and appropriate infection prevention and control (IPC) pathways were in place and flexed to reduce the risk of COVID-19 nosocomial infections.
- Staff told the CQC that they were supported well by managers and senior leaders.

The CQC also advised the Trust that areas to improve were:

- The Trust should continue to work towards achieving improvements in staff compliance with safeguarding training.
- The Trust should consider implementing a system that includes visual prompts at red area access points to remind staff of the PPE requirements before entering these areas.
- The Trust should consider how to make children, young people, and their relatives aware of social distancing requirements within the children’s ED.

- The Trust should continue to work with the wider health and social care system to improve flow from the ED to speciality wards.
- The Trust should consider taking a more proactive and integrated approach with regards to the assessment and management of the risks associated with ambulance offload delays.

All of these recommendations have been or are in the process of being addressed.

As a result of the inspection the CCQ have improved the rating in safe domain from “inadequate” to “requires improvement” and have removed the remaining condition of registration concerning triage performance.

Review of economy, efficiency and effectiveness of the use of resources

The Trust reviews the Use of Resources framework on a regular basis and was well advanced with preparations for an inspection expected in spring 2020. This includes metrics from the Model Hospital. Throughout 2020/21 the Trust reviewed Patient Level Information and Costing System (PLICS) data locally and using national comparisons to provide assurance that the costing data was robust and to identify specific clinical pathways where the Trust appeared to be an outlier. hese were cross referenced to GIRFT metrics where available and are being used to identify where resources can be used more effectively. This was discussed at the Financial Improvement Group.

The Trust has built a long-term financial model which is being constantly updated with new information as the financial landscape in the NHS changes. This enables forward planning in the Trust.

The usual operational planning process was suspended in March 2020 to divert management resources to managing the pandemic. Although preparations for the detailed business plans incorporating service and quality initiatives, operational requirements and financial targets were at an advanced stage, there was no requirement to submit the usual planning returns. The Board of Directors, supported by the Finance and Performance Committee, were kept informed of the changes in the planning and financial regime throughout the year. Finance and Performance Committee reviewed the Use of Resources framework to identify areas for improvement.

The in-year resource utilisation is monitored by the board and its committees via a series of detailed reports covering finance, activity, capacity, human resource management and risk. Clinical risk assessments are conducted on individual savings proposals that may impact on the provision or delivery of clinical services. Subject to the emergence of the detail of the future financial framework, the Trust is likely to have a significant underlying financial challenge. The Trust continues with its

Transformation Programme to ensure that it remains financially sustainable going forward and it underpins the Trust's longer term financial strategy.

Performance review meetings assess each division's performance across a full range of financial and quality matrices which, in turn, forms the basis of the monthly integrated performance report to the Finance and Performance Committee. The Trust has been assigned a segmentation rating of 3, as at 31st March 2021, with regard to the NHS Improvement Single Oversight Framework; segmentation of 3 or 4 would indicate a Trust is in actual or suspected breach of its Licence.

The key processes embedded within the Trust to ensure that resources are used economically, efficiently and effectively, centre around a robust budget setting and control system which includes activity related budgets and periodic reviews during the year which are considered by executive directors and the Board of Directors. The budgetary control system is complemented by Standing Financial Instructions, a Scheme of Delegation and Financial Approval Limits. This process enables regular review of financial performance by highlighting areas of concern via variance analysis. The Finance and Performance Committee also receives a monthly report showing the Trust's performance against the block contract and top-up arrangements that were introduced nationally in 2020/21 as a consequence of the COVID-19 pandemic. The external auditors also give comment upon this aspect of the Trust business.

As accounting officer, I have overall accountability for delivery of the Annual Plan and I am supported by the executive directors with delegated accountability and responsibility for delivery of specific targets and performance objectives. These are formally reviewed and monitored monthly by the Board of Directors and its committees. Independent assurance on the use of resources is provided through the Trust's internal audit programme, Audit Committee and external agencies such as NHS Improvement, External Audit and the CQC.

Information governance

The General Data Protection Regulation (GDPR), as implemented by the UK Data Protection Act 2018, came into UK law on 25th May 2018. It introduced a duty on all organisations to report certain types of personal data breach to the relevant supervisory authority. The Security of Network and Information Systems Directive ("NIS Directive") also requires reporting of relevant incidents to the Department of Health and Social Care (DHSC) as the competent authority from 10th May 2018.

An organisation must notify a qualifying breach of personal data within 72 hours. If the breach is likely to result in a high risk to the rights and freedoms of individuals, organisations must also inform those individuals without undue delay. Those breaches that also fulfil the criteria of a NIS notifiable incident will be forwarded to the DHSC where the Secretary of State is the competent authority for the

implementation of the NIS directive in the health and social care sector. The Information Commissioner remains the national regulatory authority for the NIS directive.

The Trust has self-reported to the Information Commissioner on one occasion during 2020/21. No regulatory action was taken against the Trust in relation to this case and the learning from the incident was disseminated through the Trust's governance processes.

The Trust requested its internal auditors to undertake an advisory review of its Information Governance arrangements in 2020 and arising from this a series of management actions are being implemented to further improve controls in this area.

Annual quality report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual quality reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

During 2020, new guidance was issued in light of the COVID-19 pandemic advising that there was no requirement for a foundation trust to prepare a quality report and include it in its annual report for 2019/20 or any requirement to commission external assurance on its quality report. Updated guidance issued in January 2021 supported the same arrangements for the financial year 2020/21.

The Board of Directors agreed that the 2020/21 Quality Account will be prepared and issued as a separate document and confirm that they have taken the following measures to ensure the Quality Report presents a balanced view and has appropriate controls to ensure the accuracy of data.

Governance and leadership

The executive and non-executive directors have a collective responsibility as a board to ensure that the governance arrangements supporting the Quality Accounts and Report provide adequate and appropriate information and assurances relating to the Trust's quality objectives. Board sponsors are nominated for all Quality Priorities providing visible board leadership of specific quality initiatives.

Whilst the chief executive has overall responsibility for the quality of care provided to patients, the implementation and co-ordination of the quality framework is delegated to both the chief nurse and medical director. They have joint responsibility for reporting to the Board of Directors on the development and progress of the quality

framework, clinical framework and clinical management and for ensuring that the Quality Improvement Strategy is implemented and evaluated effectively.

Policies

High quality organisational documentation are essential tools of effective governance which will support the Trust to achieve its strategic objectives, operational requirements and bring consistency to day-to-day practice. A common format and approved structure for such documents helps reinforce corporate identity, helps to ensure that policies and procedures in use are current and reflects an organisational approach. A standard approach ensures that agreed practice is followed throughout the organisation. With regard to the development of approved documentation, all procedural documents are accessible to all relevant staff supporting the delivery of safe and effective patient care.

Development and reporting of quality indicators and the Quality Account

The systems and processes which support the development of the Quality Accounts focus on engagement activities with public, patients and staff and utilising the many media/data capture opportunities available.

This year has seen the Trust continue with the priorities from the previous year which include patient experience and discharge management. The topics were agreed by the Board of Directors and the Council of Governors on the basis of their importance both from a local perspective (eg based on complaints, results of the monitoring of Quality Indicators) and a national perspective (eg reports from national bodies: NHSI, CQC findings etc).

The Trust reviews its Quality Priorities annually engaging with governors, staff and members of the public and partner organisations.

People and skills

In addition to the leadership provided by the Board of Directors, clinical divisional management teams (led by clinical directors and co-ordinated by general managers) are accountable for, and ensure that a quality service is provided within their respective divisions and areas of authority. They are required to implement the Quality Improvement Strategy, providing safe, effective and personal care and ensure that patients have a positive experience and are treated with courtesy, respect and kindness.

Training opportunities are available for clinical and non-clinical staff and competency is monitored as part of the Trust's appraisal system. The Board of Directors ensures that quality improvement is central to all activities. This is achieved by routine

monitoring, participation in national improvement campaigns, celebrating success with our staff awards and proactively seeking patient views on our services.

The Dudley Improvement Practice (DIP) is the Trust's long-term commitment to creating a culture of Continuous Improvement. DIP training in improvement fundamentals is now an integral part of the two in-house leadership training programmes: Managers Essentials and Developing Leaders. The training and post-training improvement coaching provides our people with the skills and support needed to complete an improvement project as part of their development portfolio and achieve DGFT Managers Accreditation.

During 2020, the Trust saw the start of a new large clinical pathway improvement work stream focussed on the upper and lower GI cancer pathways in which a multi-disciplinary team came together from wards, the endoscopy unit and surgery as well as specialists in cancer, nutrition and imaging.

The team engaged in problem solving and designing a new, transformational, future state for the services and clinical pathways. These improvements will be implemented along these pathways in stages throughout 2021, each one being launched with a five-day improvement event supported by the DIP team.

Data quality and governance

Data Quality (DQ) Assurance over the various elements of quality, finance and performance is of key importance to management and the board. Reviews of the Trust's system of internal control in respect of data quality are undertaken in each year through the approved internal audit work plan.

As the Trust deploys more and more services of the Electronic Patient Record the importance of data quality has never been more pivotal to the organisation. With every roll-out of functionality comes the challenge of ensuring a good level of data quality. We do so by providing real-time data support tools to allow users to see the impact of their data, and interrogate the quality of what is being entered. This is underpinned by open and transparent engagement with data generators to aid progression of good quality standards.

Maintaining the normal level of interaction in data quality groups has been a challenge through the COVID-19 pandemic. Frequency of meetings for the Data Quality and Standards Group were impacted by the availability of clinical and non-clinical colleagues required to support patient care, however, appropriate knowledge sharing and decision points were maintained throughout and service was not adversely affected. Digital Data Quality Maturity Index (DQMI) levels were maintained and, in some cases, improved on despite the obvious adversity faced.

Despite various changes to the national mandates of performance we continued to monitor and report on key performance metrics, ensuring patients were cared for appropriately within the restrictions of the pandemic. Particular focus was given to restoration and recovery of services between the first and second waves of COVID-19, and close monitoring of time sensitive care needs being met.

This year saw the creation of Data Relationship Manager (DRM) roles within the Health Informatics Team, these key roles are seen as the translators of data into insight, coaching non-data colleagues through the power and importance of data to achieve evidence-based decisions making. They are aligned with divisions of the Trust and part of their role is to help identify, understand and influence opportunities to improve data quality and promote the impact it has on organisational performance, patient care and safety. In the latter part of the year DRMs have spent a lot of time working closely with Trust site co-ordinators to aid the data provision to hospital flows. Through this approach we have seen significant improvements in the oversight and assurance available to all levels.

The Trust's IT Department (Terafirma) is ISO27001 accredited, holds Cyber Essentials (CE) certification and has achieved 100 per cent compliance with regards to the NHSD Data Security Protection (DSP) Toolkit and Data Guardian Standards. Our approach to delivering data security is defined in the Trust board-approved Cyber Security Strategy which identifies the key data security and protection risks including but not limited to; supply chain compromise (SCC), business email compromise (BEC) and the Internet of Things (IoT).

The Trust has implemented sophisticated controls including data leak protection (DLP), advanced threat protection (ATP), geo-referencing and secure domain firewalling to address key data security risks and continues to invest in new technologies and solutions to provide further assurance. In the constantly evolving technology and cyber workspace, the Trust maintains its commitment to provide robust assurances and delivery plans to further enhance our controls and ensuring alignment with the Network and Security Systems (NIS) Directive

The Audit Committee has overseen the Clinical Audit Forward Plan for 2020/21. The plan was developed regarding the requirements of the National Clinical Audit Patient Outcomes Programme (NCAPOP). The committee has satisfied itself through periodic monitoring that performance against the plan in relation to each of the medicine, surgery and clinical support functions of the Trust is satisfactory.

Review of effectiveness

As accountable officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have

responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their ISA 260 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, Risk and Governance Committee and Quality and Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework and the Trust's risk management arrangements provide me with evidence that the controls to manage the risks to the Trust achieving its principal objectives have been reviewed and are effective. My review is also informed by the work of external and independent assessors and advisors including the Care Quality Commission.

During 2020/21, the work of the internal auditors and the board's review of the Board Assurance Framework and supporting risk management and governance processes, had identified some internal control weaknesses and perceived gaps in control which have been reported as part of the Trust's routine and ongoing monitoring arrangements.

Specifically, whilst not significant issues in themselves, Internal Audit identified some internal control weaknesses in regard to audits in the areas of:

- Implementation of high and medium priority management actions arising from Internal Audit reports
- GDPR
- Seven Day Working

Management have implemented action plans in respect of each of these areas and progress on the implementation of the recommendations of Internal Audit is being overseen by the Audit Committee. Some planned completion dates have been impacted by the need to divert resources to the management of the COVID-19 pandemic and this has required and extension to these dates, which has also been scrutinised and approved by the committee.

The Trust complies with the NHS Foundation Trust Code of Governance with the aim to deliver effective corporate governance, contribute to better organisational performance and ultimately discharge our duties in the best interests of patients.

Counter Fraud provisions are in place in line with the NHS Counter Fraud Authority (NHSCFA) Standards. The Trust complies with its responsibilities to fully implement a Code of Conduct that includes reference to fraud, bribery and corruption and the requirements of the Bribery Act 2010. The effectiveness of the implementation of the process and staff awareness of the requirements of the Code is regularly tested.

The head of Internal Audit opinion stated that the Trust has an “adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective”.

However none of the identified weaknesses were deemed to be significant in terms of the overall systems of internal control of the Trust.

EU exit

The UK left the EU on 31st January 2020 and the transition period expired on 31st December 2020.

The Trust prepared for the expiry of the transition period on the basis of a “no deal” outcome. It assessed its activities against these risks and a risk assessment, at a corporate level, was maintained throughout the period.

A detailed assessment of risks and mitigations was presented to the board in January 2021 and this included an assessment of the potential impacts on key supply chains for the ongoing response to COVID-19 including PPE and vaccination. The board was satisfied that the appropriate steps had been taken to address and mitigate the key risks arising from the EU exit and the expiry of the transition period.

COVID-19

On 16th March 2020, the Government announced additional measures to seek to reduce the spread of coronavirus across the country. The NHS declared a Level 4 National Incident and issued directions to all acute trusts to postpone all non-urgent elective operations to free up staff and beds for COVID-19 patients, and theatres/recovery facilities for adaptation work. Emergency admissions, cancer treatment and other clinically urgent care services continued to be provided.

The Trust took the following actions in response to the first wave of the pandemic:

Outpatients
All outpatient activity in all specialties was moved to virtual, and existing patients waiting to be seen were triaged via phone. Virtual consultations determined whether a physical examination was required. Strict infection control practices were instituted for those patients requiring a face-to-face consultation.

The Trust has introduced a range of digital innovations during the last year including the implementation of video and telephone consultations for patients and by the end of March 2021 the Trust was averaging 200 video consultations per week. Although these developments arose from the response to COVID-19, they have been

incorporated into the Trust's standard operating practices and will continue to be deployed where there use enhances patient care.

Diagnostics
Diagnostics resource was diverted to support inpatient work, all urgent work and supporting cancer.

Cancer
All pathways for cancer were continued as far as possible in light of diagnostic and treatment constraints under COVID-19. Face-to-face clinics were stopped where possible and virtual clinics were established. Corbett Outpatient Centre and Ramsay Hospital were used to deliver some cancer services, including surgery for plastics, urology and breast.

Elective Procedures
All elective work was cancelled except emergency surgery.

Infection Control
The Trust put in place, as far as possible, a system to segregate all patients with respiratory problems (including presumed COVID-19 patients) at our front door, within our inpatient wards and in critical care. Segregation was based on those with respiratory illness and other cases.

Restoration and Recovery
By June 2020 the Trust had entered the second phase in the NHS's response which was to restore services in line with national requirements, and all specialties which were scaled down were being restored.

The restoration of services was following a three stage approach:

Priority 1: Urgent & cancer patients
Priority 2: Long waiting patients
Priority 3: Routine patients

The Trust had committed to achieving the following trajectories in relation to achieving pre-COVID-19 activity level:

- Outpatients, new & follow-up, 80% for September
- Day case activity, 80% for September
- Overnight elective activity, 80% for September
- Diagnostic activity, swiftly returning to 90% and to 100% by October for:
    - Magnetic resonance imaging (MRI)
    - Computer tomography (CT)
    - Endoscopy
    - Non-obstetric ultrasound

The board reviewed the lessons from the first wave of COVID-19 at its meeting in October 2020 and many of the innovations in services, such as the increased provision of virtual consultations, were retained as 'business as usual' practice.

Until October 2020 the Trust was reporting good progress in achieving these trajectories. However, the onset of the second wave of COVID-19 required the cancellation of significant amounts of elective work and the application of the Trust's surge plans for critical care to support the increasing number of hospital admissions for patients with COVID-19.

The Finance and Performance Committee and the board have continued to oversee operational performance in relation to both COVID-19 and Restoration and Recovery plans. The Board has also closely monitored infection prevention and control through a monthly assurance framework.

COVID-19 vaccination programme

The Trust is the lead employer across the Black Country and West Birmingham Sustainability and Transformation Partnership (STP) in relation to the vaccination programme. In this capacity it has since December 2020 been responsible for:

- Assessing workforce demand for the STP vaccination programme, across the different delivery models and develop supply channels;
- Recruiting, on-boarding, training and deploying the workforce to undertake roles in the various delivery models for the STP, including establishing banks of current staff to deploy as required, liaise with local agencies and NHS Trust banks to secure shifts and the employment of new staff;
- Establishing and overseeing a single rostering system across the STP;
- Liaising with national supply routes to seek additional staff from national suppliers;
- Liaising with the regional Workforce Bureau and Regional Vaccination Operation Centre, including providing KPI and performance reporting;
- Arranging payment to staff; and,
- Liaising with volunteers.

Governance of the programme is through the STP Programme Board and internally through the Trust's Finance and Performance Committee.

Conclusion

My review of the effectiveness of the risk management and internal control has confirmed that:

- The Trust has a generally sound system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently.

- Based on the work undertaken by a range of assurance providers, there were no significant control issues identified during 2020/21.
- I 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.
- We prepare the financial statements on a 'going concern' basis.
- Where improvements have been recommended, especially those made by the CQC within their section 31 notices; we have acted on them and tracked their implementation at both management and Board / Committee level.

I therefore, believe that the Annual Governance Statement is a balanced reflection of the actual control position in place within the year.

Signed: Diane Wake
Chief Executive
Date: 23rd June 2021

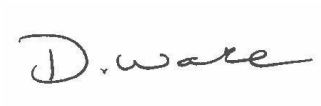
Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury,
- make judgements and estimates which are reasonable and prudent, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose the position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the board



Signed: Diane Wake
Chief executive
Date: 23rd June 2021

Signed: Tom Jackson
Director of finance
Date: 23rd June 2021

Independent auditor's report to the Council of Governors of Dudley Group NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

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

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2021 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group 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 Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

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

Matters on which we are required to report by exception

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

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

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

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

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, set out on pages 94 to 95, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the group and Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international

accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).

- We enquired of management and the Audit Committee, concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that altered the Trust's financial performance for the year;
  - potential management bias in determining accounting estimates, especially in relation to:
    - the calculation of the valuation of the Trust's land and buildings; and
    - accruals of income and expenditure at the end of the financial year.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a particular focus on significant journals at the end of the financial year which impacted on the Trust's financial performance;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations**;**
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to related to the valuations of the Trust's land and buildings.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team, and component auditors, included consideration of the engagement team's and component auditor's;
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and Trust operates
  - understanding of the legal and regulatory requirements specific to the group and Trust including:
    - the provisions of the applicable legislation
    - NHS Improvement's rules and related guidance
    - the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in our Audit Completion Certificate. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Dudley Group NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

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

M C Stocks

Mark Stocks, Key Audit Partner

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

Birmingham

24 June 2021

Independent auditor's report to the Council of Governors of The Dudley Group NHS Foundation Trust

In our auditor's report issued on 24 June 2021, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2021, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2021 issued on 24 June 2021 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2021 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

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

Report on other legal and regulatory requirements - the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and

- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of The Dudley Group NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

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

M C Stocks

Mark Stocks, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

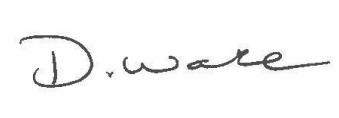
Birmingham

19 July 2021

Accounts

Foreword to the Accounts

These accounts for the period 1 April 2020 to 31 March 2021 have been prepared by The Dudley Group NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.



Signed: Diane Wake
Chief Executive
Date: 23rd June 2021

Consolidated and Foundation Trust Statements of Comprehensive Income

For the Year Ended 31 March 2021

		Group		Foundation Trust	
	Note	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Operating Income from patient care activities	3	402,090	380,377	402,090	380,377
Other Operating Income	4	49,351	31,788	48,666	31,803
Total Operating Income from continuing operations		**451,441**	**412,165**	**450,756**	**412,180**
Operating Expenses from continuing operations	5	(436,031)	(395,347)	(435,790)	(395,435)
Operating Surplus / (Deficit)		**15,410**	**16,818**	**14,966**	**16,745**
Finance Costs					
Finance income	9	54	175	0	132
Finance expense - financial liabilities	10	(11,964)	(11,772)	(11,964)	(11,772)
PDC Dividends payable		(1,474)	(1,819)	(1,474)	(1,819)
Net Finance Costs		**(13,384)**	**(13,416)**	**(13,438)**	**(13,459)**
Gain/(loss) of disposal of assets	13	25	29	25	29
Corporation tax expense	11	(35)	(48)	0	0
Surplus/(Deficit) for the year from continuing operations		**2,016**	**3,383**	**1,553**	**3,315**
SURPLUS/(DEFICIT) FOR THE YEAR		**2,016**	**3,383**	**1,553**	**3,315**
Other comprehensive income/(expense)					
Will not be reclassified to income and expenditure:					
Impairments	13	(223)	(3,805)	(223)	(3,805)
Revaluations	13	2,287	35	2,287	35
Fair value gains/(losses) on equity instruments designated at FV through OCI	14	219	(174)	0	0
Other reserve movements		1	0	1	0
May be reclassified to income and expenditure where certain conditions are met:					
Fair Value gains/(losses) on financial assets mandated at fair value through OCI	14	0	0	0	0
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		**4,300**	**(561)**	**3,618**	**(455)**

The notes on pages 5 to 46 form part of these accounts.
All income and expenditure is derived from continuing operations.

There are no Non-Controlling Interests in the Group, therefore the surplus for the year of £2,016,000 (2019/20 surplus of £3,383,000 and the Total Comprehensive Income of £4,300,000 (2019/20 Total Comprehensive Expenditure of £561,000) is wholly attributable to the Trust.

Consolidated and Foundation Trust Statements of Financial Position

As at 31 March 2021

	Note	Group 31 March 2021 £'000	Group 31 March 2020 £'000	Foundation Trust 31 March 2021 £'000	Foundation Trust 31 March 2020 £'000
Non-current assets					
Intangible assets	12	10,406	9,701	10,406	9,701
Property, plant and equipment	13	199,896	176,214	199,896	176,214
Other Investments/financial assets	14	1,405	1,186	0	0
Receivables	16	13,736	12,466	13,736	12,465
Total non-current assets		225,443	199,567	224,038	198,380
Current assets					
Inventories	15	3,775	3,482	3,459	3,288
Receivables	16	8,856	25,501	8,653	25,296
Other Investments/financial assets	14	500	500	0	0
Cash and cash equivalents	17	19,307	5,137	17,928	4,190
Total current assets		32,438	34,620	30,040	32,774
Current liabilities					
Trade and other payables	18	(35,444)	(33,160)	(35,084)	(32,888)
Borrowings	19	(5,206)	(5,510)	(5,206)	(5,510)
Provisions	20	(1,239)	(241)	(1,239)	(241)
Other liabilities	21	(3,040)	(2,518)	(3,040)	(2,518)
Total current liabilities		(44,929)	(41,429)	(44,569)	(41,157)
Total assets less current liabilities		**212,952**	**192,758**	**209,509**	**189,997**
Non-current liabilities					
Trade and other payables	18	0	0	0	0
Borrowings	19	(110,095)	(113,999)	(110,095)	(113,999)
Provisions	20	(899)	(753)	(899)	(753)
Total non-current liabilities		(110,994)	(114,752)	(110,994)	(114,752)
Total assets employed		**101,958**	**78,006**	**98,515**	**75,245**
Financed by					
Taxpayers' equity					
Public Dividend Capital		49,207	29,555	49,207	29,555
Revaluation reserve		25,830	23,765	25,830	23,765
Income and expenditure reserve		24,511	22,810	23,478	21,925
Others' equity					
Charitable Fund reserves		2,410	1,876	0	0
Total Taxpayers' and Others' equity		**101,958**	**78,006**	**98,515**	**75,245**

The notes on pages 5 to 46 form part of these accounts.

The financial statements on pages 3 to 46 were approved by the Board of Directors and authorised for issue on their behalf by:

D. Wake

Signed …… Date: 23 June 2021

Diane Wake
Chief Executive

Consolidated and Foundation Trust Statements of Changes in Taxpayers' and Others' Equity

for the Year Ended 31 March 2021

	Group					Foundation Trust			
	..... Taxpayers' Equity					..... Taxpayers' Equity			
	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	** Charitable Fund Reserves	Total Taxpayers' and Others' Equity	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total Taxpayers' Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' and Others' Equity at 1 April 2019	**27,331**	**27,555**	**19,269**	**2,188**	**76,343**	**27,331**	**27,555**	**18,590**	**73,476**
Surplus / (Deficit) for the year	0	0	3,479	(96)	3,383	0	0	3,315	3,315
Transfers between reserves	0	(20)	20	0	0	0	(20)	20	0
Net Impairments	0	(3,805)	0	0	(3,805)	0	(3,805)	0	(3,805)
Revaluations - property, plant and equipment	0	35	0	0	35	0	35	0	35
Fair Value gains/(losses) on available -for-sale financial investments	0	0	0	(174)	(174)	0	0	0	0
Public Dividend Capital Received	2,431	0	0	0	2,431	2,431	0	0	2,431
Other reserve movements	(207)	0	0	0	(207)	(207)	0	0	(207)
Consolidation adjustment	0	0	42	(42)	0	0	0	0	0
Taxpayers' and Others' Equity at 31 March 2020	**29,555**	**23,765**	**22,810**	**1,876**	**78,006**	**29,555**	**23,765**	**21,925**	**75,245**
Taxpayers' and Others' Equity at 1 April 2020	**29,555**	**23,765**	**22,810**	**1,876**	**78,006**	**29,555**	**23,765**	**21,925**	**75,245**
Surplus / (Deficit) for the year	0	0	1,655	361	2,016	0	0	1,553	1,553
Transfers between reserves	0	0	0	0	0	0	0	0	0
Net Impairments	0	(223)	0	0	(223)	0	(223)	0	(223)
Revaluations - property, plant and equipment	0	2,287	0	0	2,287	0	2,287	0	2,287
Fair value gains/(losses) on equity instruments designated at FV through OCI	0	0	0	219	219	0	0	0	0
Public Dividend Capital Received	19,652	0	0	0	19,652	19,652	0	0	19,652
Public Dividend Capital Repaid	0	0	0	0	0	0	0	0	0
Other reserve movements	0	1	0	0	1	0	1	0	1
Consolidation adjustment	0	0	46	(46)	0	0	0	0	0
Taxpayers' and Others' Equity at 31 March 2021	**49,207**	**25,830**	**24,511**	**2,410**	**101,958**	**49,207**	**25,830**	**23,478**	**98,515**

The notes on pages 5 to 46 form part of these accounts.

Consolidated and Foundation Trust Statements of Changes in Taxpayers' and Others' Equity

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the Dudley Group NHS Foundation Trust Charity consolidated within these financial statements.
These reserves comprise Unrestricted Funds £1,882,000 (2019/20 £1,821,000) of which £1,687,000 (2019/20 £1,670,000) have been designated for specific purposes, Restricted Funds £528,000 (2019/20 £55,000) and Endowment Funds £nil (2019/20 £nil). Unrestricted Funds comprise those funds that the Trustee is free to use for any purpose in furtherance of the Charity objectives, Restricted Funds are specific appeals for funds or donations where legal restrictions have been imposed by the Donor, and Endowment Funds are held as capital by the Charity to generate income for charitable purposes but cannot themselves be spent.

Consolidated and Foundation Trust Statements of Cash Flows

for the Year Ended 31 March 2021

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Cash flows from operating activities	£'000	£'000	£'000	£'000
Operating surplus/(deficit) from continuing operations	15,410	16,818	14,966	16,745
Operating surplus/(deficit)	**15,410**	**16,818**	**14,966**	**16,745**
Non-cash income and expense:				
Depreciation and amortisation	9,374	8,918	9,374	8,918
Impairments and Reversals	0	28	0	28
Income recognised in respect of capital donations (cash and non-cash)	(1,245)	(60)	(1,245)	(60)
(Increase)/Decrease in trade and other receivables	15,724	(11,312)	15,712	(11,282)
Increase/(Decrease) in other assets	0	0	0	0
(Increase)/Decrease in inventories	(293)	215	(171)	237
Increase/(Decrease) in trade and other payables	(2,049)	4,907	(2,150)	5,014
Increase/(Decrease) in other liabilities	522	774	522	774
Increase/(Decrease) in provisions	1,144	814	1,144	814
Movements in charitable fund working capital	(22)	31	0	0
Corporation Tax (paid) / received	(35)	(48)	0	0
NET CASH GENERATED FROM/(USED IN) OPERATIONS	38,530	21,085	38,152	21,188
Cash flows from investing activities				
Interest received	6	134	6	133
Purchase of financial assets	0	0	0	0
Proceeds from sales of financial assets	0	0	0	0
Purchase of intangible assets	(1,965)	(2,189)	(1,965)	(2,189)
Proceeds from sales of intangible assets	0	0	0	0
Purchase of Property, Plant and Equipment	(22,996)	(5,914)	(22,996)	(5,914)
Proceeds from sales of Property, Plant and Equipment	190	29	190	29
NHS Charitable funds - cash flows from investing activities	54	42	0	0
Net cash generated from/(used in) investing activities	(24,711)	(7,898)	(24,765)	(7,941)
Cash flows from financing activities				
Public dividend capital received	19,652	2,431	19,652	2,431
Public dividend repaid	0	(207)	0	(207)
Capital element of PFI Obligations	(5,518)	(5,486)	(5,518)	(5,486)
Other Interest	0	0	0	0
Interest element of PFI Obligations	(11,964)	(11,772)	(11,964)	(11,772)
PDC Dividend paid	(1,819)	(2,292)	(1,819)	(2,292)
Net cash generated from/(used in) financing activities	351	(17,326)	351	(17,326)
Increase/(decrease) in cash and cash equivalents	**14,170**	**(4,139)**	**13,738**	**(4,079)**
Cash and Cash equivalents at 1 April	5,137	9,276	4,190	8,269
Cash and Cash equivalents at 31 March	**19,307**	**5,137**	**17,928**	**4,190**

The notes on pages 5 to 46 form part of these accounts.

1. Accounting Policies and Other Information

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of NHS foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC Group Accounting Manual 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 DHSC Group Accounting Manual permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation 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.

Going Concern

The Foundation Trust's annual report and accounts have been prepared on a going concern basis.

International Accounting Standard 1 requires the Board to assess, as part of the accounts preparation process, the Group and Trust's ability to continue as a going concern. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Group and Trust without the transfer of its services to another entity within the public sector. In preparing the financial statements, the Board of Directors has considered the Group's and Trust's overall financial position against the requirements of IAS1. After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation Trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

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.

1.1 Consolidation

The Group financial statements consolidate the financial statements of the Trust and all of its subsidiary undertakings made up to 31st March 2021. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's financial statements and Group financial statements have been prepared.

Subsidiaries

Subsidiary entities are those which the Foundation 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

NHS Charitable Fund

The NHS Foundation Trust is the corporate trustee to The Dudley Group NHS Foundation Trust Charity. The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust is

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

1. Accounting Policies and Other Information (continued)

1.2 Revenue

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:

- As per paragraph 121 of the Standard the Foundation Trust will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- The Foundation Trust is to similarly not disclose information where the revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with the value of the performance completed to date.
- The GAM has mandated the exercise of the practical expedient offered in C7 (a) of the Standard that requires the Foundation Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

The accounting policies for revenue recognition and the application of IRS15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS15. This difference in application is explained below.

2020/21

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

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

The Foundation Trust receives income under the NHS 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 Foundation 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 a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

1. Accounting Policies and Other Information (continued)

1.2 Revenue

Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants. In 2020/21 the trust received DHSC centrally procured personal protective equipment. These transactions have been recognised as a 'Government Grant' as defined above. The Trust has recorded a charge to operating expenditure when the items have been utilised and this is matched with a gain in income.

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.

Education and Training

The Trust receives income from Health Education England for education and training of medical and non-medical trainees. Revenue is in respect of training provided and is recognised when performance obligations are satisfied when training has been performed. All performance obligations are undertaken within the financial year and is agreed and invoiced to Health Education England

1. Accounting Policies and Other Information (continued)

1.3 Expenditure on Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees including non-consolidated performance pay earned but not yet paid.

The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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 actual (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.

1. Accounting Policies and Other Information (continued)

1.3 Expenditure on Employee Benefits

Pension costs

c) Scheme provisions (continued)

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

1.4 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.

1.5 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 Foundation Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably and;
    - has an individual cost of at least £5,000; or
    - the items form a group of assets which collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under the same managerial control; or
    - form part of the initial equipping and setting up cost of a new building or refurbishment of a ward or unit, and the items collectively have a cost of at least £5,000.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets .

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.

For property assets the frequency of revaluations will be at least every five years.

The fair value of land and buildings are determined by valuations carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuations are carried out primarily on the basis of depreciated replacement cost, modern equivalent asset basis for specialised operational property and existing use value for non-specialised operational property. Assets held at depreciated replacement cost have been valued on a Modern Equivalent Asset Optimised Alternative Site basis. For the Trust's PFI buildings the valuation does not include any VAT liability as VAT is recoverable on the unitary payments made by the Trust and any re-provision of the existing buildings would be carried out by the PFI provider. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

Assets under construction are valued at cost and are subsequently revalued by professional valuers when they are brought into use if factors indicate that the value of the asset differs materially from its carrying value. Otherwise, the asset should only be revalued on the next occasion when all assets of that class are revalued.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

1. Accounting Policies and Other Information (continued)

1.5 Property, Plant and Equipment (continued)

Subsequent expenditure

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

The Trust depreciates its non-current assets on a straight line basis over the expected life of the assets after allowing for the residual value. Useful lives are determined on a case by case basis. The typical lives for the following assets are:

Asset Category	Useful Life (years)
Buildings - each component of a building is assigned its own life	1 - 90
Engineering Plant & Equipment	5 - 15
Medical Equipment	2 - 15
Transport Equipment	7 - 10
Information Technology	5 - 15
Furniture & Fittings	5 - 10

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' ceases to be depreciated upon 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 income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.
Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

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

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

De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

1. Accounting Policies and Other Information (continued)

1.5 Property, Plant and Equipment (continued)

Donated, Government Grant and other grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment. For 2020/21 the Trust has received from DHSC centrally procured ventilators and other medical equipment. The Trust has obtained the economic benefits from the use of this equipment and has controlled its use. These are in substance donations to the Trust and have been treated as such.

Private Finance Initiative (PFI) transactions

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. The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. This valuation will exclude VAT. Subsequently the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a lifecycle element, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme. The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.
The lifecycle element is established on the lifecycle plan contained within the financial model. Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value. The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively. Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.6 Intangible Assets

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. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

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 only where all of the following can be demonstrated:

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

Software

Software which is integral to the operation of hardware e.g. an operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.
Purchased computer software licences are capitalised as intangible non-current assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the license and their useful lives.

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 under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5. Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1. Accounting Policies and Other Information (continued)

1.6 Intangible Assets

Amortisation and impairment

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Asset Category	Useful Life (years)
Software Licences	2 - 15

1.7 Government Grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS Trusts for the provision of services. Grants from the Department of Health, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government 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 the grant is credited to income at the same time, unless the grant has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the grant, in which case, the grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

1.8 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.

1.9 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Foundation Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

1.10 Financial Instruments and Financial Liabilities

Financial assets

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

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

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

Financial assets at amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where cash flows are solely payments of principal and interest. This category also includes investments in equity instruments where the Group has opted to classify them here.

Financial assets at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

1. Accounting Policies and Other Information (continued)

1.10 Financial Instruments and Financial Liabilities (continued)

Impairment

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

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

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

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

Financial liabilities

Financial liabilities are recognised when the Foundation Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Financial liabilities at fair value through profit and loss

Derivatives that are liabilities are subsequently measured at fair value through profit or loss, Embedded derivatives that are not part of a hybrid contract containing a host that is an asset within the scope of IFRS 9 are separately accounted for as derivatives only if their economic characteristics and risks are not closely related to those of their host contracts, a separate instrument with the same terms would meet the definition of a derivative, and the hybrid contract is not itself measured at fair value through profit or loss.

Other Financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. In the case of DHSC loans that would be the nominal rate charged on the loan.

1.11 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

The Trust as a lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation 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 as an item of property plant and equipment.. The annual rental 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.

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. Leased land is treated as an operating lease.

The Trust as a lessor

Finance leases

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

1. Accounting Policies and Other Information (continued)

1.11 Leases (continued)

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.

1.12 Provisions

The NHS Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021.

		Nominal rate
Short-term	Up to 5 years	-0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	1.99%

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

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

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% (2019/20 minus 0.50%) in real terms.

Clinical negligence costs

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHS Resolution, which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 20, but is not recognised in the Trust accounts.

Non-clinical risk pooling

The NHS Foundation 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 the NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.13 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 24, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.14 Public Dividend Capital

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, 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.

1. Accounting Policies and Other Information (continued)

1.14 Public Dividend Capital (continued)

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the trust. Relevant net assets are calculated as the value of all assets less all liabilities, except for:

- donated and grant funded assets
- charitable funds
- average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits (excluding cash balances held in GBS accounts that relate to a short term working capital facility)
- approved expenditure on Covid-19 capital assets
- assets under construction for nationally directed schemes
- any PDC dividend balance receivable or payable.

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets. In accordance with the requirements laid down by the Department of Health and Social Care, 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. The PDC dividend calculation is based upon the trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

1.15 Value Added Tax

Most of the activities of the NHS Foundation 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.

1.16 Foreign Exchange

The functional and presentational currencies of the Trust are 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 (other than financial instruments measured at 'fair value through income and expenditure') 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 expenditure in the period in which they arise. Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in note 28 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.18 Corporation Tax

The Trust is a Health Service Body within the meaning of S519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to remove the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the future scope of income tax in respect of activities where income is received from a non-public sector source. The Charity is also exempt from corporation tax.

The tax expense on the Statement of Comprehensive Income comprises current and deferred tax due to the Trust's trading commercial subsidiary. Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on taxable temporary differences arising on the initial recognition of goodwill or for temporary differences arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred taxation is calculated using rates that are expected to apply when the related deferred asset is realised or the deferred taxation liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

1. Accounting Policies and Other Information (continued)

1.19 Critical accounting judgements and key sources of estimation and uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

- Accounting for PFI
- Application of IFRIC 4 Determining whether an Arrangement contains a Lease
- Application of IFRIC12 Service Concession Arrangements

Russells Hall Hospital, Guest Ambulatory Centre and Corbett Ambulatory Centre are owned by Summit Healthcare (Dudley) Limited and provided to the trust under a Private Finance Initiative (PFI) contract. The accounting judgement is around the classification of the transaction under IFRIC 4 and IFRIC 12.

Management have reviewed the service concession of the PFI scheme and has confirmed it is within the scope of IFRIC 12. The PFI scheme is 'on-balance sheet' meaning that the buildings and equipment are recognised in the Trust's balance sheet along with a finance lease creditor for the amount owed by the Trust over the PFI contract term

Key sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty, at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Valuation of Non-Current Assets

Modern equivalent asset valuation of property

As detailed in accountancy policy note 1.5 'Property, plant and equipment' The District Valuer provided the Trust with a valuation of the land and building assets (estimated fair value and remaining useful life). The significant estimation being the specialised building - depreciation replacement value, using modern equivalent asset optimised alternative site methodology, of the hospital sites (Russell's Hall, Corbett and Guest). The result of this valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, is disclosed in note 13 to the financial statements on page 30. Future revaluations of the Trust's property may result in further material changes to the carrying value of non-current assets.

In applying the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the District Valuer has referred to the uncertainties in markets caused by COVID-19 in their valuation. The District Valuer has advised that:

"The duration of the impact and understanding of likely short, medium to long term effects are hard to predict currently. As further market evidence comes available then the full extent of the Covid-19 impact will become clearer. We therefore strongly recommend that a future impairment review is also undertaken."

The values in the District Valuer's report have been used to inform the measurement of property assets as at 31 March 2021 in these financial statements. The valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Asset Lives

The Trusts' buildings and equipment are depreciated over their remaining useful economic lives as described in note 1.5. Management assesses the useful economic life of an asset when it is brought into use and periodically reviews for reasonableness. Lives are based on physical lives of similar class of asset as calculated by the District Valuer and updated by management to make a best estimate of the useful economic life which can result in an extension to the lives of these assets.

1. Accounting Policies and Other Information (continued)

1.20 Accounting Standards that have been issued but have not yet been adopted

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2020/21. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2022/23, and the government implementation date for IFRS 17 still subject to HM Treasury consideration. The Standards are as follows:

- IFRS 16 Leases (the Standard is effective 1st April 2022 as adopted and interpreted by the FReM see below for further detail)
- IFRS 17 Insurance Contracts (application required for accounting periods on or after 1st January 2023 but not yet adopted by the FReM)

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% 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 2021 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 Foundation Trust has estimated the impact of applying IFRS 16 in 2022/23 and this is deemed not material.

1. Accounting Policies and Other Information (continued)

1.21 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

1.22 Transfers of functions to/from other NHS/Local Government Bodies

For functions that have been transferred to the Trust from another NHS Body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to their fair value prior to recognition. The net gain/loss corresponding to the net assets/liabilities transferred is recognised within income/expenses, but not within operating activities.

For property plant and equipment assets and intangible assets, the Cost and Accumulated Depreciation/Amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the Trust has transferred to another NHS/Local Government Body, the assets and liabilities are de-recognised from the accounts as at the date of transfer. The net loss/gain corresponding to the net assets/liabilities transferred is recognised within expenses/income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Foundation Trust's policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

There were no transfers to/from other NHS/Local Government bodies during 2020/21.

2 Segmental Analysis

The analysis by business segment is presented in accordance with IFRS 8 Operating Segments, on the basis of those segments whose operating results are regularly reviewed by the Board (the Chief Operating Decision Maker as defined by IFRS 8) as follows:

Healthcare Services

The Board as 'Chief Operating Decision Maker' has determined that Healthcare Services operate in a single operating 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 DH GAM to consider expenditure instead of income as income is not analysed between segments in our monthly finance report to the Trust Board. Following a significance test of the expenditure segments the Trust found that there were three significant operating segments subject to the external reporting requirements 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 financial statements 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.

Income from activities (medical treatment of patients) is analysed by customer type in note 3 to the accounts on page 22. Other operating income is analysed in note 4 to the accounts on page 24 and materially consists of revenues from healthcare, research and development, medical education, and the provision of services to other NHS bodies. Total income by individual customers within the whole of HM Government and considered material, is disclosed in the related parties transactions note 25 to the accounts on page 40.

Dudley Clinical Services Limited

The company is a wholly owned subsidiary of the Trust and provides an Outpatient Dispensing service. As a trading company, subject to an additional legal and regulatory regime (over and above that of the Trust), this activity is considered to be a separate business segment whose individual operating results are reviewed by the Trust Board (the Chief Operating Decision Maker).

A significant proportion of the company's revenue is inter segment trading with the Trust which is eliminated upon the consolidation of these group financial statements. The quarterly performance report to the Chief Operating Decision Maker reports financial summary information in the format of the table on page 21.

Dudley Group NHS Charity

The Trust Board is corporate trustee for Dudley Group NHS Charity. Following Treasury's agreement to apply IFRS 10 to NHS Charities from 1st April 2013, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity, it effectively has the power to exercise control so as to obtain economic benefits. The Charity is therefore treated as a group entity and is consolidated. The consolidation is for reporting purposes only and does not affect the charities' legal and regulatory independence and day to day operations. Some of the charity's expenditure is inter segment trading with the Trust which is eliminated upon the consolidation of these group financial statements. The quarterly performance report to the Chief Operating Decision Maker reports financial summary information in the format of the table on page 21.

2 Segmental Analysis (continued)

Year ended 31 March 2021	Healthcare Services £000	Dudley Clinical Services Limited £000	Dudley Group NHS Charity £000	Inter Group Eliminations £000	Total £000
Total segment revenue	450,756	5,949	1,038	(6,302)	451,441
Total segment expenditure	(435,790)	(5,766)	(777)	6,302	(436,031)
Operating Surplus/(Deficit)	14,966	183	261	0	15,410
Net Financing	(11,939)	0	54	0	(11,885)
PDC Dividends Payable	(1,474)	0	0	0	(1,474)
Taxation	0	(35)	0	0	(35)
Retained surplus/(deficit) - before non-recurring items	1,553	148	315	0	2,016
Non-recurring items	0	0	0	0	0
Retained surplus/(deficit)	1,553	148	315	0	2,016
Reportable Segment assets	254,078	1,532	2,460	0	258,070
Eliminations	0	0	0	(189)	(189)
Total assets	254,078	1,532	2,460	(189)	257,881
Reportable Segment liabilities	(155,563)	(499)	(50)	0	(156,112)
Eliminations	0	0	0	189	189
Total liabilities	(155,563)	(499)	(50)	189	(155,923)
Net assets/liabilities	98,515	1,033	2,410	0	101,958

Year ended 31 March 2020	Healthcare Services £000	Dudley Clinical Services Limited £000	Dudley Group NHS Charity £000	Inter Group Eliminations £000	Total £000
Total segment revenue	412,179	5,858	307	(6,179)	412,165
Total segment expenditure	(395,434)	(5,605)	(487)	6,179	(395,347)
Operating Surplus/(Deficit)	16,745	253	(180)	0	16,818
Net Financing	(11,611)	1	42	0	(11,568)
PDC Dividends Payable	(1,819)	0	0	0	(1,819)
Taxation	0	(48)	0	0	(48)
Retained surplus/(deficit) - before non-recurring items	3,315	206	(138)	0	3,383
Non-recurring items	0	0	0	0	0
Retained surplus/(deficit)	3,315	206	(138)	0	3,383
Reportable Segment assets	231,154	1,376	1,939	0	234,469
Eliminations	0	0	0	(282)	(282)
Total assets	231,154	1,376	1,939	(282)	234,187
Reportable Segment liabilities	(155,909)	(491)	(63)	0	(156,463)
Eliminations	0	0	0	282	282
Total liabilities	(155,909)	(491)	(63)	282	(156,181)
Net assets/liabilities	75,245	885	1,876	0	78,006

3 Operating income from patient care activities

3.1 By Commissioner	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
NHS England	56,839	59,738
Clinical Commissioning Groups	339,265	313,331
NHS Foundation Trusts	8	19
NHS Trusts	2,980	3,336
Local Authorities	2,167	2,386
Department of Health & Social Care	0	0
NHS Other	0	411
Non NHS: Private patients	4	26
Non-NHS: Overseas patients (chargeable to patient)	82	121
NHS injury scheme (was RTA)	721	951
Non NHS: Other	24	58
Total income from activities	**402,090**	**380,377**

3.2 By Nature	Year Ended 31 March 2021 £'000	Restated Year Ended 31 March 2020 £'000
Acute Services		
Block contract / system envelope income *	332,775	306,569
High cost drugs income from Commissioners	30,901	31,391
Other NHS clinical income	1,479	1,714
Community Services		
Block contract / system envelope income *	21,034	24,146
Income from other sources (e.g. local authorities)	688	675
Private Patients	4	26
Additional pension contribution central funding **	9,689	8,886
Other clinical income	5,520	6,970
Total income from activities	**402,090**	**380,377**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

** The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For both 2020/21 and 2019/20, NHS providers 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.

3.3 Income from Commissioner Requested Services and Non-Commissioner Requested Services

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

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Income from Commissioner Requested Services	365,155	339,674
Income from Non Commissioner Requested Services	21,722	24,821
Income from Activities	386,877	364,495
Other Clinical Income	5,524	6,996
Agenda for change pay award central funding (comparative only)	0	0
Additional pension contribution central funding	9,689	8,886
Total Income	**402,090**	**380,377**

Other NHS Clinical Income comprises the following services pathology; rehabilitation; community support services; radiology; renal services; patient transport services; and appliances.

3 Revenue from Activities (continued)

3.4 Additional information on contract revenue (IFRS 15) recognised in the period

	2020/21 £000	2019/20 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	845	115
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	21	307

3.5 Transaction price allocated to remaining performance obligations

	2020/21 £000	2019/20 £000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
- within one year	0	2,689
- after one year not later than five years	0	0
- after five years	0	0
	0	2,689

The accounting policies for revenue recognition and the application of IRS15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS15. The majority of income from NHS commissioners being in the form of a block contract where no funding has been received in advance of performance obligations.

3.6 Overseas Visitors

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Income recognised this year	82	121
Cash payments received in-year	38	50
Amounts added to provision for impairment of receivables	19	99
Amounts written off in-year	9	36

4 Other Operating Income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Recognised in IFRS15:		
Research and development	794	1,153
Education and training	11,487	11,578
Non-patient care services to other bodies	6,517	6,559
Provider Sustainability Fund (PSF) Income	0	6,838
Reimbursement and top up funding	15,443	0
Income in respect of employee benefits accounted for on a gross basis	3,491	2,806
Other *	1,411	1,537
Recognised in accordance with other standards:		
Research and development	0	0
Education and training - apprenticeship fund	604	591
Charitable asset donations	150	60
Donated equipment from DHSC for COVID response (non-cash)	1,095	0
Contributions to expenditure - receipt of equipment donated from DHSC for COVID response below capitalisation threshold	7	0
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	6,938	0
Rental revenue from Operating Leases - contingent rent	376	359
NHS Charitable Funds incoming resources excluding investment income	1,038	307
Other (recognised in accordance with standards other than IFRS15)	0	0
Total other operating income	**49,351**	**31,788**

* Other income is derived from Pharmacy Drugs £503,000 (2019/20 £574,000); and numerous other small amounts.

5 Operating Expenses of continuing operations

5.1 Operating Expenses

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Purchase of healthcare from NHS and DHSC bodies	8,369	10,101
Purchase of healthcare from non-NHS and non-DHSC bodies	1,276	1,714
Staff and executive directors costs	280,059	248,602
Non-executive directors	181	186
Supplies and services - clinical (excluding drug costs)	24,802	27,575
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	6,513	0
Supplies and services - general	7,768	4,540
Supplies and services - general: notional cost of equipment donated from DHSC for COVID response below capitalisation threshold	7	0
Drug costs (inventory consumed and purchase of non-inventory drugs)	35,689	37,021
Drugs Inventories written down	56	0
Inventories written down (consumables donated from DHSC group bodies for COVID response)	49	0
Consultancy costs	608	1,880
Establishment	2,306	2,223
Premises - Business Rates	1,443	1,424
Premises - Other	5,917	4,515
Transport - Business Travel	543	674
Transport - Other	93	87
Depreciation on property, plant and equipment	8,107	8,028
Amortisation on intangible assets	1,267	890
Impairments net of (reversals)	0	28
Movement in credit loss allowance: contract receivables/assets	74	61
Movement in credit loss allowance: all other receivables and investments	0	0
Audit fees payable to the external auditor:		
Audit services	88	103
Other Auditor Remuneration	10	8
NHS Charitable Fund Accounts	7	7
Internal audit	143	143
Clinical negligence	15,319	12,247
Legal Fees	241	340
Insurance	203	169
Research and development - staff costs	1,414	1,350
Research and development - non staff	45	37
Education and training - staff costs	76	0
Education and training - non staff	438	681
Education and training - apprenticeship fund	604	591
Operating lease expenditure	3,350	3,243
Redundancy	44	24
Charges to operating expenditure for on-SOFP IFRIC 12 schemes e.g. PFI	26,929	23,779
Car Parking and security	4	15
Hospitality	50	58
Other losses and special payments	15	5
Other NHS Charitable funds resources expended	665	385
Other	1,259	2,613
TOTAL	**436,031**	**395,347**

Other expenditure includes numerous small amounts.

5.2 The Late Payment of Commercial Debts (interest) Act 1998

During the year 2020/21 the Trust paid £nil (2019/20 £nil) for interest for the late payment of commercial debts.

6 Employee Expenses and Numbers

6.1 Employee Benefits

	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Total	Permanent	Other	Total	Permanent	Other
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and wages	212,181	210,175	2,006	188,418	186,494	1,924
Social security costs	20,038	20,038	0	17,627	17,627	0
Apprenticeship Levy	1,039	1,039	0	933	933	0
Employer's contributions to NHS Pensions	22,431	22,431	0	20,478	20,478	0
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	9,689	9,689	0	8,886	8,886	0
Pension Cost - other	77	77	0	70	70	0
Termination Benefits	0	0	0	0	0	0
Temporary Staff (including agency)	16,079	0	16,079	13,511	0	13,511
NHS Charitable funds staff	59	59	0	53	53	0
Total	281,593	263,508	18,085	249,976	234,541	15,435

6.2 Average Number of Persons Employed

This information can now be found in the staff report section of the accountability report within the annual report and accounts.

6.3 Employee Benefits

Employees benefits include payment of salaries/wages and pension contributions. There were no other employee benefits paid in 2020/21 (2019/20 £ nil).

6.4 Retirements due to Ill-health

During the year 2020/21 there were 2 (in 2019/20 there were 2) early retirements from the Trust on the grounds of ill-health.
The estimated additional pension liabilities of these ill-health retirements will be £88,034 (2019/20 £132,352).
The cost of these ill-health retirements is borne by the NHS Business Services Authority - Pensions Division, and therefore there is no liability or provision in the Trust annual report and accounts.

6.5 Sickness Absence

Foundation Trusts are not required to report information for 2020 in this year's accounts.

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

6.6 Other Compensation Schemes and Exit Packages

This information can now be found in the staff report section of the annual report and accounts.

7 Directors' Remuneration and other benefits

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Salary	1,226	1,029
Taxable Benefits	1	4
Performance Related Bonuses	0	0
Employer contributions to a pension scheme	110	56
	1,337	1,089

Further details of directors' remuneration can be found in the remuneration report.

8 Operating Leases

8.1 Payments and future commitments

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating Lease Expense		
Minimum lease payments	3,350	3,243
	3,350	3,243
Total future minimum lease payments Payable:		
Not more than one year	3,141	1,892
Between one and five years	312	613
After 5 years	23	42
Total	3,476	2,547

8.2 Income and future receipts

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Contingent rent	376	359
	376	359
Total future minimum lease income Receivable:		
Not more than one year	379	355
Between one and five years	34	26
After 5 years	20	33
Total	433	414

9 Finance Income

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Interest on bank accounts	0	133
NHS Charitable funds: investment income	54	42
	54	175

10 Finance Expense - Financial Liabilities

	Year ended 31 March 2021	Year ended 31 March 2020
Interest Expense:	£'000	£'000
Other	0	0
Finance Costs in PFI obligations:		
Main Finance Costs	4,659	4,833
Contingent Finance Costs	7,305	6,939
	11,964	11,772

11 Corporation tax expense

The activities of the subsidiary company Dudley Clinical Services Limited have given rise to a corporation tax liability recognised in the Statement of Comprehensive Income of £35,000 (2019/20 £48,000). The activities of the Trust and the Charity do not incur corporation tax.

UK Corporation Tax Expense	Year ended 31 March 2021	Year ended 31 March 2020
Current tax expense	£'000	£'000
Current year	35	48
Adjustments in respect of prior years	0	0
Total income tax expense in Statement of Comprehensive Income	35	48

Reconciliation of effective tax rate	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Effective tax charge percentage	19.00%	19.00%
Tax if effective tax rate charged on surpluses before tax	390	652
Effect of:		
Surpluses not subject to tax	(355)	(604)
Total income tax charge for the year	35	48

The subsidiary company falls under the 'small profits' rate for corporation tax and tax rates are not planned to change from 19% for future financial years.

12 Intangible Assets

2020/21	Group and Foundation Trust		
	Computer Software	Asset Under Construction	Total
	£'000	£'000	£'000
Gross Cost as at 1 April 2020	12,691	2,936	15,627
Prior period Adjustments	0	0	0
Gross Cost as at 1 April 2020 restated	12,691	2,936	15,627
Additions Purchased	1,965	0	1,965
Additions Donated	7	0	7
Reclassification	2,936	(2,936)	0
Impairments	0	0	0
Disposals	0	0	0
Gross Cost as at 31 March 2021	17,599	0	17,599
Accumulated Amortisation as at 1 April 2020	5,926	0	5,926
Prior period Adjustments	0	0	0
Amortisation as at 1 April 2020 restated	5,926	0	5,926
Provided during the Year	1267	0	1,267
Disposals	0	0	0
Accumulated Amortisation as at 31 March 2021	7,193	0	7,193
Net Book Value			
Purchased at 31 March 2020	6,751	2,936	9,687
Donated at 31 March 2020	14	0	14
Total at 31 March 2020	6,765	2,936	9,701
Net Book Value			
Purchased at 31 March 2021	10,396	0	10,396
Donated at 31 March 2021	10	0	10
Total at 31 March 2021	10,406	0	10,406

2019/20	Group and Foundation Trust		
	Computer Software	Asset Under Construction	Total
	£'000	£'000	£'000
Gross Cost as at 1 April 2019	9,174	4,529	13,703
Prior period Adjustments	0	0	0
Gross Cost as at 1 April 2019 restated	9,174	4,529	13,703
Additions Purchased	1,321	825	2,146
Additions Donated	0	0	0
Reclassification	2,418	(2,418)	0
Impairments	0	0	0
Disposals	(222)	0	(222)
Gross Cost as at 31 March 2020	12,691	2,936	15,627
Accumulated Amortisation as at 1 April 2019	5,258	0	5,258
Prior period Adjustments	0	0	0
Amortisation as at 1 April 2018 restated	5,258	0	5,258
Provided during the Year	890	0	890
Disposals	(222)	0	(222)
Accumulated Amortisation as at 31 March 2020	5,926	0	5,926
Net Book Value			
Purchased at 31 March 2019	3,902	4,529	8,431
Donated at 31 March 2019	14	0	14
Total at 31 March 2019	3,916	4,529	8,445
Net Book Value			
Purchased at 31 March 2020	6,751	2,936	9,687
Donated at 31 March 2020	14	0	14
Total at 31 March 2020	6,765	2,936	9,701

A separate schedule for the Trust intangible assets has not been produced as the NHS Charity intangible assets represent just £nil (31 March 2020 £nil) of the net book value held by the Group and the subsidiary does not have any intangible assets.

13 Property, Plant and Equipment

13.1 2020/21

Group and Foundation Trust

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2020	209,633	11,450	151,099	0	674	33,242	42	12,203	923
Additions - purchased	27,342	0	3,775	0	12,847	6,465	470	3,770	15
Additions - leased	1,310	0	0	0	0	1,310	0	0	0
Additions - donated	143	0	10	0	0	98	0	21	14
Additions - equipment donated from DHSC for COVID response (non-cash)	1,095	0	0	0	0	1,095	0	0	0
Additions - equipment donated from NHSE for COVID response (non-cash)	0	0	0	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(455)	0	(455)	0	0	0	0	0	0
Revaluations	(1,942)	0	(1,942)	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals	(2,499)	0	0	0	0	(2,486)	0	0	(13)
Cost at 31 March 2021	234,627	11,450	152,487	0	13,521	39,724	512	15,994	939
Accumulated depreciation at 1 April 2020	33,419	0	0	0	0	24,531	32	8,106	750
Provided during the year	8,107	0	4,461	0	0	2,278	2	1,311	55
Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(232)	0	(232)	0	0	0	0	0	0
Revaluations	(4,229)	0	(4,229)	0	0	0	0	0	0
Disposals	(2,334)	0	0	0	0	(2,321)	0	0	(13)
Accumulated depreciation at 31 March 2021	34,731	0	0	0	0	24,488	34	9,417	792
Net book value									
NBV - Owned at 31 March 2020	38,567	11,450	17,830	0	674	4,383	10	4,047	173
NBV - PFI at 31 March 2020	137,434	0	133,269	0	0	4,165	0	0	0
NBV - Donated at 31 March 2020	213	0	0	0	0	163	0	50	0
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2020	0	0	0	0	0	0	0	0	0
NBV total at 1 April 2020	176,214	11,450	151,099	0	674	8,711	10	4,097	173
NBV - Owned at 31 March 2021	59,713	11,450	18,153	0	13,521	9,454	425	6,577	133
NBV - PFI at 31 March 2021	138,941	0	134,334	0	0	4,607	0	0	0
NBV - Donated at 31 March 2021	267	0	0	0	0	200	53	0	14
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2021	975	0	0	0	0	975	0	0	0
NBV total at 31 March 2021	199,896	11,450	152,487	0	13,521	15,236	478	6,577	147

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

13 Property, Plant and Equipment (continued)

13.2 2019/20

Group and Foundation Trust

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2019	214,021	11,415	156,724	0	3	33,151	152	11,660	916
Additions - purchased	5,694	0	2,731	0	674	1,096	0	1,186	7
Additions - leased	810	0	0	0	0	810	0	0	0
Additions - donated	60	0	38	0	0	12	0	10	0
Impairments charged to operating expenses	(82)	0	(82)	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(8,312)	0	(8,312)	0	0	0	0	0	0
Revaluations	35	35	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(3)	0	0	3	0
Disposals	(2,593)	0	0	0	0	(1,827)	(110)	(656)	0
Cost at 31 March 2020	209,633	11,450	151,099	0	674	33,242	42	12,203	923
Accumulated depreciation at 1 April 2019	32,545	0	0	0	0	24,214	133	7,502	696
Provided during the year	8,028	0	4,561	0	0	2,144	9	1,260	54
Impairments charged to operating expenses	(54)	0	(54)	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(4,507)	0	(4,507)	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	(2,593)	0	0	0	0	(1,827)	(110)	(656)	0
Accumulated depreciation at 31 March 2020	33,419	0	0	0	0	24,531	32	8,106	750
Net book value									
NBV - Owned at 31 March 2019	38,680	11,415	18,345	0	3	4,588	19	4,103	207
NBV - PFI at 31 March 2019	142,509	0	138,379	0	0	4,130	0	0	0
NBV - Donated at 31 March 2019	287	0	0	0	0	219	0	55	13
NBV total at 1 April 2019	181,476	11,415	156,724	0	3	8,937	19	4,158	220
NBV - Owned at 31 March 2020	38,567	11,450	17,830	0	674	4,383	10	4,047	173
NBV - PFI at 31 March 2020	137,434	0	133,269	0	0	4,165	0	0	0
NBV - Donated at 31 March 2020	213	0	0	0	0	163	0	50	0
NBV total at 31 March 2020	176,214	11,450	151,099	0	674	8,711	10	4,097	173

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

13 Property, Plant and Equipment (continued)

13.3 Financing of Property, Plant and Equipment

	Group and Foundation Trust								
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2021									
Owned	59,713	11,450	18,153	0	13,521	9,454	425	6,577	133
On Statement of Financial Position PFI contracts and other service concession arrangements	138,941	0	134,334	0	0	4,607	0	0	0
Donated	267	0	0	0	0	200	53	0	14
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2021	975	0	0	0	0	975	0	0	0
	199,896	11,450	152,487	0	13,521	15,236	478	6,577	147
At 31 March 2020									
Owned	38,567	11,450	17,830	0	674	4,383	10	4,047	173
On Statement of Financial Position PFI contracts and other service concession arrangements	137,434	0	133,269	0	0	4,165	0	0	0
Donated	213	0	0	0	0	163	0	50	0
NBV - Owned - equipment donated from DHSC and NHSE for COVID response at 31 March 2020	0	0	0	0	0	0	0	0	0
	176,214	11,450	151,099	0	674	8,711	10	4,097	173

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

13.4 Analysis of Property, Plant and Equipment

	Group and Foundation Trust								
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
Net Book Value at 31 March 2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commissioner Requested Assets	154,584	11,450	143,134	0	0	0	0	0	0
Non Commissioner Requested Assets	45,312	0	9,353	0	13,521	15,236	478	6,577	147
	199,896	11,450	152,487	0	13,521	15,236	478	6,577	147
Net Book Value at 31 March 2020									
Commissioner Requested Assets	153,494	11,450	142,044	0	0	0	0	0	0
Non Commissioner Requested Assets	22,720	0	9,055	0	674	8,711	10	4,097	173
	176,214	11,450	151,099	0	674	8,711	10	4,097	173

Commissioner Requested assets are land and buildings owned or leased by the Foundation Trust, the disposal of which may affect the Trust's ability to provide these requested goods and services.

13 Property, Plant and Equipment (continued)

13.5 Economic Life of Assets

The estimated useful economic lives of the Group's intangible and tangible assets are as follows with each asset being depreciated over this year, as described in accounting policy notes 1.5 and 1.6

	Minimum Life Years	Maximum Life Years
Intangible		
Software Licences	2	10
Tangible		
Buildings excluding dwellings	5	90
Dwellings	0	0
Assets under Construction & POA	0	0
Plant & Machinery	5	15
Transport Equipment	7	7
Information Technology	5	10
Furniture & Fittings	5	10

Land does not depreciate.

In January 2019 The Royal Institution of Chartered Surveyors issued guidance clarifying that where a large asset includes a number of components with significantly different asset lives, then these components must be treated as separate assets and depreciated over their own useful lives. The Trust's asset valuation, undertaken as at 31 March 2021, took account of this clarification.

13.6 Impairment Losses

The Trust carried out an impairment review of its non-current assets in March 2021 . For land and buildings the Trust received a valuation report from the District Valuer prepared on a Modern Equivalent Asset (MEA) basis. The valuation report was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as the terms are consistent with the requirements of HM Treasury, the National Health Service and NHSI. On application there was a general increase in value of buildings (£2.288m) compared to the carrying value following the March 2020 valuation. In line with IFRS the Trust took the increase in value of the buildings directly to the revaluation reserve. The valuation for the North Wing of Russells Hall Hospital resulted in an impairment of £0.223m which the Trust has taken to the revaluation reserve.
In addition the Trust undertook an impairment review of equipment and intangible assets. The carrying value of equipment and intangible assets was deemed to fairly reflect the value of the assets.

Impairment of Assets	31 March 2021 £'000	31 March 2020 £'000
Changes in market price	0	28
Unforeseen Obsolescence	0	0
Net impairments charged to the revaluation reserve	223	3,805
TOTAL IMPAIRMENTS	223	3,833

13 Property, Plant and Equipment (continued)

13.7 Asset Valuations

A Modern Equivalent Asset Optimised Alternative Site valuation was undertaken as at 1st April 2018 by the District Valuer. The underlying principal is that the valuation of land and buildings should reflect a modern configuration of the estate required for the provision of the same services as already provided by the existing estate. With service delivery requirements evolving, this requires the Trust to consider whether the existing buildings and sites are optimal in terms of number and size. If the Trust were starting with a 'clean sheet', the Modern Equivalent Asset aligned to service delivery would be very different to the current layout in terms of building configuration and the size of the land. The net book value of the Trust's land and buildings decreased by £52,412,000 between 31 March 2018 and 31 March 2019, of which £41,768,000 was the result of using an optimised alternative site valuation.

A further valuation has been undertaken as at 31 March 2021 to update the costs assumptions within the valuation. Details of this are included in note 13.6 above.

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

13.8 Non Current Assets Held For Sale

During the year 2020/21 there were no Non Current Assets held for sale (2019/20 £ nil).

13.9 Capital Commitments

Commitments under capital expenditure contracts at the end of the year, not otherwise included in the annual report and accounts were £3,778,000 (2019/20 £964,000). The amount relating to property, plant and equipment is £3,703,000 (2019/20 £508,000) and intangible assets £75,000 (2019/20 £456,000).

13.10 Gains/losses on disposal /derecognition of assets

	31 March 2021 £'000	31 March 2020 £'000
Gains on disposal/derecognition of other property, plant and equipment	25	29
Losses on disposal/derecognition of other property, plant and equipment	0	0
	25	29

14 Other Investments / financial assets

14.1 Investments

	Group	
	2020/21	2019/20
Current	£'000	£'000
NHS Charitable funds: investments/financial assets	500	500
Non Current		
NHS Charitable funds: investments/financial assets	1,405	1,186
Total	1,905	1,686

Current funds are cash funds held by The Dudley Group NHS Foundation Trust Charity which are deposited in a fixed term deposit account.

Non current funds are investments in stocks and shares which are only held by The Dudley Group NHS Foundation Trust Charity.

Movements in Non current Investments

	2020/21	2019/20
	£'000	£'000
Carrying Value at 1 April	1,186	1,360
Prior period adjustment	0	0
Carrying Value at 1 April restated	1,186	1,360
Fair value movements taken to OCI (for equity instruments designated as FV through OCI)	219	(174)
Carrying Value at 31 March	1,405	1,186

A separate schedule for the Trust investments or financial assets has not been produced as the Trust does not have any investments or financial assets(2019/20 £nil).

14.2 Subsidiaries

The Trust wholly owns the subsidiary company Dudley Clinical Services Limited with a share of £1. Dudley Clinical Services Limited, was registered in the UK company number 8245934 ,and commenced trading on 9 October 2012.

The registered address for the Trust, Charity and Subsidiary is Russells Hall Hospital, Dudley, DY1 2HQ.

15 Inventories

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
Drugs	1,917	1,996	1,601	1,802
Consumables	1,429	1,426	1,429	1,426
Consumables donated from DHSC group bodies	376	0	376	0
Energy	17	24	17	24
Other	36	36	36	36
Charitable fund inventory	0	0	0	0
TOTAL Inventories	3,775	3,482	3,459	3,288

The Group expensed inventories during the year of £42,487,000 (2019/20 £37,429,000), of which £37,142,000 (2019/20 £32,203,000) related to the Trust.
The Trust charged £56,000 to operating expenses in the year due to write-downs of obsolete inventories (2019/20 £nil). This expense occurred due to the expiry of stock which was unable to be used due to the postponement of services during the covid 19 pandemic. There were no other write-offs of inventories within the Group.

16 Receivables

16.1 Trade and Other Receivables

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Current	£'000	£'000	£'000	£'000
Contract receivables (IFRS15): invoiced	2,597	14,016	2,597	14,016
Contract receivables (IFRS15): not yet invoiced/non-invoiced	599	7,347	599	7,341
Contract assets (IFRS15)	740	941	740	950
Allowance for impaired contract receivables/assets	(352)	(345)	(352)	(345)
Allowance for other receivables	0	0	0	0
Deposits and Advances	16	9	16	9
Prepayments(revenue) non PFI	2,796	1,977	2,791	1,973
Interest Receivable	0	5	0	11
PDC dividend receivable	426	81	426	81
VAT Receivable	2,013	1,459	1,836	1,260
Corporation and other taxes receivable	0	0	0	0
Clinician pension tax provision reimbursement funding from NHSE	0	0	0	0
Other receivables	0	0	0	0
NHS Charitable funds: receivables	21	11	0	0
TOTAL CURRENT RECEIVABLES	8,856	25,501	8,653	25,296

	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Non Current	£'000	£'000	£'000	£'000
Contract assets (IFRS15)	1,388	1,247	1,388	1,247
Allowance for impaired contract receivables/assets	(311)	(272)	(311)	(272)
Prepayments(revenue) non PFI	1,653	1,740	1,653	1,740
PFI Lifecycle prepayments (revenue)	10,107	8,997	10,107	8,997
Clinician pension tax provision reimbursement funding from NHSE	899	753	899	753
Other Receivables	0	0	0	0
NHS Charitable funds: receivables	0	1	0	0
TOTAL NON-CURRENT RECEIVABLES	13,736	12,466	13,736	12,465
Of which receivable from NHS and DHSC group bodies:				
Current	2,612	20,441	2,612	20,441
Non-current	899	753	899	753

Current and non current contract assets include the NHS Injury Scheme (was RTA).

Included within trade and other receivables of both Group and Trust are balances with a carrying amount of £3,851,000 (31 March 2020 £9,306,000) which are past due at the reporting date but for which no specific provision has been made as they are considered to be recoverable based on previous trading history.

16.2 Allowances for credit losses (doubtful debts)

	Group and Foundation Trust		
	Total	Contract Receivables/ Contract Assets	All Other Receivables
	£'000	£'000	£'000
Allowances at 1 April 2020	617	617	0
New Allowances Arising	350	350	0
Reversals of allowances (where receivable is collected in year)	(276)	(276)	0
Utilisation of allowances (where allowance is written off)	(28)	(28)	0
Allowances as at 31 March 2021	663	663	0
Loss/(gain) recognised in expenditure note 5.	74		

16 Receivables (continued)

16.2 Allowances for credit losses (doubtful debts)(continued)

	Group and Foundation Trust		
	Total	Contract Receivables/ Contract Assets	All Other Receivables
	£'000	£'000	£'000
Allowances at 1 April 2019	663	663	0
New allowances arising	0	0	0
Changes in existing allowances	497	497	0
Reversals of allowances (where receivable is collected in year)	(436)	(436)	0
Utilisation of allowances (where allowance is written off)	(107)	(107)	0
Allowances as at 31 March 2020	617	617	0
Loss/(gain) recognised in expenditure note 5.	61		

16.3 Analysis of receivables with credit loss assessment

	Group and Foundation Trust			
	31 March 2021		31 March 2020	
	Contract Receivables and Contract Assets	Other Receivables	Contract Receivables and Contract Assets	Other Receivables
Ageing Analysis	£'000	£'000	£'000	£'000
0 - 30 Days	10	0	10	0
30 - 60 Days	44	0	13	0
60 - 90 Days	10	0	60	0
90 - 180 Days	76	0	81	0
over 180 Days (over 6 months)	523	0	453	0
Total	663	0	617	0

16.4 Analysis of receivables without credit loss assessment

	Group and Foundation Trust			
	31 March 2021		31 March 2020	
	Contract Receivables and Contract Assets	Other Receivables	Contract Receivables and Contract Assets	Other Receivables
Ageing Analysis	£'000	£'000	£'000	£'000
0 - 30 Days	2,167	0	1,654	0
30 - 60 Days	102	0	4,948	0
60 - 90 Days	37	0	294	0
90 - 180 Days	223	0	695	0
over 180 Days (over 6 months)	1,322	0	1,715	0
Total	3,851	0	9,306	0

Separate schedules for the Trust analysis of receivables have not been produced as the NHS Charity receivables are without credit loss assessment and represent just £21,000 (31 March 2020 £11,000) of the value shown by the Group in the 0-30 days category and the subsidiary did not have any receivables outstanding .
Credit loss impairments are not recognised against NHS receivables, in accordance with the DHSC Group Accounting Manual.

17 Cash and Cash Equivalents

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
At 1 April	5,137	9,276	4,190	8,269
Transfers By Absorption	0	0	0	0
Net change in year	14,170	(4,139)	13,738	(4,079)
At 31 March	19,307	5,137	17,928	4,190
Analysed as follows:				
Cash at commercial banks and in hand	846	708	1	2
Cash with the Government Banking Service	18,461	4,429	17,927	4,188
Other current investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	19,307	5,137	17,928	4,190
Bank overdraft	0	0	0	0
Cash and cash equivalents as in Statement of Cash Flows	19,307	5,137	17,928	4,190

18 Trade and Other Payables

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Current	£'000	£'000	£'000	£'000
Trade payables	1,307	6,459	1,208	6,457
Capital payables	5,798	1,452	5,798	1,452
Accruals	5,122	4,117	4,947	3,958
Annual leave accrual	2,241	745	2,241	745
Vat payable	87	111	87	111
Taxes payable	6,221	5,008	6,185	4,960
PDC dividend payable	0	0	0	0
Other payables	14,618	15,205	14,618	15,205
NHS Charitable Funds trade and other payables	50	63	0	0
TOTAL CURRENT TRADE & OTHER PAYABLES	35,444	33,160	35,084	32,888
Non Current				
Trade payables	0	0	0	0
TOTAL NON CURRENT TRADE & OTHER PAYABLES	0	0	0	0
Of which payables from NHS and DHSC group bodies: □				
Current:	1,207	6,025	1,207	6,025
Non-current:	0	0	0	0

Taxes payable consists of employment taxation only (Pay As You Earn and National Insurance contributions), owed to HM Revenue and Customs at the year end, and Corporation Tax payable by the subsidiary Dudley Clinical Services Limited.

Non-current liabilities are £nil (31 March 2019 £nil).

19 Borrowings

	Group and Foundation Trust	
	As at 31 March 2021	As at 31 March 2020
Current	£'000	£'000
Obligations under Private Finance Initiative contracts (excl lifecycle)	5,206	5,510
Total Current borrowings	5,206	5,510
Non Current		
Obligations under Private Finance Initiative contracts	110,095	113,999
Total Other non Current Liabilities	110,095	113,999

A separate schedule for the Trust borrowings has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any borrowings.

20 Provisions

	Group and Foundation Trust Current		Group and Foundation Trust Non Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
Other legal claims	1,239	241	0	0
19/20 Clinician's pension tax reimbursement	0	0	899	753
Total	1,239	241	899	753

	Total	Other legal claims	Clinical pension tax reimbursement
	£'000	£'000	£'000
At 1 April 2020	994	241	753
Arising during the year	1,322	1,176	146
Utilised during the year	(63)	(63)	0
Reversed unused	(115)	(115)	0
At 31 March 2021	2,138	1,239	899
Expected timing of cashflows:			
- not later than one year;	1239	1,239	0
- later than one year and not later than five years;	899	0	899
- later than five years.	0	0	0
TOTAL	2,138	1,239	899

Other Legal Claims include claims under Employers' and Public Liability.

Clinicians pension tax reimbursement relates to costs associated with the pension tax scheme. Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme. Individual Trusts have been instructed to reflect this future estimated liability within the provisions note and include a corresponding amount as owing from NHS England within the receivables note.

The NHS Litigation Authority has included in its provisions at 31 March 2021 £254,386,000 (2019/20 £229,632,000) in respect of clinical negligence liabilities for the Trust.

21 Other Liabilities

	Group		Foundation Trust	
Current	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Deferred Income	3,040	2,518	3,040	2,518
TOTAL OTHER CURRENT LIABILITIES	3,040	2,518	3,040	2,518

Where income has been received for a specific activity which is to be delivered in the following financial year, that income is deferred.

22 Deferred Tax

Liability for corporation tax only arises from the activity of the commercial subsidiary, the activities of the Trust do not incur corporation tax, see accounting policy note 1.18 for detailed explanation.

The subsidiary did not have any deferred tax in 2020/21 (2019/20 £nil).

23 Events after the reporting year

The impact of COVID-19 was felt by Trusts at the very end of 2019/20 financial year, with significant impact continuing during 2020/21.

DHSC has initiated changes to provide stability and support to the wider NHS through additional revenue and capital funding in 2019/20 which has continued in to 2020/21.

Aligned to this was the suspension of the Payment by Results mechanism for the period covering 1 April 2020 - 31 March 2021 and intially the first half of the 2021-22 financial year, the introduction of block contract payments from commissioners along with a central 'top-up' payment from NHSE/I.

24 Contingencies

Neither the Group nor the Trust have any contingent assets or liabilities in 2020/21 (2019/20 £nil).

25 Related Party Transactions

During the year none of the Department of Health Ministers, Trust Board Memebers or members of the key management staff, or parties related to any of them, have undertaken material transactions with The Dudley Group NHS Foundation Trust.

The Department of Health and Social Care is the parent department to the Trust and is considered to be a related party. During 2020/21 the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

Birmingham & Solihull CCG
Birmingham Women's and Children's Foundation Trust
Black Country Healthcare NHS Foundation Trust
Cannock Chase CCG
Dudley CCG
Dudley Integrated Health and Care Trust *
Health Education England
Hereford & Worcestershire CCG **
NHS England
NHS Resolution
Sandwell & West Birmingham CCG
Sandwell & West Birmingham Trust
Shropshire CCG
South East Staffs & Seisdon Peninsular CCG
The Royal Wolverhampton Trust
University Hospitals Birmingham Foundation Trust
Walsall CCG
Wolverhampton CCG
Worcestershire Acute Hospitals Trust

* formerly Dudley & Walsall Mental Health Partnership Trust
** formerly Redditch & Bromsgrove CCG, South Worcestershire CCG and Wyre Forest CCG

In addition, the Trust has had a number of material transactions with other Government Departments and Local Government Bodies. These related parties are summarised below by Government Department.
Dudley Metropolitan Borough Council
HMRC
NHS Pensions
NHS Blood & Transplant

25 Related Party Transactions (continued)

Key management personnel, namely the Trust Board Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust. During the year none of the key management personnel have parties related to them that have undertaken any material transactions with The Dudley Group NHS Foundation Trust.

The table below details, on an aggregate basis, key management personnel compensation:

	31 March 2021	31 March 2020
Compensation	£'000	£'000
Salaries and short-term benefits	1225	1,025
Post-employment benefits	400	280
	1,625	1,305

The following members of the Trust Board hold positions in the organisations stated below.

	Trust position	**Other Body**	**Position held**
Yve Buckland	Chairperson	Birmingham and Solihull ICS (Integrated Care System)	Chairperson
Gary Crowe	Non Executive Director	University Hospital of North Midlands NHS Trust	Non Executive Director
Elizabeth Hughes	Non Executive Director	Health Education England	Deputy Medical Director
Vijith Randeniya	Vice Chair	Birmingham Women's and Children's Foundation Trust	Vice Chairman

The annual report and accounts of the parent (the Trust) are presented together with the consolidated annual report and accounts and any transactions or balances between Group entities have been eliminated on consolidation. The Dudley Group NHS Foundation Trust Charity has a Corporate Trustee who are the Board members of the Trust. The Board members of Dudley Clinical Services Limited include the following Non Executive Directors from the Trust: Richard Miner as Chairman and Jonathan Hodgkin as a Director.

Dudley Clinical Services Limited does not have any transactions with any NHS or Government entity except those with its parent, the Trust and HMRC. The Group receivables includes £182,000 owed to the subsidiary (£203,000 2019/20) and £21,000 owed to The Dudley Group NHS Foundation Charity (£11,000 2019/20), and the Group payables includes £499,000 (£482,000 2019/20) owed by the subsidiary and £50,000 (£63,000 2019/20) owed by The Dudley Group NHS Foundation Charity.

26 Private Finance Initiatives

26.1 PFI schemes on the Statement of Financial Position

The Dudley PFI project provided for the refurbishment and new building of major inpatient facilities at Russells Hall Hospital, the building of new facilities at Guest Hospital and Corbett Hospital. The Capital value of the scheme was £160,200,000. The Project agreement runs for 40 years from May 2001. The Dudley PFI is a combination of buildings (including hard Facilities Managed (FM) services) and a significant range of allied and clinical support services.

The standard Unitary Payment changes periodically as a consequence of:

- Inflation (based on RPI and reviewed annually)
- Deductions for poor performance (Deficiency points and financial penalties for poor performance or non-compliant incidents).
- Variations to the Project Agreement (PA) (agreed under Variations procedure in the PA)
- 50% of market testing or refinancing impact
- Energy tariff adjuster (the difference between actual energy tariff changes and the uplift that comes through RPI)
- Volume adjuster (computed by comparing actual in patient days against that in the schedule, with a tolerance of plus or minus 3%)

The Trust has the rights to use the specified assets for the length of the Project Agreement and has the rights to expect provision of the range of allied and clinical support services. At the end of the Project Agreement the assets will transfer back to the Trust's ownership.

The PFI transaction meets the IFRIC 12 definition of a service concession, as interpreted in the Group Accounting Manual GAM) issued by Monitor, and therefore the Trust is required to account for the PFI scheme 'on-balance sheet' and this means that the Trust treats the asset as if it were an asset of the Trust and the substance of the contract is that the Trust has a finance lease and payments comprise two elements, an imputed finance lease charge and service charges.

26 Private Finance Initiatives (continued)

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Gross PFI Liabilities	127,139	131,481
of which liabilities are due		
- not later than one year;	17,044	17,482
- later than one year and not later than five years;	20,824	22,040
- later than five years.	89,271	91,959
Finance charges allocated to future periods	(11,838)	(11,972)
Net PFI liabilities	**115,301**	**119,509**
- not later than one year;	5,206	5,510
- later than one year and not later than five years;	20,824	22,040
- later than five years.	89,271	91,959

The Trust is committed to make the following payments for on-SoFP PFIs obligations during the next year in which the commitment expires:

	31 March 2021 £'000	31 March 2020 £'000
- not later than one year;	42,579	41,992
- later than one year and not later than five years;	170,314	167,968
- later than five years.	638,679	671,870
Total	**851,572**	**881,830**

Analysis of amounts payable to the service concession operator:

	31 March 2021 £'000	31 March 2020 £'000
Unitary payment payable to the concession operator	**41,992**	**40,938**
Consisting of:		
- Interest charge	4,659	4,833
- Repayment of finance lease liability	5,518	5,006
- Service element	21,213	21,160
- Capital lifecycle maintenance	3,297	2,586
- Contingent rent	7,305	6,939
- Addition to lifecycle prepayment	0	414
Total amount paid to concession operator	**41,992**	**40,938**

Other amounts paid to the service concession operator but not part of the unitary payment

Amounts charges to revenue	5,716	2,619
Amounts capitalised	14,312	1,022
Total amount paid to the service concession operator	**62,020**	**44,579**

Total length of the project (years)	40
Number of years to the end of the project	20

26.2 PFI schemes off the Statement of Financial Position

The Trust does not have any PFI schemes which are deemed to be off-statement of financial position.

27 Financial Instruments and Related Disclosures

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The nature of the Trust's activities means that exposure to risk, although not eliminated, is substantially reduced.

The key risks that the Trust has identified are as follows:

27.1 Financial Risk

Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCG's) and the way those CCG's are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Finance and Performance Committee.

27.2 Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

27.3 Market (Interest Rate) Risk

All of the Group financial assets and all of its financial liabilities carry nil or fixed rates of interest. The Group is not therefore, exposed to significant interest rate risk.

27.4 Credit Risk

The majority of the Trust's income comes from contracts with other public sector bodies, resulting in low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in note 17 to the annual report and accounts. The Trust mitigates its exposure to credit risk through regular review of debtor balances and by calculating a credit loss allowance at the end of the year.

27.5 Liquidity Risk

The Trust's net operating costs are incurred under annual service agreements with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Trust ensures that it has sufficient cash to meet all its commitments when they fall due. This is regulated by the Trust's compliance with the 'Financial Sustainability Risk Rating' system created by Monitor, the Independent Regulator of NHS Foundation Trusts. In addition should the Trust identify a shortfall on cash it has the ability to borrow from the FT financing facility. The Board continues to monitor its monthly and future cash position and has governance arrangements in place to manage cash requirements throughout the year. The Trust is not, therefore, exposed to significant liquidity risks.

27.6 Fair Values

All of the financial assets and all of the financial liabilities of the Trust are measured at fair value on recognition and subsequently amortised cost.

27 Financial Instruments and Related Disclosures (continued)

27.7 Financial Assets and Liabilities By Category

The following tables show by category the financial assets and financial liabilities at 31 March 2021. The values are shown at amortised cost which is representative of the carrying value.

	Group			Foundation Trust	
Financial Assets as at 31 March 2021	Total	Valued at amortised cost	Investments in equity instruments designated at fair value through OCI	Total	Valued at amortised cost
	£'000	£'000	£'000	£'000	£'000
Receivables (excluding non financial assets) with NHS and DH bodies	3,085	3,085	0	3,085	3,085
Receivables (excluding non financial assets) with other bodies	2,475	2,475	0	2,475	2,475
Other investments and Financial Assets	0	0	0	0	0
Cash and cash equivalents	18,773	18,773	0	17,928	17,928
Consolidated NHS Charitable fund financial assets	2,460	1,055	1,405	0	0
	26,793	25,388	1,405	23,488	23,488

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. The Trust has irrevocably elected to measure the charity equity instruments at fair value through other comprehensive income.

	Group		Foundation Trust	
Financial Liabilities as at 31 March 2021	Total	Valued at amortised cost	Total	Valued at amortised cost
	£'000	£'000	£'000	£'000
Obligations under Private Finance Initiative contracts	115,301	115,301	115,301	115,301
Trade and other payables (excluding non financial liabilities) with NHS and DH bodies	1,172	1,172	1,172	1,172
Trade and other payables (excluding non financial liabilities) with other bodies	20,551	20,551	20,452	20,452
Provisions under contract	2,138	2,138	2,138	2,138
Consolidated NHS Charitable Fund financial liabilities	50	50	0	0
	139,212	139,212	139,063	139,063

27 Financial Instruments and Related Disclosures (continued)

27.8 Financial Assets and Liabilities By Category (continued)

The following tables show by category the financial assets and financial liabilities at 31 March 2020. The values are shown at amortised cost which is representative of the carrying value.

	Group			Foundation Trust	
Financial Assets as at 31 March 2020	Total	Valued at amortised cost	Investments in equity instruments designated at fair value through OCI	Total	Valued at amortised cost
	£'000	£'000	£'000	£'000	£'000
Receivables (excluding non financial assets) with NHS and DH bodies	21,113	21,113	0	21,113	21,113
Receivables (excluding non financial assets) with other bodies	2,579	2,579	0	2,376	2,376
Other investments and Financial Assets	0	0	0	0	0
Cash and cash equivalents	4,896	4,896	0	4,190	4,190
Consolidated NHS Charitable fund financial assets	1,939	753	1,186	0	0
	30,527	29,341	1,186	27,679	27,679

	Group		Foundation Trust	
Financial Liabilities as at 31 March 2020				
	£'000	£'000	£'000	£'000
Obligations under Private Finance Initiative contracts	119,509	119,509	119,509	119,509
Trade and other payables (excluding non financial liabilities) with NHS and DH bodies	5,527	5,527	5,527	5,527
Trade and other payables (excluding non financial liabilities) with other bodies	17,589	17,589	17,430	17,430
Provisions under contract	994	994	994	994
Consolidated NHS Charitable Fund financial liabilities	63	63	0	0
	143,682	143,682	143,460	143,460

27 Financial Instruments and Related Disclosures (continued)

27.10 Maturity of Financial Liabilities	**Group**		**Foundation Trust**	
		Restated *		Restated *
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
	£'000	£'000	£'000	£'000
In One Year or Less	40,056	40,902	39,894	40,680
In more than one year but not more than five years	21,723	22,793	21,723	22,793
In more than five years	89,271	91,959	89,271	91,959
Total	151,050	155,654	150,888	155,432

* The values for 2019/20 have been restated to reflect the change of analysis requirement from IFRS 7 (para B11D) which requires this analysis to be based on undiscounted future contractual cash flow (ie gross liabilities including finance charges). The previous analysis had been performed on a book value basis with the following values:

	Group	**Foundation Trust**
	As at 31 March 2020	As at 31 March 2020
	£'000	£'000
In One Year or Less	28,930	28,708
In more than one year but not more than two years	5,510	5,510
In more than two years but not more than five years	16,530	16,530
In more than five years	92,712	92,712
Total	143,682	143,460

There have not been any changes to the financial statements line items as a result of this restatement.

28 Third Party Assets

The Trust held £5,000 as cash at bank or in hand at 31 March 2021 (31 March 2020 £2,000) which related to monies held by the Trust on behalf of patients. These balances are excluded from cash at bank and in hand figures reported in the annual report and accounts note 17 on page 37.

29 Losses and Special Payments

NHS Foundation Trusts are required to record payments and other adjustments that arise as a result of losses and special payments on an accruals basis, excluding provisions for future losses.

	2020/21		2019/20	
	Number	Value	Number	Value
		£000		£000
Loss of Cash	0	0	2	6
Fruitless payments	0	0	0	0
Bad debts and claims abandoned	24	13	54	50
Damage to Buildings, property etc. due to:				
Theft	0	0	0	0
Stores losses	21	161	3	102
Total Losses	45	174	59	158
Ex gratia payments	40	50	25	35
Total Special Payments	40	50	25	35
Total Losses and Special Payments	**85**	**224**	**84**	**193**

There were no (2019/20 £nil) clinical negligence, fraud, personal injury, compensation under legal obligations or fruitless payment cases where the net payment for the individual case exceeded £300,000

30 Auditors' Liability

In accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008, the liability of the Trust Auditor, Grant Thornton LLP is restricted to £1,000,000 in respect of liability to pay damages for losses arising as a direct result of breach of contract or negligence in respect of services provided in connection with or arising from their letter of engagement dated 6th May 2021.

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للحصول على هذه النشرة بحجم أكبر، وعلى شكل إصدار صوتي و بلغات أخرى، الرجاء الاتصال بالرقم 08000730510.

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ਇਹ ਪਰਚਾ ਵੱਡੇ ਅੱਖਰਾਂ, ਬੋਲ ਕੇ ਰੀਕਾਰਡ ਕੀਤਾ ਹੋਇਆ ਅਤੇ ਦੂਸਰੀਆਂ ਭਾਸ਼ਾਵਾਂ ਵਿਚ ਵੀ ਪ੍ਰਾਪਤ ਹੋ ਸਕਦਾ ਹੈ, 0800 073 0510 ਤੇ ਫੋਨ ਕਰੋ ਜੀ।

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یہ کتابچہ آپ کو بڑے حروف کی لکھائی ، سمعی صورت اور دیگر زبانوں میں مہیا کیا جا سکتا ہے۔برائے مہربانی فون نمبر 08000730510پر رابطہ کریں۔