# *The* ROYAL MARSDEN

NHS Foundation Trust

Annual Report and Accounts 2020/21

NHS

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# 1. Performance report

## Introduction

The Royal Marsden opened in 1851 as the world's first hospital dedicated to cancer diagnosis, treatment, research and education. Today it operates as a specialist cancer hospital and National Institute for Health Research (NIHR) Biomedical Research Centre for Cancer, working closely with its principal academic partner, the Institute of Cancer Research (ICR).

Together, The Royal Marsden and the ICR are ranked in the top five cancer centres in the world for the impact of their research. The Royal Marsden operates from two centres, in Chelsea and Sutton, and is the founder and host of RM Partners, the Cancer Alliance for west London, which includes St George's Healthcare NHS Foundation Trust, Imperial Healthcare NHS Trust, and other trust and clinical commissioning group (CCG) partners across north west and south west London.

# Overview of performance

## Chairman and Chief Executive joint statement

This has been an extraordinary year for all of us and, thanks to the equally extraordinary effort of all our staff, we have been able to maintain urgent cancer treatment throughout the COVID-19 pandemic and provide support for cancer services across the capital as our colleagues managed the intense pressure of COVID-19 admissions. In 2020/21, despite COVID-19 restrictions, we saw 54,000 patients (compared with 60,000 patients the previous year).

We would like to start our summary this year by paying tribute to staff who have shown immense courage, professionalism, flexibility and resilience in responding to the emergency phase of the pandemic and, more recently, the highly successful in-house vaccination programme to keep patients and staff safe. This has involved working with different teams, in different roles, and for a number of staff, volunteering to work at the first Nightingale Hospital and other local hospitals to help maintain vital NHS services, managing both the professional and often personal demands placed on all of us by the COVID-19 pandemic.

### New ways of working

From virtual consultations to delivering medication to patients' homes, the Trust put in place a range of measures to change the way it provides healthcare and ensure the safety of its patients and staff. This included a rapid digital transformation programme to enable patient consultations and staff meetings to be carried out virtually, with staff working flexibly between home and the hospital, depending on the support required by frontline clinical teams.

### Cancer Surgical Hub

Early on in March 2020, the Trust worked with partners across London on the development of the Cancer Surgical Hub, a model that was shared across the country in order to keep COVID-19 protected environments for patients requiring cancer surgery, using both NHS and independent sector capacity, and a single clinical prioritisation framework. This meant patients could continue to have urgent cancer surgery, with surgical teams working together across 10 hospitals, with a Clinical Prioritisation Group ensuring patients were matched with the right team in the right place at the right time. The feedback from patients who were treated in the Hub model has been excellent, and this was an exceptional example of successful partnership working, led by our Cancer Alliance Team, RM Partners.

Over seven thousand patients have been treated by the Hub, between March 2020 and May 2021, and the ability to flex capacity across organisations and to take a collaborative and team-based approach will serve us well in the year ahead as we seek to fully restore and recover cancer services to pre-pandemic levels.

### Testing and vaccinations

Regular COVID-19 testing of staff and patients has been key throughout the year and The Royal Marsden worked closely with the Crick Institute and the team in our own National Institute for Health Research Centre for Molecular Pathology to set up a fast turnround testing facility early on in the pandemic. Our thanks to the team at the Crick Institute for their support, which made a vital difference to our ability to maintain services safely.

We were pleased to start the in-house vaccination programme for staff and patients, and our wider community, in December 2020. By the end of March 2021 the Trust had vaccinated 85 per cent of staff, together with other local healthcare professionals, patients and those in the community from priority groups. Thank you to all Royal Marsden staff who have led and contributed to this successful programme and to our fantastic team of volunteers.

### Clinical research

Throughout this challenging year, The Royal Marsden has continued its groundbreaking clinical research and to forge ahead with future-proofing its position as a leader in developing improved treatments for cancer. The Trust continued to run its portfolio of 800 clinical trials, despite the pressures of COVID-19.

Research has continued across all areas of cancer this year, including several trials focused on the impact of COVID-19 on cancer treatment and care. We also made some major breakthroughs in paediatric drug development and became the first in the UK to offer two new treatments to young cancer patients. ESMART, an innovative clinical trial which tests the benefits of treatment combinations that were previously unavailable for children and young people, opened in January 2021. In addition, in April 2020, a highly targeted drug, larotrectinib, which was pioneered at The Royal Marsden, was approved by the National Institute for Health and Care Excellence (NICE) for use in young patients.

Results from the CheckMate 238 trial of the immunotherapy drug nivolumab, led by Professor James Larkin, Consultant Medical Oncologist, were published this year. The trial showed that using nivolumab as an adjuvant therapy led to a significant improvement in recurrence-free survival in stage 3 melanoma patients, with over 75 per cent of patients surviving for over four years post-treatment.

**Capital projects and the transformation of the Sutton site**

During the year the Trust made substantial progress on major capital projects to ensure its estate and facilities are fit for 21st century medicine and research, in line with comprehensive cancer centres internationally, so that we can continue to provide the very best environment for our patients and maintain our track record of research to improve survival for patients worldwide.

We welcomed our President HRH The Duke of Cambridge to a socially distanced ground-breaking event on our Sutton site in October 2020 to mark the start of our building works on the Oak Cancer Centre, a new cancer research and treatment facility due to open in 2022. This will accommodate up to 400 researchers, a rapid diagnosis centre, and a major outpatient and medical day unit in modern purpose-built facilities. We are delighted that our President joined us to mark the breaking of ground on this centre and the new generation of cancer treatment. We are grateful to The Royal Marsden Cancer Charity and our Appeal Board for their outstanding support.

The transformation of our Sutton site has continued with the opening of the Centre for Drug Discovery by our academic partner, the Institute of Cancer Research, in November 2020. We are delighted to be working with our NHS partners in south west London on the development of the new hospital by Epsom and St Helier University Hospitals Trust which will be co-located with The Royal Marsden at Sutton, and is due to open in 2025. This provides an opportunity to create a thriving, modern campus for healthcare and world-class science, and a community of scientists and healthcare professionals.

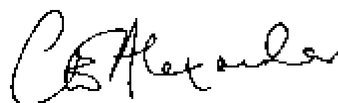
**Investment in facilities**

Despite the unprecedented pressure The Royal Marsden faced in 2020/21, the Trust delivered a commendable 2020/21 financial performance and outcome, which has enabled it to maintain its commitments to investment projects.

In central London The Royal Marsden opened a private care diagnostics and treatment facility in Cavendish Square in April 2021, building on our highly successful and integrated private care and NHS model of service. This model of service means that all patients have access to the very best clinical care, based on the latest research, while the revenue generated by private care can be reinvested back into the NHS to benefit NHS patients. Located in a stunning building between Oxford Street and Harley Street, this new outpatient and ambulatory care centre will offer patients fast and direct access to internationally acclaimed consultants, in an easily accessible, high-quality environment. Royal Marden staff will work between Cavendish Square and the main hospital, with an on-site team dedicated specifically to the new centre.

Throughout the course of the COVID-19 pandemic, we have all faced challenges we could not have imagined, both professionally and personally. It is important to recognise the exceptional commitment, professionalism and resilience the staff of The Royal Marsden have shown to ensure that as many cancer patients as possible continued to receive their treatment and care, with compassion and dedication. In December 2020 we celebrated the contribution of staff through an online staff awards event, where every service area or department nominated a colleague or a team for going above and beyond to maintain services to patients. It was a pleasure and a moment of reflection to make those awards to people and teams from throughout the organisation who have stepped up to do so much in the most challenging circumstances. We would like to thank every single member of staff for their outstanding contribution during 2020/21.

**Dame Cally Palmer**
Chief Executive
10 June 2021



**Charles Alexander**
Chairman
10 June 2021

## Key highlights 2020/21

In summer 2018, The Royal Marsden launched its Five-Year Strategic Plan, which detailed the core themes and objectives for the period 2018/19 to 2023/24. The key highlights from 2020/21 against these themes are set out below:

### Research and innovation

- The Royal Marsden became the first hospital in the UK to open an innovative clinical trial (ESMART) to test the benefits of treatment combinations that were previously unavailable for children and young people.
- A drug which targets cancers according to their genetic make-up rather than where they originate in the body, which was pioneered at The Royal Marsden, has been approved by NICE for use in young patients.
- A number of experts from The Royal Marsden presented groundbreaking research at virtual versions of conferences, including the American Society of Clinical Oncology and European Society for Medical Oncology congresses.
- Several trials started at The Royal Marsden that focus on the impact of COVID-19 on cancer treatment and care.

### Treatment and care

- The first patients have been treated on the second CyberKnife, the latest technology for radiotherapy treatment, at The Royal Marsden, Sutton.
- In September 2020, the radiotherapy team achieved 1,000 treatments on the MR Linac.
- The Trust made use of rotating radiation, which allows radiotherapy to be delivered at higher doses per fraction, with shorter delivery times and fewer doses compared with conventional radiotherapy. This has enabled Royal Marsden patients with oesophageal, rectal, anal and pancreatic cancer to benefit from reduced treatment times and therefore less risk of exposure to COVID-19 in the hospital environment.
- The 10th edition of *The Royal Marsden Manual of Clinical Nursing Procedures* was published in 2020. An internationally renowned textbook for nurses across the full spectrum of healthcare settings, it has provided essential information on nursing skills and procedures for over three decades.
- RM Partners, the Cancer Alliance for west London, rolled out two additional sites to deliver non-site-specific vague symptom rapid diagnostic clinics, which support faster access to services and a quicker diagnosis for patients.
- RM Partners also set up an additional site for the national programme for targeted lung health checks, to support earlier detection of lung cancer in the non-symptomatic population; and developed guidance for optimal delivery of lynch syndrome testing within the colorectal pathway, to aid early diagnosis, prevention and surveillance for the at-risk population.

## Financial sustainability and best value

- In a financially challenging year, the Trust delivered a small surplus, mitigating increased costs and lost commercial revenues due to COVID-19. This enabled continuing investment in estate, medical equipment and IT across the Trust.
- Significant progress was made in the delivery of the core workstreams of the digital transformation programme, while also responding to the need for digital support for remote working during the COVID-19 pandemic.
- Progress was made around digital infrastructure, including the wired and wireless network replacement, Windows 10 and Office 365, and infrastructure services being brought in-house.
- 'RM Medicines' was launched, a wholly owned subsidiary for pharmacy outpatient services, which were previously contracted to Boots UK Limited.

## Modernising infrastructure

- Building work started for the Oak Cancer Centre, the new cancer research and treatment facility at the Sutton hospital.
- The Royal Marsden continued to work with partners in south London and Epsom and St Helier University Hospitals Trust on their plans to build a new hospital adjacent to The Royal Marsden, Sutton, following a public consultation.

## Workforce

- In the most recent NHS Staff Survey, The Royal Marsden was rated as above average in four out of 10 themes, and had one of the highest scores for engagement across all acute specialist Trusts.
- The Trust developed a local People Plan, which sets out the priority actions for The Royal Marsden, within the national framework, with an emphasis on workforce, development, wellbeing and community.
- There has been sustained improvement in representation of black, Asian and minority ethnic (BAME) staff at senior level, and the mean gender pay gap reduced from 15.6 per cent to 13.3 per cent.

## Quality

- The Royal Marsden continues to be rated by the Care Quality Commission (CQC) as 'outstanding'.
- The Trust performed strongly against quality measures over the last year and ranked as one of the best places in England to receive care.
- In the CQC's annual Adult Inpatient Survey, The Royal Marsden ranked in the top three Trusts in the country, and amongst the top Trusts for patient experience for children and young people according to the CQC.
- Although national uploads of the Friends and Family Test were paused until December 2020 due to the COVID-19 pandemic, the Trust continued to gather this information locally and performed highly, with an average of 98 per cent of patients stating that they had a very good/good experience.
- A survey of patients who received care through the Cancer Surgical Hub found that 98 per cent of patients rated their experience as either very good or good.

## The Royal Marsden Cancer Charity

- With so many of The Royal Marsden Cancer Charity's in-person events cancelled or postponed due to the COVID-19 pandemic, the Charity adapted, innovated and maximised every opportunity to continue to support cancer patients at The Royal Marsden.
- The Charity's supporters found imaginative ways to fundraise from their own homes and embraced new virtual events, such as run 26.2 miles across 26 days in September 2020, Jog 40 miles in January 2021, and 3,000 sit-ups in March 2021; as well as virtual versions of traditional events, such as Celebrate a Life. Thanks to these dedicated supporters, The Royal Marsden Cancer Charity was able to grant the hospital an incredible £10.98 million in 2020/21.
- In September 2020, the Charity expanded its existing five-year, £15 million research grant, and gave an additional £4.6 million to the hospital over the next two years. This funding will enable the hospital to establish an Early Diagnosis Hub, a Centre for Cancer Biotherapeutics Research, an Artificial Intelligence (AI) Hub for Imaging and a Perioperative and Surgical Research Unit.
- As part of its £1.44 million equipment grant in 2020/21, the Charity funded a new MRI 3T scanner in Sutton, which will be installed and in use by January 2022, with plans to also upgrade a further two machines in 2021, creating a brand-new imaging facility.
- The Charity also enabled the hospital to install its second CyberKnife radiotherapy machine, which began treating patients in the summer of 2020.
- Since its launch, the Charity has raised £65 million towards a £70 million appeal for the Oak Cancer Centre, a new treatment and research facility adjacent to The Royal Marsden hospital in Sutton.
- The Charity's COVID-19 emergency appeal, which launched at the start of the pandemic, raised £2 million. It funded a number of initiatives including mental wellbeing and psychological support for staff and patients, and also enabled the Trust to launch a number of critical research studies to investigate the impact of COVID-19 on cancer patients.

## Private care

- Private Care income was significantly impacted by the COVID-19 pandemic. International activity was affected due to the closure of travel corridors and flight restrictions to the UK but domestic activity recovered quickly after the initial wave and has remained strong. While the full impact of the pandemic on financial performance within the sector won't be known for some time, industry experts have estimated an average reduction of 30 per cent in income for private providers and up to an 80 per cent reduction for private patient units. In the context of the market, The Royal Marsden Private Care has performed very well during an incredibly challenging year.
- The Royal Marsden Private Care opened a new research-led diagnostic and treatment facility in Cavendish Square in Spring 2021, offering patients fast and direct access to experts whilst further enhancing care provision.
- The Royal Marsden Private Care won the Best Hospital Award 2020 at the Laing Buisson Awards.

A copy of the Trust's Five-Year Strategic Plan can be accessed on the Trust website: royalmarsden.nhs.uk/about-royal-marsden/quality-and-safety/regulatory-information/five-year-strategic-plan.

# Summary of performance

## Research and innovation

### Breakthroughs in paediatric cancer research

The Royal Marsden is the first hospital in the UK to open an innovative clinical trial to test the benefits of treatment combinations that were previously unavailable for children and young people. ESMART allows several treatment options – including targeted drugs, immunotherapy, radiotherapy and chemotherapy – to be tested and made available for patients with relapsed cancers under one trial. Patients first have their tumour screened via the Stratified Medicine Paediatrics (SMPaeds) programme. Led by The Royal Marsden and its academic partner the ICR, SMPaeds routinely analyses tissue from UK children with solid tumours whose cancers have come back. ESMART uses this molecular information to match patients to one of 10 treatment arms (with five more awaiting regulatory approval). This speeds up access to targeted treatments for young patients, as standard clinical trials may only test one or two options.

A highly targeted drug that was pioneered at The Royal Marsden has been approved by NICE for use in young patients. The Oak Paediatric and Adolescent Drug Development Unit trialled the tumour-agnostic drug larotrectinib – which targets cancers according to their genetic make-up rather than where they originated in the body – in a first-in-child study. The Royal Marsden was the only UK centre to trial the drug with pharmaceutical company Loxo Oncology, and the Trust's paediatric team was invited to publish a review of tumour-agnostic drugs for young patients in the *British Journal of Cancer*.

### New Head of the Ralph Lauren Centre

Professor Nicholas Turner, Consultant Medical Oncologist at The Royal Marsden and Professor of Molecular Oncology at the ICR, took over from Professor Mitch Dowsett as Head of the Ralph Lauren Centre for Breast Cancer Research in July 2020. Professor Turner, who joined The Royal Marsden in 2008 and has worked on projects in the centre in recent years, will be using his expertise to continue to expand the centre's work in the years ahead. Professor Dowsett has worked at The Royal Marsden for more than 30 years and is acknowledged as an international leader in breast cancer research. He is stepping down after four years leading the work of the centre, which opened in 2016 thanks to funding from supporters of The Royal Marsden Cancer Charity, including a generous donation from Ralph Lauren.

### Leading the way in research

Experts from The Royal Marsden presented research to thousands of delegates around the world at this year's virtual American Society of Clinical Oncology (ASCO) conference. Professor Ros Eeles, Consultant in Clinical Oncology and Oncogenetics, presented the results of her BARCODE study, which demonstrated that genetic screening can detect undiagnosed cases of prostate cancer in healthy men at an early stage. Meanwhile, Professor Christopher Nutting, Consultant Clinical Oncologist, presented the results of the Dysphagia at Risk Structures (DARS) study, which showed that optimised intensity modulated radiotherapy can reduce adverse, lifelong side effects in head and neck cancer patients following treatment.

The European Society for Medical Oncology (ESMO) congress was also held virtually this year, with more than 30,000 people attending. Clinicians from The Royal Marsden presented groundbreaking research across a number of areas including breast, skin, ovarian and prostate cancer, which generated headlines across national media outlets. Positive results from the CheckMate 238 trial of the immunotherapy drug nivolumab, led by Professor James Larkin, Consultant Medical Oncologist, were presented at ESMO, as well as published in *The Lancet Oncology*. The trial showed that using nivolumab as an adjuvant therapy led to a significant improvement in recurrence-free survival in stage 3 melanoma patients whose cancer had been removed.

The results of a major trial into hormone-receptor-positive (HR+) breast cancer which represent one of the most promising breakthroughs for patients with this type of disease in the past 20 years, were also presented at ESMO. The global monarchE study found that the drug abemaciclib – one of a new generation of treatments known as CDK 4/6 inhibitors – reduced the risk of cancer recurrence in patients with early-stage HR+ breast cancer. Involving 5,637 patients in 38 countries, monarchE was led by Professor Stephen Johnston, Consultant Medical Oncologist and Head of The Royal Marsden's Breast Unit. Also at ESMO, Dr Susana Banerjee, Consultant Medical Oncologist, presented five-year follow-up results from the SOLO-1 trial. The findings showed that almost half of patients who received the targeted drug olaparib during treatment for newly diagnosed BRCA-mutated advanced ovarian cancer remained disease-free after five years.

## Treatment and care

### Paediatric documentary

Last year, a camera crew followed three young Royal Marsden patients, their families and hospital staff for six months to film a powerful and emotional portrayal of paediatric cancer. The hour-long documentary – *Can We Cure Kids' Cancer*? – was shown on Channel 4 in September 2020. It focused on the work of the Oak Centre for Children and Young People – one of the largest comprehensive childhood cancer centres in Europe, which sees almost 600 inpatients and more than 5,000 day patients every year.

### 10th Marsden Manual

The 10th edition of *The Royal Marsden Manual of Clinical Nursing Procedures*, more commonly known as 'The Marsden Manual', was published in 2020. An internationally renowned textbook for nurses across the full spectrum of healthcare settings, it has provided essential information on nursing skills and procedures for over three decades. It is used in 86 countries and on almost every NHS ward across England. It is written by Royal Marsden nurses, for nurses, with contributions from allied health professionals (AHPs) including dietitians, physiotherapists, occupational therapists, speech and language therapists, and psychologists, and is co-edited by Sara Lister, Head of Pastoral Care and Psychological Support at The Royal Marsden.

### Florence Nightingale Windrush programme

Two Royal Marsden nurses have been selected to take part in the Florence Nightingale Foundation's Windrush Nurses and Midwives leadership programme. Sarah Adomah, Clinical Nurse Specialist in the Breast Unit, and Jericho Velasco, Senior Staff Nurse in the Clinical Assessment Unit and The Royal Marsden Macmillan Hotline, are among 44 successful candidates out of more than 500 applicants. The course was created in partnership with Health Education England to celebrate medical professionals who are either descendants of the Windrush generation or from BAME background.

### Radiotherapy breakthroughs

The first patients were treated on the second CyberKnife at The Royal Marsden, Sutton in summer 2019. The installation of a second CyberKnife at The Royal Marsden means that even more patients can now access the latest technology for radiotherapy treatment. Funded by The Royal Marsden Cancer Charity, this new machine can deliver radiation to patients with pinpoint accuracy in as little as 15 minutes, meaning less healthy tissue is damaged during treatment. The Royal Marsden is the only trust in the UK to have the newest CyberKnife model, which can deliver treatment more efficiently than ever before. Having the additional feature of a multi-leaf collimator (MLC) head, the only Cyberknife with an MLC in the UK, means it can deliver radiation more quickly, meaning shorter treatment sessions for patients. The new CyberKnife is the second such machine at The Royal Marsden. The first was installed in Chelsea in 2011 and has since treated nearly 3,000 patients and has been the focus of international research.

The radiotherapy team also completed another milestone in 2020, achieving 1,000 treatments on the MR Linac in September 2020, nearly two years to the day since they treated the first UK patient on the pioneering machine. Since 2018, the MR Linac has been used to treat more than 80 patients with prostate, bladder, rectal, gynaecological, breast, and head and neck cancers, and oligometastatic tumours in the pelvis and abdomen, as part of clinical research trials. The MR Linac combines an MRI scanner and linear accelerator to precisely locate and define tumours, and to adapt radiotherapy treatment to a changing anatomy on a daily basis.

## Modernising infrastructure

### The Oak Cancer Centre ground-breaking

The Royal Marsden welcomed its President, HRH The Duke of Cambridge, to a socially distanced ground-breaking ceremony in October 2020 to mark the start of building works for the Oak Cancer Centre, the new cancer research and treatment facility at the Sutton hospital. Following in the footsteps of his mother, the Duke laid the foundation stone 30 years after Diana, Princess of Wales, laid a ceremonial stone at the hospital in Chelsea to commemorate the building of the Chelsea Wing.

The Centre, which is due to open in 2022, will replace some of the more dated facilities and infrastructure with modern, purpose-built accommodation. Bringing more than 400 expert research fellows together under one roof, it will enable The Royal Marsden to save more lives by diagnosing cancer earlier and speeding up the development of new treatments.

To date, The Royal Marsden Cancer Charity has raised £65 million of a £70 million appeal target to make the Oak Cancer Centre possible. It is named in recognition of Oak Foundation, which has donated £25 million – the largest gift ever received by the Charity.

### Epsom and St Helier

The Royal Marsden is working with partners in south west London and Epsom and St Helier University Hospitals Trust on plans to build a new £500 million hospital adjacent to The Royal Marsden Sutton site, as one of the first of the 40 new hospitals announced by the Prime Minister.

Over the past year, the Trust has contributed to the outline business case which includes a brand-new emergency care hospital run by Epsom and St Helier. This new facility will also include a dedicated elective oncology surgery centre, with access to new critical care services, replicating much of the modern, state-of-the-art facilities that are provided at The Royal Marsden, Chelsea. This development, alongside the £200 million of investment that The Royal Marsden and ICR have made in new facilities, is helping to deliver a once in a lifetime alignment of NHS, university, council and private investors to create a world-leading health and life sciences campus in Sutton.

It is hoped that the Trust and its south west London partners will receive full approval by the end of the 2021 calendar year, with the ambition to open the new hospital in 2025, following the completion of the Cancer Centre for Drug Discovery (ICR) in 2020 and the Oak Cancer Centre (The Royal Marsden) in 2022. These investments are part of a wider site strategy with Sutton Council partners, described in the vision for the London Cancer Hub.

### Cavendish Square

In April 2021, The Royal Marsden Private Care opened a new research-led diagnostic and treatment facility in Cavendish Square, central London. The new outpatient centre offers fast and direct access to expert, specialist diagnostics in an accessible, high-quality environment. Royal Marsden experts will treat multiple tumour types and offer other specialties such as genetics, plastics and pain management in a centre housing consulting rooms, 12 chemotherapy chairs, a minor procedure suite and state-of-the-art imaging facilities.

## Financial sustainability and best value

### Digital transformation programme

This year saw huge progress in terms of the innovative digital tools deployed to enable home working at scale, patient 'virtual visits' and to support remote clinical and research collaboration. New functionality was deployed in the Trust's electronic patient record, including electronic clinical handover, chemotherapy booking and patient safeguarding alerts. Medical photography, clinical trial monitoring and rapid access clinics were successfully digitised, and focus now turns to the procurement of a new comprehensive digital health record system, which is being supported by a Digital Council representing staff across all roles to support selection and design.

### Launch of RM Medicines

The Royal Marsden contracted with Boots UK Limited in July 2015 to procure and dispense outpatient medicines. That contract ended on 31 August 2020. After considering a number of options for the new provider, in September 2020 RM Medicines was launched – a new 'wholly owned subsidiary' to provide pharmacy outpatient services. This model was chosen as it will allow the pharmacy service to directly develop and influence new models of care and will bring significant benefits to patients, for example providing direct support to care closer to home initiatives and delivery of oral chemotherapy to patients' homes. Forming RM Medicines as a wholly owned subsidiary allows the values and ethos of The Royal Marsden to be embedded within the set-up of a new outpatient service, while maintaining the benefits of a separated service. This model will provide a platform for a cohesive and responsive pharmacy service across The Royal Marsden.

### IT support moved in-house

From 1 April 2021, IT support for the Trust is being provided by the in-house RM Digital Services Team. Previously, IT support was provided by Sphere (a joint venture with Chelsea and Westminster NHS Foundation Trust). This will result in a proactive, responsive service, dedicated to supporting staff, systems and departments. Once the new ways of working have been embedded, work will be done to look at how the support provided can be optimised and how proactive projects can be prioritised so that the infrastructure and ongoing offer is improved.

## Response to COVID-19

### Cancer Surgical Hub

The Royal Marsden and RM Partners, the Cancer Alliance for west London, established a Cancer Surgical Hub during the first peak of the COVID-19 pandemic, to provide patients with access to urgent cancer surgery. When the virus overwhelmed intensive care units across the country, many cancer patients found that their operations were cancelled. Using existing networks and new partnerships enabled by a landmark deal the NHS made to buy up capacity in the private healthcare sector, The Royal Marsden ensured that they could have the surgery they needed. Clinicians in hospitals affected by COVID-19 referred their patients to a central triage system led by RM Partners. They could then be matched with available surgical teams and ringfenced theatre capacity. Patients and visiting surgeons underwent testing ahead of surgery to ensure that the network remained COVID-19-protected. At any one time, surgical teams from up to 10 different hospitals were operating on patients across 13 theatres at The Royal Marsden and the Bupa Cromwell Hospital, with intensive care and ward beds available for patients after their operations.

During the second COVID-19 peak in January 2021, the Cancer Surgical Hub was reconvened to support trusts in the region to manage COVID-19 and cancer surgery through COVID-19-protected theatre capacity at the Bupa Cromwell Hospital, as well as additional capacity at The Royal Marsden. Most trusts in London worked with a designated private hospital partner, with prioritisation overseen centrally by the Hub. The Hub also maintained an overview of the picture across London to ensure theatre teams could access theatres where they were needed most. Since the country initially went into lockdown in March 2020, over seven thousand patients were able to access urgent cancer surgery through the Cancer Surgical Hub.

### COVID-19 research

Researchers at The Royal Marsden have launched several studies at an unprecedented speed to investigate the impact of COVID-19 on cancer treatment and care. Teams worked at pace to establish studies with a focus on immediate impact through to longer-term understanding of this novel virus. Thanks to funding by The Royal Marsden Cancer Charity and the National Institute for Health Research Biomedical Research Centre, the Trust hopes this research will have a national and international impact. Over the past year, hundreds of patients have been recruited to studies and thousands of samples have been analysed.

The CAPTURE study, led by Dr Samra Turajlic, aims to understand the biology and interactions between COVID-19, immunity, cancer and cancer treatment among patients and hospital staff. Preliminary data, presented at the American Association of Cancer Research conference, have shown that a wide range of antibody levels and COVID-19-specific T-cells were detected in 30 per cent of cancer patients, but the potential impact of cancer type on their immune response must be considered for further analysis. A commentary article titled 'Cancer, COVID-19, and Antiviral Immunity' has been published in the journal *Cell*.

Elsewhere, the OCTAPUS-AI study, led by Dr Richard Lee, is set to analyse almost 200 cancer patient scans using artificial intelligence (AI). The aim is to provide clinicians with information on whether changes in the lung are due to COVID-19, another infection or a side effect of treatment.

### COVID-19 fundraising appeal

The Royal Marsden Cancer Charity has been providing vital support to patients and staff at The Royal Marsden during the continuing COVID-19 crisis. In March 2020, the Charity launched an emergency appeal, raising £1 million in just one month. The fund raised more than £2 million. The money raised has funded crucial research studies that are investigating the impact of COVID-19 on cancer patients, psychological support for staff, digital resources such as iPads for doctors to carry out remote consultations, and wi-fi upgrades on hospital wards to enable patients to keep in touch with their loved ones while visits were restricted.

### COVID-19 vaccine

The Royal Marsden started its COVID-19 vaccination programme on Tuesday 29 December 2020, with vaccinations being given to staff, patients and others in the community eligible to receive it at The Royal Marsden. By the end of March 2021, 85 per cent of Royal Marsden staff (over 4,000 people) had received their first dose. This included 74 per cent of staff from BAME backgrounds. Second doses are to be delivered to all those vaccinated within 12 weeks of their first vaccination, according to NHS England guidelines.

### Digital support

From the start of the COVID-19 pandemic in March 2020, the Digital Services team supported clinical, operational and corporate teams to maintain a safe working environment, by supporting working from home at scale. This involved rapidly increasing the rollout of Office 365 and Microsoft Teams, reaching over 3,000 users in the Trust and enabling collaborative working and rapid deployment of a 'virtual desktop' solution, allowing staff to use their own devices to work from home; especially important given the shortage of laptop availability in the early stages of the pandemic. This is now in use by over 1,200 staff across The Royal Marsden. All multidisciplinary team meetings were moved to a virtual platform as an immediate priority and a virtual patient appointment platform was implemented together with the ability for family and friends to maintain contact with patients while visiting restrictions were in place. A number of digital tools were developed at a rapid pace to support remote monitoring of patient symptoms, and development of new flagging tools in clinical systems to support safe management of the sites.

### Changes to treatment and care during the COVID-19 pandemic

As The Royal Marsden adapted to the rapidly changing situation from spring 2020, the Trust implemented several changes to the way it delivered healthcare in order to adhere to government guidance and ensure that patients still received the care they needed.

Multidisciplinary team meetings now take place virtually, bringing clinical staff from different disciplines together online to make decisions on the treatment of individual patients. This removes the need for staff to travel and means meetings are no longer limited by space and social distancing guidelines. To reduce hospital visits, virtual consultations were introduced to allow patients to speak with their consultant via telephone or online video call. Many patients find this more convenient than travelling into London and prefer to receive test results at home with their family. For those patients who would struggle with the technology, face-to-face consultations are still an option.

Visitor restrictions are in place for all but the most exceptional circumstances. However, patients can keep in touch with loved ones using iPads and wi-fi units donated by The Royal Marsden Cancer Charity, and can be virtually accompanied by relatives to their appointments. iPads loaded with tools also enable clinical staff to attend meetings virtually and give them access to the latest research, evidence and guidance. Staff can use the Perfect Ward app to conduct audits of clinical areas, including enforcing infection control measures, ensuring medication safety, and evaluating and reporting on patient and staff experience.

The Trust invested in the Infection Prevention and Control Team to ensure the COVID-19 pandemic response was supported by additional staff and clinical experts. An internal test and trace process was initiated with twice-daily COVID-19 incident review meetings seven days a week. This ensured all Royal Marsden services continued uninterrupted during the pandemic.

The backlog of patients waiting for treatment at the Trust following an urgent GP referral peaked in May 2020, with a 78 per cent increase in patients waiting longer than 62 days. The Trust worked hard to reduce the backlog over the summer and, by the middle of October 2020, the backlog had decreased to below pre-pandemic levels, with 30 per cent fewer patients waiting longer than 62 days. Over the same time period, nationally the backlog of patients waiting longer than 62 days reached 213 per cent of pre-pandemic levels in May 2020. While the national backlog reduced during the summer, it still remained at 170 per cent of baseline by mid-October 2020 and has not yet recovered to pre-pandemic levels.

## Risk and quality improvement

The delivery of a high-quality patient-centred service requires the continuous identification, assessment and management of events or activities that could compromise the safety of patients, staff and visitors.

The Royal Marsden is proud that the Trust consistently scores highly for providing a strong safety culture and safe environment for staff in the NHS Staff Survey. The national survey for 2020 shows a continued increase in the percentage of staff who would recommend the Trust as a place to work and an overall staff engagement score which is above the national average. Engagement scores are based on advocacy, motivation and involvement.

Notably, the Trust also performs in the top quartile in the NHS Staff Friends and Family Test. These indicators are important quality barometers indicating a culture of learning and safety.

The systematic, integrated and proactive identification, analysis and control of risks is a key organisational responsibility. A culture of ownership and responsibility for risk management and patient safety is fostered throughout the organisation, and all managers and clinicians undertake risk management as one of their fundamental duties and mandatory training. This is achieved through an environment of openness and trust: where mistakes, adverse incidents and near misses are identified quickly and dealt with in a positive and responsive way. A dedicated team of risk advisers support the submission of timely and accurate information to assess risk throughout the organisation. The Trust supports a culture of fairness, openness and continuous learning by treating staff fairly, so they are not deterred from reporting incidents out of fear of blame.

During 2020/21, the Trust has continued to invest in quality and safety, including implementing the national NHS Safety Strategy, which sets a new framework to enable a culture transition from blame to learning. The NHS will build on two foundations: a patient safety culture and a patient safety system. The Trust has worked on implementing a cloud version of the incident reporting system (datix) which will facilitate better reporting to the new Patient Safety Incident Management System (PSIMS). This replaces the National Reporting and Learning System (NRLS) national incident reporting portal in 2021. Additionally, claims, complaints and mortality modules on datix will be used for enhanced and linked case management.

The Trust has strengthened the management pathways for onsite deaths by appointing Trust-level Medical Examiners (Dr Jonathan Handy and Mr Cyrus Kerawala). The Trust has appointed several Patient Safety Specialists, who will act as the lead patient safety experts, working full time on patient safety. They will provide leadership, visibility and expert support to the patient safety work at Trust. They will support the development of a patient safety culture and safety systems, and work to ensure that systems thinking, human factors understanding and just culture principles are embedded.

The Trust has invested in the Infection Prevention and Control Team in order to support the COVID-19 pandemic response, while continuing to recognise and manage the unique risks faced by cancer patients. This has allowed for twice-daily, seven day a week track-and-trace COVID-19 meetings and completion of reviews in the event of COVID-19 positive patients and staff at the Trust. The challenge of maintaining a COVID-19-secure environment while delivering core services safely has been supported by the completion of COVID-19 workplace risk assessments in both clinical and non-clinical areas.

The Royal Marsden continues to innovate and be a pioneer in the risk and quality arena, is committed to learning when mistakes are made, and recognises that there is no endpoint when it comes to safety.

### Principal risks and mitigation

The major risks the Trust faces reflect the challenging NHS climate due to increasing demand on services and requirement to modernise infrastructure, and the management of the ongoing COVID-19 pandemic. The principal risks and mitigation during 2020/21 were as follows (full details can be found in the Annual Governance Statement on page 58):

- Management of COVID-19 pandemic
  The Royal Marsden has been working with partners across London to mitigate risks from the pandemic on its service delivery, levels of planned treatment and care for patients during the pandemic, including the implementation of the Cancer Surgical Hub to maximise the number of patents able to undergo curative cancer surgery during COVID-19.
- Financial sustainability
  The financial performance of the Trust has been greatly impacted due to the COVID-19 pandemic. NHS England funded the Trust's position through a retrospective top-up for the first half of the financial year. For the second half of the year there has been additional resource devolved to the integrated care system and awarded to the Trust. Enhanced controls are in place such as the vacancy control panel, review of agency, overtime and bank usage; and control of COVID-19 spend. The Audit and Finance Committee and the Board are closely monitoring the financial performance and the financial recovery plan that targets a break-even position or a small surplus.
- Recruiting, developing and retaining the right workforce
  Currently, there is a global shortage of healthcare staff which has been exacerbated for the UK by the impact of Brexit. The Trust has implemented a high-quality workforce model which provides the best training and employment experience, and this is confirmed by workforce metrics.
- Implementation of integrated care systems and recognition of The Royal Marsden and RM Partners' regional and national leadership roles in cancer
  In February 2021, the Department of Health and Social Care published its legislative proposals for a new Health and Care Bill, 'Integration and Innovation: working together to improve health and social care for all'. There are three key messages in the proposals: working together to integrate care; reducing bureaucracy; and improving accountability and enhancing public confidence. The changes aim to support the delivery of better health and wellbeing for everyone, better quality of health services, and sustainable use of NHS resources. The Trust is actively engaged in the planning by the south west London and north west London integrated care systems, the cancer alliances and specialist hospitals to influence and develop the future role and function of cancer and ensuring collective interests are represented at both a regional and national level.
- Ensuring a sustainable paediatric service model at The Royal Marsden
  In January 2020, following a report by Sir Mike Richards, it was determined that children with cancer who have a more than five per cent likelihood of requiring critical care as part of their management must be treated at a site that has level three critical care facilities available on site. The Trust has established a strategy group for children and young people to guide its work and to develop and recommend a way forward to the Children and Young People Task and Finish Group. The Programme Board is expected to make a recommendation regarding the preferred option to the NHS England Board at the end of August 2021, although NHS England acknowledges that these timescales are challenging given the impact the COVID-19 pandemic has had on progressing the programme over recent months.

## Equality of service delivery

The Royal Marsden is committed to providing services to patients that meet their individual needs and recognises that some patients may be disadvantaged in accessing care and treatment. The following examples illustrate how The Royal Marsden, as a public sector body, places due regard on meeting its obligations under the Public Sector Equality Duty, as part of the Equality Act 2010:

### Website accessibility

The Royal Marsden has partnered with Recite Me, who provide web accessibility software that helps makes the Trust's website easier to access. This includes a screen reader, reading support tools such as magnifier, ruler and dictionary, translation into 100 different languages, and website styling, such as changing the colour scheme, and text style, size, colour and spacing.

### AccessAble

Since 2017, AccessAble has provided the Trust with comprehensive accessibility information about the hospital sites, to ensure that disabled people and their families can plan for visits to the hospital with ease.

### Translation, interpretation and patient information

If English is not a patient's first language, a range of interpreting and translation services are offered. The Patient Information Service continues to provide translations of Trust publications. A selection of Easy Read publications is available from the Patient Advice and Liaison Service (PALS).

The Royal Marsden Macmillan Hotline provides patients with help and support in relation to their treatment 24 hours a day, seven days a week. The Royal Marsden recognises how important it is for its patients and their carers to have fast access to information to manage side effects and any complications of treatment. Where patients need advice in another language, including British Sign Language, the hotline nurse arranges for a three-way conference call with the interpreting and translation provider.

A new online patient information library was launched in April 2021. The website is a searchable library of over 500 Royal Marsden patient information resources, including leaflets, booklets, flyers and videos. The easy to navigate, highly accessible website allows patients, families and carers to search and browse for information, and then read, download, print or share information that is relevant to them. A working group was established with patient and carer representatives, to support the project and ensure their experiences and ideas were incorporated into the design and development.

### Patient support

The Trust provides breast prosthesis and lymphodema sleeves in a variety of different skin colour shades and supports patients if they need specific help to source wigs that meet their personal needs, including different hair types.

Patient pathways have been developed with Chelsea and Westminster NHS Foundation Trust to improve the experience and care of obstetric patients with cancer, to ensure best possible treatment and outcomes for mothers and their babies.

### Chaplaincy support

The Chaplaincy team provides spiritual and religious care for patients and their families and staff from all faith backgrounds, including a significant proportion of people with no religion. The team is made up of representatives of the Church of England, the Roman Catholic Church, the Muslim Faith and the Jewish Faith. There are also a number of pastoral volunteers from a variety of traditions serving the hospital communities in Chelsea and Sutton. Representatives of other faith traditions are also available on request through the Chaplain's office. At both sites, multi-faith facilities are available for patients, visitors and staff to use. During significant festivals, guidance is provided to staff to help them meet the needs of patients from these religious groups. The Trust makes sure that patients are able to eat food that meets their religious and cultural needs, by providing Kosher, Halal, vegetarian and vegan food, and adapting menus to meet specific preferences. Chaplains also support patients and their partners who wish to get married or become civil partners while in the Trust's care, supporting civil ceremonies either at the bedside or in one of the chapels.

## Dementia

The Trust's commitment to people living with dementia or Alzheimer's sets out standards to ensure that patients have their specific needs identified, ensuring reasonable adjustments are made to enable appropriate services to be delivered. Dementia screening for all patients over the age of 75 is undertaken at pre-assessment, which allows the identification of where the Trust is caring for people that may have cognitive difficulties and require additional support. A staff network of Dementia Champions across services works closely with the person living with dementia or Alzheimer's and their family members, to ensure appropriate support is provided, utilising resources such as the 'This is Me' hospital passports, the dementia activity resource and providing Easy Read information.

## Safeguarding vulnerable children and adults

The Royal Marsden's integrated safeguarding team continues to provide advice and expertise to staff and mandatory training compliance for safeguarding has been maintained. Mental Capacity Act and Deprivation of Liberty Safeguards training continues across the organisation, including sessions with a focus on 16- and 17-year olds, with follow-up case-based discussions.

## Learning disabilities and understanding autism

The Trust's commitment to delivering the highest standard of care to patients with a learning disability is reflected in the patient pathway and policy which provides guidance to staff to ensure that patients with a learning disability or autism have their specific needs identified, and reasonable adjustments are made to enable appropriate services to be delivered. The overall aim is to ensure people with a learning disability or autism experience care that is safe, caring, effective, responsive to their needs, collaborative and well-led. The Trust has a staff network of learning disability buddies to highlight developments and resources to colleagues and who work with the person with the learning disability or autism and their family members to provide appropriate support.

An Additional Needs Darzi Fellow has been appointed to explore the patient experience for cancer patients with learning disabilities and their families who are cared for at The Royal Marsden.

## Patient and public involvement and engagement

A digital patient and public involvement and engagement platform has been developed, working with patient representatives. This forms part of the Trust's aim to reach and include under-represented and seldom-heard groups, such as those affected by less common cancers, demographic groups that have not historically had strong representation and more spread geographically. Two short videos have been produced, co-designed and co-produced with patient representatives: 'The value of Patient and Public Involvement in Research' and 'The value of diversity in Patient and Public Involvement'.

## Key issues, opportunities and risks

In 2020/21, the Board Assurance Framework (BAF) was reviewed by the Board and subcommittees on a quarterly basis, as well as a thorough review carried out by internal auditors KPMG. As a result of those reviews, the Board produced its Risk Appetite Statement, which established the risk tolerance thresholds for each strategic risk. This approach helps the Board readily identify and monitor which risks are exceeding the Board tolerance level.

### Risk Appetite Statement

The Trust seeks to employ a risk framework to reduce risk as far as possible and to within agreed tolerances. This risk appetite statement sets out the amount of risk the Trust is willing to accept, tolerate or justify when delivering its healthcare, education, training and research. It is recognised that delivering healthcare carries inherent risks that can never result in an absence of risk. The Trust will not accept risk that materially impacts on patient safety, the viability of the Trust (through the capacity and capability for the work), the health and safety of its built environment or its responsibility to safeguard public funds, but has a higher appetite to take risks in pursuit of other strategic objectives.

The Board will review its risk appetite at least annually, to ensure that the risk tolerance levels are acceptable and to ensure that the Board and staff consistently undertake Trust activity. The risk appetite will also be reviewed if there are actual or proposed significant changes to the local healthcare environment.

Risk appetites have been divided into the following areas, based on the current classification of strategic objectives:

- Research and innovation
- Treatment and care
- Modernising infrastructure
- Financial sustainability and best value

The risk appetite is made up of a statement about the Board's view of risks in the above areas and its appetite to take those risks and then linked to a risk tolerance based on a scale identified by the Good Governance Institute.

### Board Assurance Framework

The purpose of the BAF is to present the Trust's risk assurance framework in the context of the Trust's strategic objectives, as set out in the Five-Year Strategic Plan 2018/19 – 2023/24.

Detailed operational risks can be found in the Risk Register, which is presented to the Quality, Assurance and Risk Committee.

This is also aligned with the Five-Year Strategic Plan.

## As at 31 March 2021, the following areas were identified and monitored in the Board Assurance Framework:

| Strategic objective | Strategic risk | Initial risk score | Residual risk score | Risk tolerance |
|---|---|---|---|---|
| **Research and innovation** Increasing the scope and scale of research and development expertise and impact in a greater number of tumour groups and treatment modalities, including early diagnosis. | Failure to respond and innovate in areas of national and global priority present a risk to The Royal Marsden's strategy of global leadership in cancer research. | 15 | 9 | High (16-20) |
| **Treatment and care** The implementation of integrated care systems (ICSs) and recognition of The Royal Marsden and RM Partners' regional and national leadership roles in cancer. | Legislative changes on the statutory functions of ICSs to establish these systems as leaders of commissioning and provision of services in each geography and devolution of national specialist commissioning budgets for cancer to ICSs. | 20 | 16 | Moderate (11-15) |
| **Treatment and care** Developing and implementing a flexible and sustainable workforce model which attracts and nurtures the very best talent. | Workforce risk | 16 | 12 | Low (6-10) |
| **Treatment and care** Ensuring a sustainable paediatric service model. | Workforce and service risk | 20 | 12 | Low (6-10) |
| **Treatment and care** COVID-19: delivery of a safe, effective and responsive service, development of the Cancer Surgical Hub and ensuring the right capacity is in place to deliver timely and effective treatment. | Failure to deliver a safe, effective and responsive service following the COVID-19 pandemic. | 15 | 10 | Low (6-10) |
| **Modernising infrastructure** Maximising opportunities for Sutton via the successful delivery of the Oak Cancer Centre and agree a strategy and delivery plan in terms of The Royal Marsden's role in the new Epsom and St Helier hospital. | Risk that external projects may have an impact on The Royal Marsden's plans for site development. | 15 | 12 | Moderate (11-15) |
| **Modernising infrastructure** Modernising the Chelsea estate supported by an investment strategy jointly developed with The Royal Marsden Cancer Charity. | Failure to provide the right estate infrastructure to support the Trust's long-term ambitions for the Chelsea site. | 15 | 10 | Moderate (11-15) |
| **Modernising infrastructure** Delivery of the IT Strategy | Financial risk; cyber-security risk; workforce risk | 16 | 12 | Moderate (11-15) |
| **Financial sustainability and best value** Delivery of the Private Care Strategy | Lack of private care capacity impacts ability to meet revenue targets and service expectations. | 15 | 12 | Moderate (11-15) |
| **Financial sustainability and best value** Delivery of financial plan | Failure to maintain financial sustainability. | 20 | 15 | Low (6-10) |

## Opportunities

In March 2020, the Trust's Executive Board approved a strategy aimed at maximising the financial return and strategic benefit from commercial opportunities and interactions that were complementary to the Trust's Five-Year Strategic Plan.

Despite COVID-19-related disruption impacting on delivery of some aspects of the strategy, there has nevertheless been significant progress made in realising the identified opportunities and putting in place the processes that will make the improvements sustainable. Highlights included development of guidance and structure for AI and data-related commercial research and development of AI partnerships in imaging and pathology, and a partnership with a company to develop a platform allowing for virtual physiotherapy for prostate patients.

The Trust is also working with a new retail catering partner on the Sutton site to provide an improved quality of product, ongoing financial benefit and investment in the patient and staff environment.

To access the full BAF, please visit the Trust website: royalmarsden.nhs.uk/about-royal-marsden/how-we-run-ourselves/board-meetings

## Statement of going concern

After making enquiries, the directors have a reasonable expectation that The Royal Marsden NHS Foundation Trust and its wholly owned subsidiaries have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Approval of the Performance Report:

**Dame Cally Palmer**
Chief Executive
10 June 2021

# 2. Accountability report

## Directors' report

The Trust is led by the Board of Directors which has overall responsibility for the performance and management of the Trust. This responsibility includes setting the overall strategy for the organisation and monitoring progress, while ensuring resources are efficiently and economically used to meet the needs of its patients and the public. In order to carry out their duties and responsibilities, Board members convene at Board meetings. The Trust Board of Directors comprises Executive Directors and Non-Executive Directors (NEDs), including the Chairman.

The Executive Directors are paid employees of the Trust. They are responsible for managing the organisation on a day-to-day basis and in their capacity as members of the Board they are also responsible for the leadership of the Trust. This managerial role distinguishes the Executive Directors from the NEDs, who do not have a managerial role. The Trust has a Scheme of Delegation which sets out the delegated authority to the Executive Team.

The NEDs are responsible for supporting and constructively challenging the Executive Directors in their decision-making, as well as assisting them with the formation of the Trust's strategy. While Executive Directors are employees of the Trust under a permanent contract of employment, NEDs are appointed for a term of three years and can only be re-appointed subject to approval from the Council of Governors. The Board of Directors also approves the Annual Report and Accounts prior to its submission to Parliament. The Annual Report and Accounts is prepared by the Directors of the Trust, who confirm that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

Please see a summary of the Board of Directors on the following pages. The table on page 29 shows details of their attendance at meetings of the Board and its committees during 2020/21. Please note that the Board Register of Interests is available on the Trust website (royalmarsden.nhs.uk/about-royal-marsden/how-we-run-ourselves), or a copy can be requested from the Corporate Governance Office.

## Chairman and Non-Executive Directors

### Mr Charles Alexander
Chairman

Charles Alexander was appointed as Chairman in December 2016. His private sector career spanned 25 years at Rothschild, and 10 at General Electric. His Board experience includes directorships of quoted companies in London, New York, Paris, Luxembourg, Istanbul and Santiago, as well as in the third sector. He was a Non-Executive Director of the Department of Culture, Media and Sport (until April 2021), and chairs The Countess of Munster Musical Trust as well as the musical charity Opera Rara. Charles Alexander currently also serves as Chairman of the Board of Trustees of The Royal Marsden Cancer Charity.

**Membership of committees**
Remuneration Committee, Quality Assurance and Risk Committee, Nominations Committee

### Mr Ian Farmer
Non-Executive Director and Chair of the Audit and Finance Committee

Ian Farmer joined The Royal Marsden as a Non-Executive Director and Chair of the Audit and Finance Committee on 1 April 2014. Ian is a Chartered Accountant, Non-Executive Chairman of South Harz Potash Ltd and former Chief Executive Officer of Lonmin Plc.

**Membership of committees**
Remuneration Committee, Audit and Finance Committee

### Professor Paul Workman FRS
Non-Executive Director

Professor Paul Workman joined The Royal Marsden as a Non-Executive Director on 1 July 2014 in his capacity as ex officio Chief Executive and President of the Institute of Cancer Research (ICR) in London. He is also Harrap Professor of Pharmacology at the ICR and was previously Head of the ICR's Division of Cancer Therapeutics and Director of its Cancer Research UK (CRUK) Cancer Therapeutics Unit. He was Founding Director of the CRUK ICR/Imperial Convergence Science Centre. Professor Workman has 40 years of experience in cancer research, including periods at Cambridge University (MRC Clinical Oncology Unit), Glasgow University (CRC/CRUK Beaton Laboratories) and AstraZeneca. He is internationally recognised for research in cancer drug discovery and chemical biology, and has been instrumental in the discovery of more than 20 drug candidates. Honours including election as a Fellow of the Royal Society and Fellow of the Academy of Medical Sciences. He was a scientific co-founder of Piramed Pharma and Chroma Therapeutics, serves as a Non-Executive Director of STORM Therapeutics, and is the Executive Director of the non-profit Chemical Probes Portal.

### Mr Mark Aedy
Non-Executive Director, Senior Independent Director and Chair of the Remuneration Committee

Mark Aedy joined The Royal Marsden as a Non-Executive Director in April 2016. He has 40 years' experience in the financial services sector, building and managing investment banking franchises in the UK and internationally. At present, he is Managing Director and Head of EMEA and Asia Investment Banking at Moelis & Company, a global independent investment bank, and is on its management committee. Prior to Moelis & Company, he worked at Bank of America Merrill Lynch serving on the Global Corporate and Investment Banking Executive Committee and at Merrill Lynch, where he was Head of Investment Banking, EMEA. He is a Trustee of The HALO Trust.

**Membership of committees**
Remuneration Committee, Audit and Finance Committee

## Ms Heather Lawrence OBE
Non-Executive Director and Chair of the Quality, Assurance and Risk Committee

Heather Lawrence is an accomplished former chief executive with a track record of service quality improvement. She joined The Royal Marsden as a Non-Executive Director in July 2017. Her last chief executive position was at Chelsea and Westminster NHS Foundation Trust from 2000 to 2012. Since 2012, she has held a number of non-executive positions and currently serves as Non-Executive Chair of the London Ambulance Service, is a Trustee of NHS Providers and a Trustee of the British Renal Society. She is a nurse, teacher and HR professional by background, with an impressive track record of success in both her executive and non-executive roles. She brings her patient-focused clinical expertise to the role of the Non-Executive Director.

**Membership of committees**
Quality Assurance and Risk Committee, Audit and Finance Committee

## Professor Martin Elliott
Non-Executive Director

Professor Elliott recently finished a career as a paediatric cardiothoracic surgeon, spent largely at Great Ormond Street Hospital for Children, where he held several clinical leadership positions including Co-Medical Director from 2010 to 2015, specialising in quality and safety, digital technology and clinical outcomes. He holds a Chair in Cardiothoracic Surgery at University College London and is Fellow and Emeritus Professor of Physics at Gresham College. He is also a Non-Executive Director of Children's Health Ireland. As an established clinical leader and researcher, he brings a strong understanding of the particular challenges and opportunities facing specialist trusts.

**Membership of committees**
Quality Assurance and Risk

## Mr Christopher Clark
Non-Executive Director

Chris Clark is a Non-Executive Director of the Aviva Insurance Limited (AIL) Board and Chairman of Aviva's UKD digital legal entity. He also chairs both the Aviva AIL and UKD Conduct Committees. He is an adviser to a number of private equity houses specialising in marketing services. In his corporate career, Chris was at HSBC between 2001 and 2017, and was Global Head of Marketing between 2010 and 2017, reporting to the Group Chief Executive Officer. He was a member of the HSBC Group Management Board and Group Risk Management Committee. Prior to HSBC, Chris spent his career in the advertising and marketing services business, with time at Saatchi and Saatchi and a four-year period in New York.

**Membership of committees**
Audit and Finance Committee

## Mr William Jackson
Non-Executive Director

William Jackson is the Chief Executive of Bridgepoint. Bridgepoint provides capital for growth companies through its Bridgepoint Europe, Bridgepoint Development Capital, Bridgepoint Growth and Bridgepoint Credit funds. The firm has currently €26 billion under management and executes its strategies using a multinational team of investment professionals and operating executives located in offices in Europe, Shanghai, New York and San Francisco. William, a graduate of Oxford University, is one of the firm's founders and has led the business since 2001. William is also currently President of the Board of Dorna Sports, the international sports management company which runs the MotoGP World Motorcycling Championship, and a Non-Executive Director of Berkeley Group plc, the FTSE 100 property company. He is also a Governor of Wellington College.

## Executive Directors

### Dame Cally Palmer
Chief Executive

Dame Cally Palmer became Chief Executive of The Royal Marsden in 1998. She is also a Trustee of the ICR and a Trustee of The Royal Marsden Cancer Charity. She holds an MSc in Management from the London Business School, which she gained with distinction in 1995, and is a member of the Institute of Health Services Management. Dame Cally was appointed as National Cancer Director for NHS England in 2015 and holds this position alongside her role as Chief Executive of The Royal Marsden. Dame Cally was awarded a DBE in 2020 for her contribution to cancer medicine.

**Membership of committees**
Quality Assurance and Risk, Member of the Board of Trustees of The Institute of Cancer Research

### Mr Karl Munslow Ong
Chief Operating Officer

Karl Munslow Ong joined The Royal Marsden in November 2018 as the Chief Operating Officer. Before taking on the role, Karl was the Deputy Chief Executive at Chelsea and Westminster NHS Foundation Trust, having joined as their Chief Operating Officer in March 2015, also working with The Royal Marsden through the Fulham Road Collaborative, Sphere and RM Partners. Karl started his career as a management consultant for PricewaterhouseCoopers, before moving to work at a strategic health authority. He was previously Chief Operating Officer at Hillingdon Hospital and has extensive operational management experience across a number of other acute trusts in London.

**Membership of committees**
Quality Assurance and Risk

### Mr Eamonn Sullivan
Chief Nurse

Eamonn Sullivan was appointed to the role of Chief Nurse at The Royal Marsden in January 2017. Previously he was Deputy Chief Nurse at University College London Hospitals and Deputy Chief Nurse at Guy's and St Thomas' NHS Foundation Trust, where he has also held positions as Head of Performance for Clinical Services and Head of Nursing for Surgery. Eamonn was awarded an MSc in Health Service Development (Critical Care) from King's College London, is a Florence Nightingale Leadership Scholar, and has served as a British Army Nursing Officer in the conflicts in Iraq and Afghanistan in the Army Medical Services Reserves. In March 2020, Eamonn was seconded to the role of Director of Nursing tasked with setting up a field hospital at the Excel Centre London (Nightingale Hospital), and subsequently to NHS Test and Trace between October 2020 and March 2021. Mr Andrew Dimech is Acting Chief Nurse for The Royal Marsden during this time.

**Membership of committees**
Quality Assurance and Risk, Audit and Finance Committee

### Mr Andrew Dimech
Acting Chief Nurse

Andrew Dimech was appointed to the role of Acting Chief Nurse during Eamonn Sullivan's secondment to the Nightingale Hospital. Previously, Andrew has held the posts of Deputy Chief Nurse and Lead Cancer Nurse, Divisional Nurse Director (Clinical Services) and Clinical Nurse Specialist in critical care. Andrew was awarded an MSc in Advancing Critical Care Practice from King's College. Andrew is a Board member of the International Society of Nurses in Cancer Care and the cancer nurse adviser on the technical advisory committee for the Cancer City Challenge with the Union for International Cancer Control. Andrew is a cancer and critical care nurse by background, having trained in Australia before joining The Royal Marsden in 2001.

**Membership of committees**
Quality Assurance and Risk, Audit and Finance Committee

### Mr Marcus Thorman
Chief Financial Officer

Marcus Thorman joined The Royal Marsden as Chief Financial Officer in January 2015 from Imperial College Healthcare NHS Trust. Since joining the NHS through the graduate financial management training scheme, he has worked in several provider trusts including mental health and community, acute, teaching and specialist. Marcus has been involved in merging two trusts, private finance initiative schemes and running a financial shared service for a number of NHS organisations. At Kettering General Hospital he was Deputy Director of Finance before taking on his first role as a Finance Director overseeing the process for delivering foundation trust status in 2008. During his time at Imperial College Healthcare NHS Trust, he led the finance team in delivering one of the largest financial turnarounds in the NHS; taking the Trust from a planned deficit to a surplus in two financial years. For seven months he was acting Chief Financial Officer while a new chief executive was being appointed.

**Membership of committees**
Quality Assurance and Risk, Audit and Finance Committee

### Dr Nicholas van As
Medical Director

Dr Nicholas van As was appointed Medical Director of The Royal Marsden in January 2016. He has been a Consultant Clinical Oncologist in the Urology Unit at The Royal Marsden since 2008 and is the hospital's clinical lead for stereotactic body radiotherapy (SBRT) and CyberKnife. Dr van As is also Chair of the UK SBRT Consortium and the national clinical lead for NHS England's Commissioning through Evaluation Programme for SBRT. His main research interests are in stereotactic and image-guided radiotherapy, risk prediction in early prostate cancer, and functional MRI, and he has published numerous papers on these subjects and delivered presentations at international meetings. He is the Chief Investigator for the PACE trial – an international randomised controlled trial comparing SBRT to image-guided radiotherapy and surgery for treating prostate cancer.

**Membership of committees**
Quality Assurance and Risk

## Committees of the Board

### The Audit and Finance Committee

The Audit and Finance Committee is a formally constituted committee of the Board and is chaired by Non-Executive Director Ian Farmer. The membership of the committee consists of four NEDs. Representatives from the Trust's internal auditors and anti-fraud specialists KPMG LLP and external auditors Deloitte LLP, as well as the Chief Financial Officer and Chief Nurse, also attend the Audit and Finance Committee. Senior management are invited to attend meetings when necessary.

The Audit and Finance Committee met four times in the year in order to discharge its responsibilities. The committee also met once in the year with the Quality, Assurance and Risk Committee. The committee considered a number of significant issues such as the digital transformation programme, counter fraud, cyber security, Sphere transition, the capital programme, including the Oak Cancer Centre and Cavendish Square, and the financial governance for COVID-19. A key purpose of this committee is to assure itself that relevant risks, particularly financial risks, are appropriately identified and managed through a robust system of internal control established within the Trust. At each meeting, the committee reviews the financial position of the Trust, the efficiency programme, the capital plan, and the working capital and cash position, as well as key assumptions within those. Areas of risk and significant financial impact are also presented to the committee for review, including the annual planning process and the financial plan for recommendation for Board approval.

During the year, the committee received papers from the Trust's internal auditors KPMG LLP reporting on the findings of the 2020/21 Internal Audit Plan. This plan is prepared with Trust senior management and is approved by the Audit and Finance Committee. The reports in 2020/21 covered a number of areas such as learning from COVID-19, financial scenario planning, core financial controls, education governance (The Royal Marsden School), patient experience, patient safety data, disaster recovery and General Data Protection Regulation (GDPR) implementation. Recommendations are fed back to management then monitored. Progress is reported to future Audit and Finance Committee meetings.

The Head of Internal Audit Opinion confirmed significant assurance with minor improvements on the overall adequacy and effectiveness of the Foundation Trust's framework of governance, risk management and control.

The Trust's external auditors, Deloitte LLP, presented their findings from external audits of the Trust's Annual Report and Accounts. The key audit matters discussed with the audit committee were the capitalisation of expenditure, revenue recognition and valuation of properties. The external audit process includes an ongoing assessment of internal and external factors affecting the Trust, including reviewing the Trust's performance compared with other NHS trusts. In addition, Deloitte LLP also provides regular progress reports on sector developments to the Audit and Finance Committee.

In 2014, the Trust conducted a rigorous tender process regarding the appointment of the Trust's external auditors. Three bids were submitted, all of which were evaluated and scored by relevant members of staff and governors of the Trust. A detailed outline of the process was presented by the Chair of the Audit and Finance Committee to the Council of Governors with a recommendation for appointment. Since being appointed as the Trust's external auditors, Deloitte LLP have been re-appointed three times by the Council of Governors. The most recent re-appointment was approved at the Council of Governors meeting on 4 December 2019 for a further two-year period commencing April 2020. The value of external audit services including the Value for Money audit in 2020/21 is £135,000. Deloitte LLP have also provided external audit services to RM Medicines Limited, which is shown within the individual financial statements of the company.

### The Quality, Assurance and Risk Committee

The Quality, Assurance and Risk Committee (QAR), chaired by Ms Heather Lawrence OBE, Non-Executive Director, supports the Trust Board in developing an integrated approach to clinical governance by ensuring robust systems are in place to monitor achievements against objectives. The committee focuses on all non-financial risks such as COVID-19, patient safety, emergency planning, compliance with national and international regulation, health and safety, research and clinical integrated governance. Each quarter the members of the QAR meet staff from various divisions to gain a better understanding of key issues and priorities in that particular field.

The QAR also reviews patient experience through monitoring the monthly and annual Quality Report, as well as carefully reviewing complaints and claims. The committee also oversees the Trust's clinical governance and risk management arrangements by reviewing clinical audit findings, serious incident reports, and health and safety reports, while ensuring that action plans are implemented and monitored in a timely manner. In addition, the QAR reviews the Trust's Board Assurance Framework, Risk Register, Quality Report and Integrated Governance Monitoring Report at each meeting.

### Joint subcommittee meeting

Every year a joint subcommittee meeting between the Quality, Assurance and Risk Committee, and the Audit and Finance Committee is held. The purpose of this meeting is to discuss overarching items such as risk, Freedom to Speak Up, and retention and succession planning. Each separate committee also discussed their respective standing agenda items to give each committee assurance that the full spectrum of identified risks received comprehensive coverage.

### Remuneration Committee

The Remuneration Committee is chaired by Mr Mark Aedy, Non-Executive Director and Senior Independent Director. The committee is responsible for reviewing and making decisions on the remuneration for all members of the leadership team and designated senior managers. When carrying this out, the committee takes into account comparative market data and ensures that salaries are competitive but represent value for money. The membership of the committee is made up of nominated NEDs. The committee reviews the terms of reference to agree a pay framework for the Trust's leadership team and the committee is briefed and advises on any major restructuring of the management arrangements at the Trust. Disclosure of the remuneration paid to Board Directors is provided in the Trust's accounts.

### Nominations Committee

The Nominations Committee leads on the search and selection process for new NEDs, as well as re-appointment requests of existing NEDs. Their main objective is to make a recommendation to the Council of Governors regarding such matters and to consider succession planning arrangements for the Board of Directors.

Membership comprises the Chairman and four Governors representing the patient/carer, public and staff constituencies. Attendance at meetings may vary as a NED would not be present when his/her re-appointment is under review.

When the need arises to appoint a new NED to the Board, the Nominations Committee will appoint a search firm and advise the Council of Governors on the remuneration, time commitment and skill set required. This advice is based on a review of the balance of the Board in terms of its composition, as well as upcoming business matters and strategic plans.

A term of office for NEDs is three years unless the director resigns or is removed by the Council of Governors during the term. The removal of a NED requires the approval of three quarters of the members of the Council of Governors. In accordance with corporate governance standards, details for disqualification from holding office of a director can be found in the Trust's Constitution. Directors and Governors are also required to declare their interests on an annual basis, as well as confirm that they meet the 'fit and proper person's condition', as set out in Regulation 5 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

In July 2020, the Council of Governors approved the re-appointment of Non-Executive Directors Ms Heather Lawrence, starting 1 July 2020 until 30 June 2023, and Professor Martin Elliott, starting 1 November 2020 until 31 October 2023. Mr Ian Farmer was also re-appointed for a further year starting 1 July 2021 until 30 June 2022 by the Council of Governors in March 2021.

No new NED appointments were made in 2020/21.

## Performance evaluation of the Trust Board of Directors, its committees and directors, and disclosures relating to NHS Improvement's well led framework

The Trust Board is satisfied that it has the sufficient skills, knowledge and experience to fulfil its statutory duties and meet the business needs of the Trust.

The annual appraisal of the Chairman was led by the Senior Independent Director, with input from the Council of Governors, Board members and with support from the company secretary. The outcome of the appraisal and agreed objectives were shared with the Council of Governors in September 2020. The Chairman undertook in turn the annual appraisals of the NEDs and the Chief Executive. The Chief Executive undertakes an annual appraisal of each Executive Director to ensure objectives are achieved and a high standard of performance and effectiveness is maintained.

The Trust Board evaluates its performance annually; an internal review of the Trust's compliance with the NHS Improvement well led framework took place in the summer 2020. The review was carried out using NHS Improvement's well led framework around the eight key lines of enquiry. The results were presented to the Board in September 2020 and included an action plan which the Board approved. Details of the internal control systems in place to manage and mitigate risks in addition to the Trust's quality governance structure can be found within the Annual Governance Statement (page 58).

The Trust Board committees, the Audit and Finance Committee, and the Quality, Assurance and Risk Committee also undertook a similar evaluation exercise, in addition to reviewing their terms of reference, to ensure these remain fit for purpose. The Council of Governors also carries out the same process.

The Board regularly reviews the Trust's Key Performance Indicators, Quality Report, Financial Performance Report, Risk Register and Board Assurance Framework.

### Declaration of interest and declaration of related party interest

On appointment, Board members were individually required to declare all their interests and their related party interests and these were renewed annually. During the year none of the Board members, or applicable parties related to them, had undertaken any material transactions with the Trust.

The Directors' Register of Interests, which is updated annually, can be found on the Trust's website at: royalmarsden.nhs.uk/about-royal-marsden/how-we-run-ourselves

## Attendance at meetings of the Board of Directors and its committees in 2020/21

### Directors' attendance

| Board/committee | BoD | AFC | QAR | Joint QAR & AFC |
|---|---|---|---|---|
| Chair | Charles Alexander | Ian Farmer | Heather Lawrence OBE | Co-chaired by committee chairs |
| Charles Alexander | 10/10 | 1/1 | 4/4 | 1/1 |
| Mark Aedy | 10/10 | 5/5 | | 1/1 |
| Christopher Clark | 9/10 | 5/5 | | 1/1 |
| Martin Elliott | 10/10 | | 3/4 | 1/1 |
| Ian Farmer | 10/10 | 5/5 | | 1/1 |
| William Jackson | 8/10 | | | |
| Heather Lawrence OBE | 10/10 | 4/5 | 4/4 | 1/1 |
| Paul Workman | 8/10 | | | |
| Dame Cally Palmer | 10/10 | | 4/4 | 1/1 |
| Karl Munslow Ong | 10/10 | | 4/4 | 1/1 |
| Eamonn Sullivan | 4/4 | 1/1 | 2/2 | 1/1 |
| Andrew Dimech | 6/6 | 3/3 | 2/2 | |
| Marcus Thorman | 10/10 | 5/5 | 4/4 | 1/1 |
| Nicholas van As | 10/10 | | 4/4 | 1/1 |

| Board/committee | COG* | RC | NC |
|---|---|---|---|
| Chair | Charles Alexander | Mark Aedy | Charles Alexander |
| Charles Alexander | 4/4 | 1/1 | 2/2 |
| Mark Aedy | | 1/1 | |
| Christopher Clark | | | |
| Martin Elliott | 4/4 | | |
| Ian Farmer | 4/4 | 1/1 | |
| William Jackson | | | |
| Heather Lawrence OBE | 4/4 | | |
| Paul Workman | | | |
| Dame Cally Palmer | 4/4 | 1/1 | |
| Karl Munslow Ong | 4/4 | | |
| Eamonn Sullivan | 2/2 | | |
| Andrew Dimech | 2/2 | | |
| Marcus Thorman | 4/4 | | |
| Nicholas van As | 4/4 | | |

BoD, Board of Directors Meeting; AFC, Audit and Finance Committee; QAR, Quality Assurance and Risk Committee; COG, Council of Governors; RC, Remuneration Committee; NC, Nominations Committee.

*Non-Executive Directors are invited to attend the Council of Governors on an optional and voluntary basis.

## Income disclosures

The Trust's principal activity is the provision of healthcare services to patients. The income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes. The Trust has met this requirement, with 68 per cent of its income deriving from the NHS. In reaching this assessment, the Trust has considered whether an exchange of goods and services has occurred, and whether income relates to activities required under the Health and Social Care Act 2012.

In 2020/21, the overall income was £488.7 million (£463 million in 2019/20).

The Trust receives the majority of its patient care income from NHS England and CCGs. The funding regime for 2020/21 was significantly different to 2019/20 due to COVID-19, resulting in increased NHS funds being received in year. Patient referrals are centred on the Trust's sites in Chelsea, Sutton and Kingston, but extend from this local base to cover all of England and beyond, particularly for referrals for rare cancers.

NHS patient income is supplemented by income to provide infrastructure and support for research and development activity and from private patient income. Both these income sources were negatively impacted by COVID-19.

The Trust's overall operating expenditure was £482.4 million (£419.4 million in 2019/20); an increase of £63 million. The net increase is due to staff and drugs costs increasing for inflation, additional COVID-19 activity and the impact of the estate impairment.

The Trust hosts RM Partners, the Cancer Alliance for west London. The income and 2020/21 expenditure for this is included within the Trust's accounts.

## Business review

The Trust's activities are reviewed in the Chairman and Chief Executive's joint statement on page 2-4. In addition to this, other information relevant to the Trust's activities is set out in the other sections of this document. Quality governance is addressed in the Annual Governance Statement on page 58.

## Political and charitable donations

The Royal Marsden has not made any political donations this year or in previous years. During 2020/21, RM Medicines Limited, the Trust's wholly owned subsidiary, made a gift aid donation of £143,831 to The Royal Marsden Cancer Charity.

## Public sector payment policy

The Trust aims to pay its non-NHS trade creditors in accordance with the Confederation of British Industry (CBI) prompt payment code and government accounting rules. The target is to pay non-NHS trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later), unless other payment terms have been agreed with the supplier. The Trust also aims to pay local community suppliers within 10 days.

## Auditors

The Group's appointed external auditors are Deloitte LLP. The auditors provide audit services comprising carrying out the statutory audit of the Trust's Annual Accounts and the use of resources work, as mandated by NHS Improvement and the National Audit Office. The cost of this service in 2020/21 was £135,000, including the new Value for Money audit requirement (2019/20: £81,000). The total audit fees for the wholly owned subsidiary, RM Medicines Limited are £27,000 (2019/20: £nil). Details on the fees for the external audit of the group and Trust are shown in the expenditure notes.

## Cost allocation and charging requirements

The Trust has complied with the cost allocation and charging requirement set out in HM Treasury and Office of Public Sector Information Guidance.

## Accounting for pension and other retirement benefits

The accounting policies for pensions and other retirement benefits are set out in note 21 to the Annual Accounts.

## Invoice Payment Performance

The Trust adopts a Better Payment Practice Code where it aims to pay 95 per cent of invoices within the agreed terms, unless there is a dispute. In 2020/21 there were 68,616 (2019/20: 76,212) invoices due to be paid within a 30-day period, of which 59,467 (2019/20: 66,519) were paid within target. Of those that were not paid within target, interest of £0 (2019/20: £0) was paid during the year.

| | **2020/21** | | 2019/20 | |
|---|---|---|---|---|
| | **Total number of cases** | **Total value of cases** | Total number of cases | Total value of cases |
| | **Number** | **£000** | Number | £000 |
| NHS payables | | | | |
| Total bills paid in the year | **3,210** | **24,951** | 3,335 | 20,216 |
| Total bills paid within target | **2,523** | **18,782** | 2,152 | 10,166 |
| Percentage of bills paid within target | **79%** | **75%** | 65% | 50% |
| Non-NHS payables | | | | |
| Total bills paid in the year | **65,606** | **285,484** | 72,877 | 260,210 |
| Total bills paid within target | **56,944** | **256,145** | 64,367 | 223,815 |
| Percentage of bills paid within target | **87%** | **90%** | 88% | 86% |

# Membership and Council of Governors report

## Membership of the Trust

As a Foundation Trust, The Royal Marsden has members which are made up of its patients and carers, public and staff.

### Patient and carer membership

The patient constituency is subdivided into the following geographical areas:

– Kensington and Chelsea
– Sutton and Merton
– Elsewhere in London
– Elsewhere in England.

Anyone living in these areas who has been a patient at the Trust within the last five years can become a member of the relevant patient sub-constituency. There is also a carer sub-constituency, which is open to individuals who care for current patients of the hospital or who have cared for a former patient of the hospital within the last five years.

### Public membership

The public constituency comprises of individuals who live within the following three geographical areas:

– Royal Borough of Kensington and Chelsea
– London Boroughs of Sutton and Merton
– Elsewhere in England.

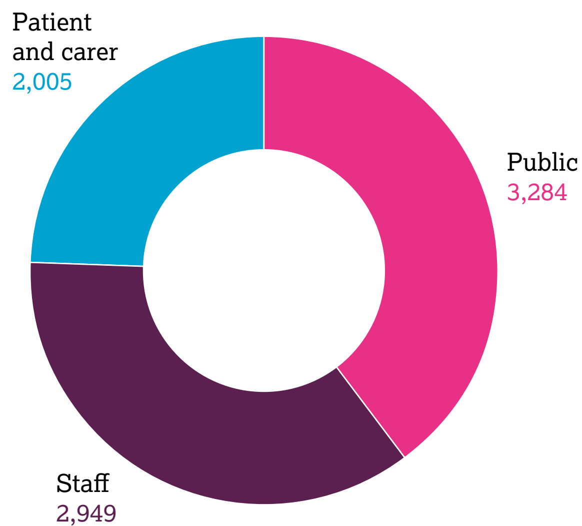
### Staff membership

The staff constituency comprises individuals who are employed by the Trust, hold an honorary contract with the Trust, or hold an honorary contract with the Trust and its academic partner, the ICR. The constituency is divided into four staff groups:

– Corporate and support services
– Clinical professionals
– Doctors
– Nurses.

### Membership overview

As of 31 March 2021, the Trust had 8,238 members, comprising:




The Trust's total membership figure has remained static. The COVID-19 pandemic and the restrictions put in place to control it have adversely impacted onsite recruitment campaigns, the annual Governor-led members' week, and clinical visits by Governors.

It is important to recognise the challenges the Trust faces as a specialist cancer centre with a local and national catchment area, both in recruiting members and the need to do monthly data cleanses to ensure the membership database remains up-to-date and accurate.

### Membership recruitment and engagement

The Trust has a Membership and Communications Group, which is a working group of the Council of Governors and is tasked with the responsibility of reviewing and implementing membership recruitment and engagement activities. The group consists of at least one Governor from each constituency, one of which shares the responsibility of co-Chair with the Head of PR and Communications. The Governor co-Chair reported on the group's progress at the Council of Governors meetings and presented the Membership Recruitment and Engagement Strategy (2020-2023) for approval, which several Board members also attend. In addition, a membership report is provided to the Board of Directors on an annual basis. The membership report is used to monitor how representative the Trust's membership is and what the Trust is doing to recruit and engage with its members.

### Member recruitment

Some of the member recruitment activities and initiatives undertaken in 2020/21 include:

- A welcome letter sent from the Chief Executive and Medical Director to new patients at the point of registration, inviting them to become a member.
- Redesigning recruitment materials, including posters tailored to different audiences.
- Membership materials displayed around the hospital, across both sites.
- Making the membership webpages on The Royal Marsden website more accessible and visual.
- Raising awareness by referencing membership in patient information booklets.
- The University of Surrey promoting the benefits of membership to students on their virtual learning platform.

### Member engagement

The Trust has two levels of membership to differentiate the level of involvement a member wishes to have and to help manage resources more efficiently. Member engagement activities undertaken over the past year include:

- All members received a quarterly electronic copy of RM magazine, which provides up-to-date information on the latest developments and research activities of the hospital, the Council of Governors and Board of Directors. The magazine also has a wide circulation to patients, friends and family members of patients, across both hospital sites.
- Members' bulletin, which includes key updates, news and details of involvement and engagement, for example the recently launched NIHR Biomedical Research Centre Cancer Patients' Voice, an online platform dedicated to involving patients and the public in cancer research.
- Annual General Meeting online event held in September 2020, which included presentations on 'Learnings from the Cancer Hub' by Dr Nicholas van As, Medical Director, and Mr Simon Jordan, Consultant Thoracic Surgeon. This was followed by a presentation on 'The Nightingale Hospital – a first-hand perspective' by Eamonn Sullivan, Chief Nurse.

### Becoming a member

Anyone aged 16 years or over and who lives in England can become a member of The Royal Marsden NHS Foundation Trust. There are several ways in which a person can sign up to become a member. They can pick a form up from around the hospital or via the Trust website: royalmarsden.nhs.uk/getting-involved/foundation-trust-membership

All membership enquiries are directed to the corporate governance team using the following details:

Post
Corporate Governance
The Royal Marsden NHS Foundation Trust
Fulham Road
London SW3 6JJ

Email
trust.foundation@rmh.nhs.uk or contact a Governor at governors@rmh.nhs.uk

Telephone
020 7808 2844

Members of the public can also contact the corporate governance team to request a copy of the Register of Governors' and Board of Directors' Interests, or visit the Trust website, where this information is published.

## Our Council of Governors

Once an individual becomes a member of The Royal Marsden NHS Foundation Trust, they have the option to vote and stand to become a Governor of the Trust to represent members on the Council of Governors. Stakeholders such as the ICR, local authorities for Kensington and Chelsea, and Sutton and Merton, Cancer Research UK (CRUK) and CCGs for west London are represented on the Council of Governors. The Sutton CCG seat is currently vacant.

The Council of Governors has a number of statutory and regulatory responsibilities which are reflected in the Trust's Constitution. These include, but are not limited to, the appointment or removal of NEDs, the appointment or removal of the Trust's external auditor, and receiving the Trust's Annual Report and Accounts, as well as the auditor's report on this publication. The Health and Social Care Act 2012 introduced the following two legal duties: to hold NEDs to account for their performance of the Board; and to represent the interests of the members of the Trust and public in their role. Governors are able to canvass the opinion of the members through the Council of Governors meetings and working groups. Members are free to raise any concerns or submit any questions to their Governor and are reminded of this throughout the year in Trust communications.

The Trust keeps the Council of Governors fully informed on all aspects of the Trust's performance, quality and strategy through its formal council meetings.

On appointment, Governors are invited to have one-to-one sessions with the Chairman and the Company Secretary to discuss the role in further detail and any individual development needs to support them. A collective evaluation of the performance of the Council of Governors was carried out in 2020/21 and the results were used to form an internal action plan.

### Composition of the Council of Governors

As previously noted, the Trust has various constituencies for its members (patients/carers, public and staff). Members vote for their Governors and therefore Governors represent those members under their constituency. The table on the following page illustrates this. As of 31 March 2021, there were 23 seats on the Council of Governors, comprising 17 elected Governors (Patient and Carer, Public and Staff Governors) and six appointed stakeholder and partner Governors. The table shows details of the Governors, their terms of office and attendance at meetings of the Council of Governors and the Annual General Meeting in 2020/21.

## Governors' terms of office and attendance at meetings 2020/21

| Governor | Constituency/organisation | Term of office | End of current term | Attendance at Council of Governors | |
|---|---|---|---|---|---|
| | | | | Public = 5 | Private = 2 |
| **Patient and Carer Governors** | | | | | |
| Maggie Harkness | Kensington and Chelsea & Sutton and Merton | 3rd | May 2022 | 4/5 | 2/2 |
| Philippa Leslie | Kensington and Chelsea & Sutton and Merton | 1st | May 2022 | 5/5 | 2/2 |
| Tom Brown | Kensington and Chelsea & Sutton and Merton | 1st | May 2022 | 5/5 | 2/2 |
| Fiona Stewart* | Elsewhere in London | 3rd | July 2020 | 1/1 | 1/1 |
| Dee Loughran | Elsewhere in London | 1st | August 2023 | 2/4 | 1/1 |
| Dr Patricia Black | Elsewhere in London | 1st | May 2022 | 0 | 0 |
| Simon Spevack* | Elsewhere in England | 3rd | May 2021 | 4/5 | 2/2 |
| Dr Nigel Platt | Elsewhere in England | 1st | May 2022 | 5/5 | 2/2 |
| Dale Sheppard-Floyd | Carer | 1st | May 2022 | 5/5 | 2/2 |
| Tim Nolan | Carer | 1st | May 2022 | 4/5 | 1/2 |
| **Public Governors** | | | | | |
| Dr Carol Joseph | Kensington and Chelsea | 3rd | July 2020 | 1/1 | 1/1 |
| Deborah Hoe | Kensington and Chelsea | 1st | July 2023 | 4/4 | 1/1 |
| Shirley Chapman | Sutton and Merton | 1st | May 2022 | 5/5 | 2/2 |
| Dr Ann Smith | Elsewhere in England | 1st | April 2021 | 5/5 | 5/5 |
| Dr Tom Moon | Elsewhere in England | 1st | May 2022 | 5/5 | 5/5 |
| **Staff Governors** | | | | | |
| Hardev Sagoo | Corporate and support services | 2nd | May 2023 | 4/5 | 2/2 |
| Fiona Rolls | Clinical professionals | 1st | May 2022 | 5/5 | 2/2 |
| Dr Jayne Wood | Doctor | 2nd | August 2022 | 5/5 | 2/2 |
| Dorothy Chakani | Nurse | 1st | May 2022 | 4/5 | 1/2 |
| **Nominated Governors** | | | | | |
| Gordon Stewart | The Institute of Cancer Research | 1st | January 2023 | 1/1 | – |
| Cllr Robert Freeman | Local Authority: Borough of Kensington & Chelsea | 3rd | July 2020 | 1/1 | 1/1 |
| Cllr Janet Evans | Local Authority: Borough of Kensington & Chelsea | 1st | August 2023 | 4/4 | 1/1 |
| Cllr David Bartolucci | Local Authority: London Borough Sutton & Merton | 1st | October 2021 | 4/5 | 2/2 |
| Anne Croudass | Cancer Research UK (Charity) | 2nd | May 2021 | 5/5 | 5/5 |
| Dr Oisin Brannick | West London Clinical Commissioning Group | 1st | March 2022 | 0 | 0 |
| Vacant | Sutton Clinical Commissioning Group | – | – | – | – |

* Lead Governor

Governor Fiona Stewart was Lead Governor of the Council of Governors until July 2020. In September 2020, Governor Simon Spevack was appointed as the new Lead Governor of the Council and Governor Philippa Leslie as Deputy Lead Governor. The Lead Governor acts as a two-way conduit between NHS England/Improvement (NHSE/I) and the Council of Governors in specific circumstances where it may not be appropriate to communicate through the normal channels. The main circumstances where NHSE/I will contact a Lead Governor is if there are concerns as to Board leadership or if the appointment of a Chairman or other Board member may not have complied with the Trust's Constitution or may be inappropriate.

## Election to the Council of Governors

All Governors hold terms of office for a period of three years and are eligible for re-election/re-appointment for a maximum of nine years. During 2020/21, three elections were held. Civica Election Services manage the provision of the elections for the Trust in accordance with the Model Rules for Elections.

## Governors' expenses

The Trust's expenses policy ensures that Governors are appropriately reimbursed for reasonable expenses incurred in the course of carrying out their duties. For the year ending 31 March 2021, the total amount claimed by Governors was £nil.

## Working together: Council of Governors and the Board of Directors

It is important that the Council of Governors and Board of Directors work together for the benefit of our patients and local community. There are several ways in which this is achieved. The Chairman of the Board of Directors is also the Chair of the Council of Governors.

The Executive Directors and NEDs regularly attend the Council of Governors meetings to gain an understanding of the views of Governors and members of the Trust. An annual membership report is also presented to the Board of Directors.

Governors are invited to attend public Board of Directors meetings where they can observe first-hand the Board in business and, in particular, the performance of NEDs.

The Council of Governors also receives an annual report regarding the work of the Board subcommittees, the Audit and Finance Committee, and the Quality, Assurance and Risk Committee. This report is presented by the Chairs of the committees (who are also NEDs) and highlights the committees' main business and risks for the year.

In situations where any conflict arises between the Board of Directors and the Council of Governors, the Trust's internal dispute resolution procedure shall be adhered to, which notes that the decision of the Chairman shall be final. In circumstances where the Chairman feels unable to decide owing to a conflict of interest, the Chairman will initiate an independent review to investigate and make recommendations. Normally, this will be achieved by inviting the Senior Independent Director to conduct the review, which will be agreed by both the Board of Directors and the Council of Governors.

# Remuneration report

The Royal Marsden NHS Foundation Trust's remuneration report describes how the Trust applies the principles of good corporate governance in relation to Directors' remuneration.

The remuneration report comprises:

– Annual statement on remuneration
– Senior managers' remuneration policy
– Annual report on remuneration.

## Annual statement on remuneration

In the financial year 2020/21, the Remuneration Committee considered the pay award for Executive Directors and the Leadership Team. The committee approved a 1.67 per cent increase effective from April 2020. The committee also reviewed the remuneration arrangements of specific Executive Director and Leadership Team posts that were due a three-year review, in line with the pay principles for very senior managers.

At its meeting in December, the Remuneration Committee reviewed the pension recycling scheme, which had been agreed the previous year pending the outcome of a government consultation. As the tax thresholds had been increased, it was agreed that there was no longer the need for the scheme.

**Mark Aedy**
Chair of the Remuneration Committee and Senior Independent Director

## Senior managers' remuneration policy

The Royal Marsden is committed to the overarching principles of value for money and high performance. The Trust must attract and retain a high calibre senior management team and workforce in order to ensure it maintains its excellent standards of clinical outcomes and patient care, functions efficiently and is well positioned to deliver the business strategy.

The Remuneration Committee agreed a set of pay principles in 2015/16, which were reviewed in 2017/18, and these remain unchanged. The principles provide the framework for decision-making by the Remuneration Committee. Regarding equality and diversity, one of the principles relates to fairness, i.e. 'the Trust's pay system for the Leadership Team will be reviewed at regular periods to ensure that its delivery is equitable, avoids discrimination, takes proper account of pay relativities across the Trust and complies with legislative requirements, e.g. gender pay reporting'. In 2020 there was a further decrease in the mean gender pay gap from 15.6 per cent in 2019 to 13.3 per cent in 2020. Also, when considering the introduction of pension recycling, the committee made a recommendation to the Trust Board to adopt an inclusive approach to be equitable and mitigate any potential equality risks. Further information on the gender pay gap can be found here: royalmarsden.nhs.uk/about-royal-marsden/equality-and-diversity/gender-pay-gap-reporting and gender-pay-gap.service.gov.uk.

As a Foundation Trust, the Remuneration Committee has the freedom to determine the appropriate remuneration level for very senior managers. There was no local consultation with affected employees on pay for Executive Directors or the Leadership Team. However, the Trust pay principles take account of the Will Hutton Fair Pay Review and the senior salaries review body report on pay, which involved wide consultation. In reaching its decisions, the committee considers the responsibilities and requirements of the role, time in the role, marketability of the individual, internal relativities, benchmarking data from within the NHS or relevant sector, the external economic environment, NHS guidance and the performance of the Trust. Where the salary of an Executive Director is above £150,000, the committee takes into consideration all these factors to satisfy itself that the remuneration is reasonable and appropriate.

The committee reviews the salaries of the Executive Directors and the Leadership Team annually when considering the cost of living pay increase. There is no automatic entitlement to an increase. The remuneration arrangements for Executive Directors and the Leadership Team are externally benchmarked every three years.

### Components of remuneration for Executive Directors

The table that follows describes the component elements of the remuneration package for Executive Directors.

| Component | Applicable | Description |
|---|---|---|
| Annual salary (inclusive of London weighting and on call) | Executive Directors (except Medical Director whose base salary is determined by NHS consultant terms and conditions) | Agreed on appointment and reviewed in line with the pay principles determined by the Remuneration Committee. |
| NHS Pension | Executive Directors | Contributions are made by the employee and the employer in accordance with the national scheme. Individuals have the right to opt out of the NHS Pension Scheme. |
| Clinical Excellence Awards | Medical Director | Recognises and rewards consultants who make an exceptional contribution. This scheme is part of the national terms and conditions for consultants. |
| Management Allowance | Medical Director | Allowance is determined by the Remuneration Committee in recognition of increased responsibilities associated with the Medical Director role. |
| Medical on call | Medical Director | This is part of national terms and conditions for consultants. |
| Pension contribution alternative award | Executive Directors | This is paid to Directors who have opted out of the NHS Pension Scheme and is agreed by the Remuneration Committee. |

The Trust's Five-Year Strategic Plan and annual business planning process inform the objectives of the Executive Directors. Their performance is monitored throughout the year and assessed formally through an annual appraisal. The three-year salary reviews undertaken by the Remuneration Committee take into consideration the contribution by individuals in supporting the short- and long-term strategic objectives of the Trust. No performance-related pay bonuses or other incentive payments are currently paid to Executive Directors separate to the annual salary. No benefits in kind or non-cash elements of remuneration were made during the financial year.

## Executive Directors notice periods and payments for loss of office
*(Information subject to audit)*

Executive Directors are appointed on permanent contracts subject to notice of 12 weeks, except for the Chief Executive who is on six months' notice. All directors benefit from NHS terms and conditions relating to any severance payments for reasons of redundancy (Schedule 16 of Agenda for Change). There is no contractual entitlement to a severance payment in any other circumstances. No compensation for early termination was paid during the financial year. No early terminations are expected, and no provisions are required accordingly.

## Non-Executive Directors remuneration

Remuneration and allowances for the Chairman and NEDs are determined by the Trust's Nomination Committee, membership of which is made up of elected Governors. The payments are comparable to those made by other foundation trusts. There was no change to remuneration arrangements in 2020/21. The Chairman and NEDs receive no benefits or entitlements other than fees and are not entitled to any termination payments. The Trust does not make any contribution to the pension arrangements of NEDs. Details of their remuneration and expenses are set out further in this section.

| Component | Applicable to | Description |
|---|---|---|
| Annual remuneration | All Non-Executive Directors | Agreed on appointment and reviewed periodically by the Nominations Committee. |
| Additional responsibility allowance | Chairs of substantial subcommittees of the Board | The Non-Executive Directors who have additional responsibility for leading a substantial subcommittee of the Board receive a higher level of remuneration to recognise the additional time and leadership required for these roles. |

## Annual report on remuneration

### Service contracts

The service contract dates as an Executive Director are shown below:

| Name | Title | Service contract date |
|---|---|---|
| Dame Cally Palmer | Chief Executive | June 1998 |
| Karl Munslow Ong | Chief Operating Officer | November 2018 |
| Marcus Thorman | Chief Financial Officer | January 2015 |
| Eamonn Sullivan | Chief Nurse | Until March 2020 and from June to September 2020 |
| Andrew Dimech | Acting Chief Nurse | From March to June 2020 and from October 2020 to present |
| Dr Nicholas van As | Medical Director | January 2016 |

The terms of office for Non-Executive Directors are shown below:

| Senior manager | Title | Start of office | Term of office | End of current term |
|---|---|---|---|---|
| Charles Alexander | Chairman | 1 December 2016 | 2nd | 30 November 2022 |
| Ian Farmer | Non-Executive Director | 1 April 2014 | 3rd | 30 June 2022 |
| Paul Workman | Non-Executive Director (ex-officio non-independent) | 1 July 2014 | 3rd | 30 June 2021 |
| Mark Aedy | Senior Independent Director | 18 April 2016 | 2nd | 17 April 2022 |
| Heather Lawrence OBE | Non-Executive Director | 1 July 2017 | 2nd | 30 June 2023 |
| Martin Elliott | Non-Executive Director | 1 November 2017 | 2nd | 31 October 2023 |
| Christopher Clark | Non-Executive Director | 1 September 2018 | 1st | 31 August 2021 |
| William Jackson | Non-Executive Director | 1 September 2018 | 1st | 31 August 2021 |

The terms of office for NEDs at the Trust are managed in accordance with the NHS Code of Governance. The Trust's Constitution mandates that the removal of the Chairman or another NED requires the approval of three-quarters of the members of the Council of Governors.

### Remuneration Committee

The Remuneration Committee is a subcommittee of the Board and is chaired by Mark Aedy, Non-Executive Director, with core membership comprising of the Chairman and currently one Non-Executive Director (Ian Farmer). The option to attend Remuneration Committee meetings is made available to other Non-Executive Directors where appropriate. The Chief Executive attends meetings in an advisory capacity and the Director of Workforce attends as and when required by the committee. The latter provides advice and information on pay-related matters. External benchmarking data is sought from pay specialists such Hays Recruitment and NHS Providers to inform discussions about the three-year salary reviews. Three meetings were held during the financial year.

See table on page 29 for attendance at the Remuneration Committee.

## Disclosures required by the Health and Social Care Act

### Salary and pension entitlements of senior managers

### A. Remuneration *(Information subject to audit)*

| Name | Title | Salary and fees | Taxable benefits | Annual performance-related bonus | Long term performance-related bonus | Pension-related benefits | Total |
|---|---|---|---|---|---|---|---|
| | | (bands of £5,000) | Total to nearest £100 | (bands of £5,000) | (bands of £5,000) | (bands of £2,500) | (bands of £5,000) |
| | | £000 | £ | £000 | £000 | £000 | £000 |
| 2020/21 | | | | | | | |
| Mr C Alexander | Chairman | 50-55 | – | – | – | – | 50-55 |
| Mr I Farmer | Non-Executive Director | 20-25 | – | – | – | – | 20-25 |
| Prof P Workman | Non-Executive Director | – | – | – | – | – | – |
| Mr M Aedy | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Prof M Elliot | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Ms H Lawrence OBE | Non-Executive Director | 20-25 | – | – | – | – | 20-25 |
| Mr C Clark | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Mr W Jackson | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Dame C Palmer | Chief Executive | 255-260 | – | – | – | – | 255-260 |
| Mr M Thorman | Chief Financial Officer | 210-215 | – | – | – | 15-17.5 | 225-230 |
| Dr N van As | Medical Director | 185-190 | – | – | – | 65-67.5 | 250-255 |
| Mr E Sullivan | Chief Nurse (until March 2020 and from June to September 2020) | 140-145 | – | – | – | 57.5-60 | 195-200 |
| Mr K Munslow Ong | Chief Operating Officer | 175-180 | – | – | – | 35-40 | 215-220 |
| Mr A Dimech | Acting Chief Nurse (from March 2020 to June 2020 and from October 2020 to present)* | 100-105 | – | – | – | 57.5-60 | 160-165 |
| 2019/20 | | | | | | | |
| Mr C Alexander | Chairman | 50-55 | – | – | – | – | 50-55 |
| Mr I Farmer | Non-Executive Director | 20-25 | – | – | – | – | 20-25 |
| Prof P Workman | Non-Executive Director | – | – | – | – | – | – |
| Mr M Aedy | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Prof M Elliot | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Ms H Lawrence OBE | Non-Executive Director | 20-25 | – | – | – | – | 20-25 |
| Mr C Clark | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Mr W Jackson | Non-Executive Director | 15-20 | – | – | – | – | 15-20 |
| Dame C Palmer | Chief Executive | 250-255 | – | – | – | 27.5-30 | 280-285 |
| Mr M Thorman | Chief Financial Officer | 195-200 | – | – | – | 22.5-25 | 220-225 |
| Dr N van As | Medical Director | 175-180 | – | – | – | 25-27.5 | 205-210 |
| Mr E Sullivan | Chief Nurse | 135-140 | – | – | – | 17.5-20 | 150-155 |
| Mr K Munslow Ong | Chief Operating Officer | 180-185 | – | – | – | 7.5-10 | 190-195 |

* For completeness, due to membership of the board for part of the financial year, the full year's remuneration has been shown above for both Mr E Sullivan and Mr A Dimech for 2020/21.

The Trust is required to disclose the element of a director's remuneration that relates to their clinical role. Clinical earnings for Dr Nicholas van As were £135-140,000 (2019/20: £135-140,000).

## B. Pension benefit *(Information subject to audit)*

| Name | Title | Real increase in pension at age 60 (bands of £2,500) | Real increase in pension lump sum at aged 60 (bands of £2,500) | Total accrued pension at age 60 at 31 March 2021 (bands of £5,000) | Lump sum at age 60 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 |
| 2020/21 | | | | | | | | | |
| Dame C Palmer | Chief Executive | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Mr M Thorman | Chief Financial Officer | 0-2.5 | 0-2.5 | 60-65 | 120-125 | 956 | 28 | 1,014 | n/a |
| Dr N van As | Medical Director | 2.5-5 | 0-2.5 | 60-65 | 60-65 | 809 | 51 | 901 | n/a |
| Mr E Sullivan | Chief Nurse | 2.5-5 | 2.5-5 | 50-55 | 105-110 | 774 | 49 | 856 | n/a |
| Mr A Dimech | Acting Chief Nurse | 2.5-5 | 2.5-5 | 20-25 | 40-45 | 299 | 41 | 359 | n/a |
| Mr K Munslow Ong | Chief Operating Officer | 0-2.5 | 0-2.5 | 35-40 | 75-80 | 462 | 26 | 509 | n/a |
| 2019/20 | | | | | | | | | |
| Dame C Palmer | Chief Executive | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Mr M Thorman | Chief Financial Officer | 2.5-5 | 0-2.5 | 55-60 | 120-125 | 869 | 42 | 956 | n/a |
| Dr N van As | Medical Director | 12.5-15 | 15-17.5 | 55-60 | 60-65 | 581 | 188 | 809 | n/a |
| Mr E Sullivan | Chief Nurse | 5-7.5 | 5-7.5 | 45-50 | 100-105 | 666 | 72 | 774 | n/a |
| Mr K Munslow Ong | Chief Operating Officer | 0-2.5 | 0-2.5 | 30-35 | 70-75 | 424 | 20 | 462 | n/a |

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 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.

Following the government's announcement that all public sector pension schemes will be required to provide the same indexation on the Guaranteed Minimum Pension (GMP) as on the remainder of the pension, the NHS Pension Scheme has revised its method to calculate the CETV values. The real increase in CETV will therefore be impacted as it will include any increase in CETV due to the change in GMP methodology.

## Expenses

In 2020/21 there were 13 Board Directors, including five Executive Directors, and 23 Governors. The aggregate amount of expenses paid to Directors and Governors was:

| £264.58 | £0.00 | £0.00 |
|---|---|---|
| To Executive Directors | To Non-Executive Directors | To Governors |

## Fair Pay multiple *(Information subject to audit)*

The Trust is required to disclose the relationship between the remuneration of the highest-paid director in the Trust and the median remuneration of the Trust's workforce. The mid-point of the banded remuneration of the highest-paid director in the Trust in the financial year 2020/21 was £287,500 (2019/20: £282,500). This was 7.22 (2019/20: 7.24) times the median remuneration of the workforce, which was £39,811 (2019/20: £39,030). The median has been calculated to include inner-London weighting, as the highest-paid director is London-based.

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

Approval of the Remuneration Report:

**Dame Cally Palmer**
Chief Executive
10 June 2021

# Staff report

## Analysis of staff costs and numbers *(information subject to audit)*

| | Permanently employed | Temporary and contract staff | **2020/21 total** | 2019/20 total |
|---|---|---|---|---|
| | £000 | £000 | **£000** | £000 |
| Salaries and wages | 185,113 | 10,518 | **195,631** | 176,946 |
| Social security costs | 19,455 | 934 | **20,389** | 19,478 |
| Employer contributions to NHS Pensions Agency and NEST | 32,268 | 651 | **32,919** | 30,504 |
| Agency staff | – | 3,719 | **3,719** | 4,880 |
| | **236,836** | **15,822** | **252,658** | 231,808 |

This information shown is in relation to the Trust. The Group staff numbers are shown in the Accounts in note 5.

The average number employed during the year has been calculated on the basis of staff whole-time equivalent (WTE) in April 2020 and in March 2021. The breakdown by staff group is detailed below.

| | Permanently employed number | Temporary and contract staff number | **2020/21 total number** | 2019/20 total number |
|---|---|---|---|---|
| Medical and dental staff | 453 | 21 | **474** | 456 |
| Administration and estates | 1,329 | 95 | **1,424** | 1,227 |
| Healthcare assistants and other support staff | 332 | 30 | **362** | 402 |
| Nursing, midwifery and health visiting staff | 1,015 | 38 | **1,053** | 1,132 |
| Nursing, midwifery and health visiting learners | 11 | – | **11** | 17 |
| Scientific, therapeutic and technical staff | 493 | 14 | **507** | 500 |
| Healthcare science | 240 | 9 | **249** | 340 |
| | **3,873** | **207** | **4,080** | **4,074** |

*(The table below is not subject to audit)*

The Trust engaged an additional 48.66 WTE as agency and 157.92 bank workers. The breakdown of the permanent and fixed term workforce by gender as at March 2021 is as follows:

| | Female | Male | **Total** |
|---|---|---|---|
| Employees | 3,220 | 1,029 | **4,249** |
| Executive Director | 1 | 4 | **5** |
| Leadership Team | 10 | 8 | **18** |
| Grand total | **3,231** | **1,041** | **4,272** |

## Sickness absence rate

Details of sickness rates can be found at: digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

## Staff policies

The Trust has an equality and diversity policy which sets out the framework through which it delivers its services and provides employment. All staff are required to attend mandatory equality and diversity training, which is refreshed every three years. Bespoke training is also provided, for example cultural awareness for frontline staff, focusing on the needs of patients from the Middle East. In 2020/21, the Trust launched an Equality and Inclusion Strategy.

The Trust is a Disability Confident Employer and this accreditation replaces the Disability Two Ticks symbol and continues to support a guaranteed interview scheme to ensure that full and fair consideration is given to applications from candidates with disabilities. Reasonable adjustments are made so that all candidates can participate in the Trust's recruitment and selection processes.

The Trust's Managing Absence Policies ensure that should staff become disabled in the course of employment, all reasonable efforts are made to ensure staff can remain employed. All the Trust's people management policies apply equally to staff with or without disabilities.

The COVID-19 pandemic put staff wellness and inclusion firmly at the centre of all that the Trust does. The Trust put in place a number of programmes to support all staff, whether working on site, working from home or shielding due to clinical vulnerability. This included an extensive COVID-19 testing programme, practical support in times of crisis to ensure that staff stayed safe and connected, that the environment complied with social distancing requirements, psychological support during and post crisis for individuals and teams, and a comprehensive vaccination campaign. Particular attention was paid to the needs of BAME colleagues, who have been disproportionately impacted by the pandemic, and staff with disabilities.

## The Royal Marsden People Plan 2020/21

The COVID-19 pandemic refocused the workforce agenda to keeping staff safe and well in the workplace so that the treatment of cancer patients could continue. In July 2020, the NHS People Plan was launched and all NHS employing organisations were asked to develop a local people plan which sets out the priority actions for their organisations, within a national framework. This needed to have an emphasis on systems working and a requirement for each health and social care sector to create a system-wide people plan.

### Priorities for 2020/21

The four pillars of the Trust's People Plan are:

- Workforce: working together differently to deliver patient care
- Development: growing our people for the future
- Wellbeing: looking after ourselves and each other
- Community: creating a culture of inclusion and belonging

Many of these themes resonated with those already identified as part of the Trust's five-year workforce strategy, which enabled a smooth transition. The workforce strategy was due for review, however the operational demands of COVID-19 meant this was postponed. Given that the primary purpose of the workforce strategy is to support the delivery of the Trust's long-term aims, it makes sense to design the future workforce strategy as part of the wider process to ensure relevance and congruence with the organisational priorities, as well national themes which will emerge from the next iteration of the national People Plan. The Trust is also mindful that the way people work and the way in which clinical services are delivered have changed irrevocably and the strategy will need to respond to the opportunities this will present. The main achievements of 2020/21 are summarised on the following pages.

## Workforce: working together differently to deliver the best patient care

Recruitment, retention and flexible redeployment of staff continued to be a strong driver due to the operational challenges of maintaining services and supporting other NHS trusts. To help with the response to the COVID-19 pandemic, the Trust supported retired colleagues to return to the workforce, along with an increase in volunteers. The Trust also had nursing students join the workforce to work with frontline staff in providing care to patients. In addition, the design of new workforce models continued in partnership with clinical colleagues in order to progress strategic service developments such as the creation of RM Medicines, the Trust's pharmacy service, and the opening of Cavendish Square, a diagnostic and treatment centre in central London.

### Recruitment and resourcing

In the latter part of the year, the Trust's international recruitment campaign successfully supplemented domestic recruitment, particularly for nurses and radiographers, and was successful in its bid for an NHS Improvement grant to continue this initiative. The Trust moved to online recruitment and onboarding, including offering virtual open days and online interviews to ensure that there was no reduction in recruitment of frontline staff due to COVID-19. Flexible working arrangements have been strengthened by the introduction of the digital staff passport to speed up the onboarding of people to the staff bank, and to increase the available flexible workforce. Bringing new people into the workforce continues to be a priority and the Trust is broadening its use of apprenticeships through the launch of the Widening Participation Plan.

### Retention of staff

The Trust continues to retain and support staff through career pathways and professional development. This includes a new career pathway management system launched this year. During the COVID-19 pandemic, the main focus of the Trust's retention plan has been the support of staff wellbeing. This has included additional support such as offering meals and more breakout spaces, and utilising national offers for mental wellbeing, bereavement and childcare support. As a result, the Trust's vacancy rate is 9.3 per cent and there has been a reduction in staff turnover rate from 14 per cent in October 2019, to 9.2 per cent in January 2021.

In recognition of the many questions and concerns that staff had relating to COVID-19, the Trust launched a chatbot, Ask Maisie, to deal with common queries immediately, rather than staff having to wait for a response. Ask Maisie has been such a success that it is now being extended to answer other operational HR queries.

## Development: growing our people for the future

'Building Educational Excellence' is The Royal Marsden's multi-professional education strategy, the aim of which is to achieve outstanding patient care, treatment and research across cancer care, and be recognised as a world-class leader in multi-professional oncology education and training.

Delivery of all education, training and development programmes was challenging this year due to the COVID-19 pandemic. In response, the Trust and The Royal Marsden School moved away from traditional classroom style delivery to virtual, online methods.

During the reporting period, the Trust supported 606 pre- and post-registration students and trainees across professional groups, including 265 trainee doctors and 105 student nurses. Despite the challenging context, the Trust achieved 49 green scores in the 2020 General Medical Council National Trainee Survey. The results are particularly notable as the survey focused on trainers' and trainees' experiences during the COVID-19 pandemic.

As part of the Trust's ongoing commitment to investment in education, 367 staff were given financial support and study leave to undertake a range of education pathways and training courses, including 60 staff supported to undertake MSc pathways and PhDs. There was a focus on supporting courses required to respond to the COVID-19 pandemic, including systemic anti-cancer therapy, physical and advanced clinical assessment, prescribing, and critical care skills. Overall numbers applying for study leave funding fell by more than 50 per cent in comparison to previous years' applications, as a result of the COVID-19 pandemic's impact on higher education institutions, with many education programmes being cancelled or postponed.

The Trust's wide range of leadership and management development opportunities for staff was further expanded during the reporting period. In 2020/21, there was a particular focus on building capability for future senior leadership roles. Through a partnership with Henley Business School, 11 senior managers and consultants were supported to start an Executive MBA programme, and 34 managers started Master's programmes in leadership at the University of Birmingham and Ashridge Business School. These programmes were funded via the apprenticeship levy and overall there was an improvement in the number of staff participating in education through apprenticeship funding, from 49 in 2019/20 to 74 in 2020/21.

The Royal Marsden's Leadership and Management Framework was developed and launched to new managers in the Trust. The framework sets out expected leadership competence and behaviours based on the Trust values. It has been embedded into a new Management Essentials programme, which also includes refreshed Equality, Diversity, Inclusion and Cultural Awareness training for managers. The framework will be fully rolled out in April 2021.

The Trust re-launched its coaching and mentoring programmes and also introduced a job shadowing scheme with the Leadership Team. Though open to all staff, the programmes encouraged applications from BAME colleagues and staff who have disabilities. More than 40 per cent of applicants were from a BAME background.

Overall, statutory and mandatory training compliance at the end of reporting period was 87 per cent and appraisal compliance was 84 per cent. Statutory and mandatory training was briefly suspended at the height of the COVID-19 pandemic. The Trust subsequently moved all training to virtual delivery, meaning training is now accessible to all staff online.

### The Royal Marsden School

The Royal Marsden School is the leading provider of specialist modules, degrees and post-graduate awards in cancer care, for example, BSc (Hons) in Cancer Practice, MSc in Cancer Care and MSc in Cancer Care: Advanced Practice. The School's courses are open to healthcare staff working in the UK and internationally.

During 2020/21, the School has adapted to the challenges of the COVID-19 pandemic, providing over 2,500 hours support to frontline clinical services, and adapting the traditional face-to-face teaching model into a new virtual format. The School has also focused on technological improvements to processes, validation of a new educational programme and the forthcoming procurement of a higher education partner. The School also delivered on its education quality contract and monitoring requirements by Health Education England, and is the only education provider in London to have achieved this for six consecutive years. The School's conference centre supported delivery of over 15 virtual events to students around the world, generating excellent feedback.

## Wellbeing: looking after ourselves and each other

This year, staff wellbeing was at placed at the centre of everything the Trust did. The Trust continued to provide a core occupational health service to protect health and safety and promote the wellbeing of all staff. This included the seasonal flu vaccination campaign, which this year achieved a success rate of 83 per cent of frontline staff, with a deadline of three months earlier than in previous years. This was followed by the COVID-19 vaccination campaign, which started on 29 December 2020. In addition, the occupational health department jointly led on the roll-out of antibody testing, asymptomatic staff testing and lateral flow testing to support a COVID-19-secure workplace.

The occupational health team worked closely with the infection prevention and control team to track and trace internal contacts to reduce the spread of infection internally and maintain a safe environment for staff and patients.

As ways of working changed dramatically, staff began to work in different ways and in different places. Comprehensive risk assessments were carried out to support those shielding, working from home or working in a hybrid arrangement, to make sure that physical and psychological needs were addressed. Guidance, support and advice was provided to staff and managers to help them deal with the new reality of their working lives, underpinned by Digital Services providing new IT tools such as Office 365 and Microsoft Teams, which have changed the way all Trust staff work, and other virtual tools which have transformed the delivery of clinical services.

### Staff wellbeing: now and for the future

As personal and professional stresses began to impact staff, the Trust widened its wellbeing offers for all staff, including one-to-one counselling and psychological support, provided internally, and external support from throughout the NHS. This included the roll-out of a Management Essential module on 'Supporting Staff Wellbeing' to provide managers with the tools they needed. Wellbeing training was included as part of the induction for all new staff and trainees. The Trust has established a programme of Wellbeing Champions for medical trainees, as required by Health Education England.

The Trust has improved staff facilities on both sites and identified socially distanced rest areas and extended access to food and drink on site.

The Royal Marsden is mindful that once the immediate pandemic has passed, individuals and teams will need more nuanced support in rebuilding and reforming, and creating an organisational health and wellbeing programme will be a priority for the coming year. The Trust has identified a lead Non-Executive Director to provide Board-level oversight and direction for this.

### Staff vaccination programme

At the end of December 2020, the Trust launched its COVID-19 vaccination programme, led jointly by the workforce and nursing departments. Working closely with medical colleagues, pharmacy, nurses and occupational health, vaccinations began to be given to staff, patients and others in the community eligible to receive their vaccine at The Royal Marsden. By the end of March, 85 per cent of Royal Marsden staff (over 4,000 people) had received their first dose. This included 74 per cent of staff from BAME backgrounds. Second doses are to be delivered to all those vaccinated within 12 weeks of their first vaccination, according to NHS England guidelines. The Trust is tremendously proud of all staff who came together to work on the vaccination programme so enthusiastically and with such positivity.

## Community: creating a culture of inclusion and belonging

The Trust's aspiration is to create a compassionate working community which privileges a culture of inclusion and belonging. This has never been more important than during the difficult times people have experienced over this year and the Trust has taken some important steps to build on the values to make this a reality for all staff.

### Launch of the Equality, Diversity and Inclusion Strategy 2020-22

Drawing inspiration from current NHS and regional policy thinking, The Royal Marsden's Equality, Diversity and Inclusion Strategy seeks to create its own unique sense of community and belonging for staff that is underpinned by civility and respect, which will also benefit patients treated at The Royal Marsden.

Taking account of the Trust's performance and progress against the Workforce Race Equality Standard metrics, alongside the People Plan and the London Workforce Race Strategy, it is encouraging to note that progress has been made against reviewing HR policies, developing inclusive leadership training and improving the Model Employer strategy; resulting in an increase in the number of BAME staff in senior roles. The Trust's priority areas of focus are recruitment and promotion, leadership diversity (including reciprocal mentoring), employee relations and Model Employer. Going forward, the Trust has chosen key recommendations and interventions from the London Workforce Race Strategy that will bring about sustained transformational change. These include implementing a reciprocal mentoring programme, modernising the Trust's HR policies, and holding 'Walking in my Shoes' events to raise the profile of different equality groups.

Progress to date:

- The Trust has embarked on the NHS Leadership Academy's reciprocal mentoring scheme. This is designed to provide opportunities for employees from under-represented groups (such as BAME, LGBTQ+, disability) to work as equal 'partners in progress' with senior executive leaders in a relationship where knowledge and understanding of both sides of lived experiences creates awareness, insights and action that directly contributes to the creation of a more equitable and inclusive organisation. Following an onboarding meeting, a working group will be formed to oversee the implementation of this programme and to identify staff.
- 11 Band 4-6 BAME nurses have been accepted and started the North West London Capital Nurse Development Programme.
- Refreshing the coaching and mentoring offer in December 2020 has enabled a number of staff to access career mentoring, career coaching and leadership team shadowing opportunities; 45 per cent of the applications received came from BAME staff.
- In collaboration with the Trust's Disability Network, staff were offered an insight into different disabilities and how the Trust has supported staff to implement workplace adjustments.
- As members of the London White Allies Reference Group, the Trust is supporting the region to co-design a White Allies development programme (a specific recommendation from the London Workforce Race Strategy) for London.

### Freedom to Speak Up

Freedom to Speak Up Guardians have been appointed throughout the NHS and have a key role in helping to raise the profile of raising concerns in their organisations. They provide confidential advice and support to staff in relation to concerns they have, in particular about patient safety and quality of care. Everybody who works for the NHS has a duty to raise genuine concerns if they think that something is happening at work which is wrong or illegal and affects other people including patients, members of the public or staff.

The Royal Marsden has a Freedom to Speak Up Guardian, a Non-Executive Director who supports this service and an Executive Director lead. The Trust has a network of Freedom to Speak Up Champions who support the Guardian in the role and are based at Sutton, Chelsea, Carew House and Cavendish Square.

The Freedom to Speak Up Guardian role at The Royal Marsden is to:

- work with the Board to create an open culture – listening and learning, not blaming
- develop ways to encourage staff to speak up
- share learning with the wider Trust to develop a positive culture
- make sure there are no repercussions to a staff member who chooses to speak up.

The Freedom to Speak Up Guardian and Champions are impartial while supporting individuals, and they contribute to the National Freedom to Speak Up Guardian network, and ensure that the organisation is compliant with National Guardian Office Guidance.

This continues to provide an important space for staff to raise concerns or share experiences in a confidential and safe manner, and has been particularly pertinent this year given the heightened anxiety resulting from the COVID-19 pandemic. The priority has been to identify appropriate responses to issues that emerge, in addition to the formal channels that already exist. This includes the piloting of an informal 180 feedback intervention delivered by internal coaches.

### Engaging with our staff

The Trust recognises the importance of having an engaged workforce which knows that it can participate in wider conversations and influence how the organisation develops. The engagement strategy is built on staff open meetings, leadership walkarounds, weekly bulletins and regular briefings. Staff networks also play an important part in providing opportunities for voices to be heard. These include formal groups such as the Trust Consultative Committee, the BAME, Disability and LGBTQ+ networks, and the Employee Forum which provide opportunities for staff to contribute in different ways. This year these groups moved online, and although the human element of a real-life intervention is inevitably reduced, participation and attendance has increased as it has become easier for people to access these events.

The Chief Executive runs a staff webinar, with the Leadership Team, on a monthly basis; at critical points during the pandemic these increased to fortnightly. In addition to the weekly internal staff update, the *Marsden Messenger*, the Trust launched the *COVID Communicator* to keep staff informed on all matters related to the pandemic.

**Staff achievement and recognition awards**

The Trust recognises how incredibly hard every staff member works, as well as their commitment, loyalty and outstanding contribution. There are several recognition schemes in place, supported by The Royal Marsden Cancer Charity: Staff Annual Achievement Awards, Quarterly Above and Beyond Awards, and Long Service Awards. Staff are also encouraged to share recognition and gratitude through the Good Deed Feed on RM Matters, the Trust staff intranet.

### Annual Achievement Awards

Although these awards had to be done differently this year, it was important to recognise the work of Royal Marsden staff and to thank and show appreciation for everyone's hard work throughout 2020. To recognise the outstanding efforts of staff throughout the COVID-19 pandemic, the Trust held two categories of award – the Above and Beyond Award (Individual) and the Above and Beyond Award (Team). The nominations solely focused on work during the COVID-19 pandemic, where staff carried out their role with a sustained level of excellence, always going above and beyond what is required. Winners were awarded in each division, to represent the Trust-wide effort that has gone into continuing to provide high-quality patient care during COVID-19. All winners received a commemorative gift and a financial reward. Several virtual ceremonies were arranged, and a celebration video was shared announcing the winners in December 2020. Over 30 staff and teams were recognised from all areas of the Trust.

### Quarterly Above and Beyond Awards

The quarterly Above and Beyond Awards recognise and celebrate achievements and innovation at a local level. Staff have been encouraged to continue to nominate each other throughout the COVID-19 pandemic. Awards were presented to individuals and teams whose outstanding achievements improved patient or staff experience. Two team awards (clinical and non-clinical) and two individual awards (clinical and non-clinical) are given on a quarterly basis. All winners receive a certificate and a financial reward.

### Long Service Awards

Each year, The Royal Marsden recognises the commitment and long service of staff. Attendees receive their awards and enjoy afternoon tea with Chief Executive Dame Cally Palmer and Chairman Charles Alexander. This year, due to the pandemic, the annual ceremony had to be deferred, until social distancing restrictions are lifted.

### Instant recognition

As part of the Trust's instant recognition scheme, 'Going and above and beyond', a series of cards, have been produced to help managers recognise members of their team who go above and beyond in their role. The cards can be personalised with a thank you message and managers can include a drink and snack voucher which can be used in the staff restaurant.

### Good Deed Feed

Staff can nominate their colleagues to be featured on the Good Deed Feed when they see excellence in patient care in the workplace. It is featured on RM Matters, the Trust intranet, where staff can all view the recognition messages.

### Counter fraud

As part of the Trust's drive to encourage staff to raise concerns, policies and procedures are in place to support staff to raise concerns about fraud, potential fraud or any misconduct of a similar nature.

## NHS Staff Survey results 2020

The NHS Staff Survey is an important mechanism for ensuring that the workforce strategy is delivering results and improving the staff experience. The NHS Staff Survey is conducted annually.

The results from questions are grouped to give scores for 10 themes. Each theme has been given a score out of 10. The response rate to the 2020 survey among Trust staff was 55 per cent, compared with 58 per cent in 2019. Scores for each theme are shown in the table below, along with benchmarking data comparing the Trust with other similar and acute specialist trusts.

Overall, The Royal Marsden was rated as above average in four out of 10 themes. The Trust scored 7.6 on engagement, which remains one of the highest scores across all acute specialist trusts and is above the national average of 7.4.

| Theme | 2020 | |
|---|---|---|
| | **Trust** | **Average score for acute specialist trusts** |
| Equality, diversity and inclusion | **9.0** | **9.2** |
| Health and wellbeing | **6.4** | **6.5** |
| Immediate managers | **7.1** | **7.1** |
| Morale | **6.4** | **6.4** |
| Quality of care | **7.9** | **7.9** |
| Safe environment – bullying and harassment | **8.5** | **8.4** |
| Safe environment – violence | **9.8** | **9.8** |
| Safety culture | **7.3** | **7.0** |
| Staff engagement | **7.6** | **7.4** |
| Team working | **6.9** | **6.8** |

## Benchmarking data

Reviewing comparisons across acute specialist trusts shows that while The Royal Marsden has not seen a significant shift, either negative or positive, in themed scores for 2020 compared to 2019, the Trust remains in the top scoring category for staff engagement and close to the top scoring category for two themes: safe environment – violence, and team working. The Trust compared favourably against other teaching hospitals across the UK.

| Themes | Equality, diversity and inclusion | Health and wellbeing | Immediate managers | Morale | Quality of care | Safe environment – bullying and harassment | Safe environment – violence | Safety culture | Staff engagement | Team working |
|---|---|---|---|---|---|---|---|---|---|---|
| Acute specialist hospitals | | | | | | | | | | |
| **The Royal Marsden** | **9.0** | **6.4** | **7.1** | **6.4** | **7.9** | **8.5** | **9.8** | **7.3** | **7.6** | **6.9** |
| The Christie | 9.4 | 6.5 | 7.1 | 6.5 | 7.8 | 8.7 | **9.9** | 7.2 | 7.5 | 6.8 |
| The Clatterbridge | **9.5** | 6.6 | **7.3** | 6.4 | 7.7 | **9.0** | **9.9** | 7.3 | 7.4 | 6.9 |
| The Royal Brompton | 9.0 | 6.3 | 6.9 | 6.2 | 7.9 | 8.3 | 9.7 | 7.2 | 7.4 | 6.7 |
| Moorfields Eye Hospital | 8.4 | 6.1 | 6.9 | 6.2 | 8.0 | 7.7 | 9.8 | 7.0 | 7.4 | 6.7 |
| Great Ormond Street Hospital | 8.9 | 6.4 | 7.1 | 6.2 | 7.7 | 8.2 | 9.8 | 6.9 | 7.4 | 6.7 |
| Royal National Orthopaedic Hospital | 8.8 | 6.6 | 7.2 | 6.4 | **8.1** | 8.2 | 9.8 | 7.0 | **7.6** | 6.9 |
| Liverpool Women's NHS Foundation Trust | **9.5** | 6.5 | 6.8 | 6.3 | 7.6 | 8.7 | 9.8 | 6.9 | 7.1 | 6.8 |
| The Walton Centre | 9.3 | 6.8 | 7.1 | 6.6 | **8.1** | 8.5 | 9.3 | 7.2 | **7.6** | **7.0** |
| Royal Papworth Hospital | 8.9 | 6.1 | 6.9 | 6.2 | 7.7 | 8.2 | 9.6 | 7.1 | 7.3 | 6.5 |
| The Robert Jones and Agnes Hunt Orthopaedic Hospital | 9.4 | 6.7 | 7.2 | **6.7** | 7.9 | 8.4 | 9.8 | 7.0 | 7.5 | 6.9 |
| Queen Victoria Hospital | 9.2 | 6.5 | 7.0 | 6.4 | 7.9 | 8.4 | 9.8 | 7.0 | 7.4 | 6.5 |
| The Royal Orthopaedic Hospital | 9.3 | 6.5 | 7.2 | 6.3 | 7.8 | 8.6 | 9.8 | 6.9 | 7.3 | 6.8 |
| Liverpool Heart and Chest Hospital | **9.5** | **6.7** | **7.3** | 6.4 | 8.0 | 8.8 | 9.6 | **7.5** | **7.6** | 7.0 |
| Teaching / Acute hospitals | | | | | | | | | | |
| **The Royal Marsden** | **9.0** | **6.4** | **7.1** | **6.4** | **7.9** | **8.5** | **9.8** | **7.3** | **7.6** | **6.9** |
| Imperial | 8.4 | 5.9 | 6.7 | 6.1 | 7.8 | 7.7 | 9.4 | 6.8 | 7.2 | 6.6 |
| Guy's and St Thomas' | 8.6 | 6.2 | 6.9 | 6.3 | 7.8 | 7.9 | 9.5 | 7.2 | 7.5 | 6.8 |
| University College London Hospital | 8.5 | 6.2 | 6.9 | 6.2 | 7.7 | 7.7 | 9.4 | 7.0 | 7.4 | 6.7 |
| St George's Hospital | 8.4 | 5.9 | 6.6 | 6.0 | 7.6 | 7.8 | 9.3 | 6.6 | 7.0 | 6.4 |
| Chelsea and Westminster | 8.5 | 5.9 | 6.9 | 6.1 | 7.7 | 7.6 | 9.3 | 6.9 | 7.1 | 6.5 |
| Central and North West London Hospital | 8.6 | 6.3 | **7.1** | 6.2 | 7.6 | 8.1 | 9.5 | 7.0 | 7.2 | **7.0** |
| Kingston Hospital | 8.7 | 6.0 | 6.8 | 6.2 | 7.7 | 7.8 | 9.3 | 7.0 | 7.3 | 6.5 |
| Epsom and St Helier University Hospital | 8.8 | 6.0 | 6.5 | 6.0 | 7.6 | 7.8 | 9.5 | 6.7 | 7.0 | 6.3 |
| Croydon | 8.5 | 6.0 | 6.8 | 5.9 | 7.7 | 7.7 | 9.4 | 6.5 | 7.0 | 6.6 |

### Priorities for action

Two priority areas for Trust-wide action from the Staff Survey have identified:

Morale
The Trust will focus on creating a longer-term development plan to promote organisational health, which focuses on restoration and recovery of teams. The Trust's values-based Leadership and Management Framework will be launched, as well as the leadership and management training programmes; both of which will focus on creating outstanding staff experience through compassionate leadership.

In addition, further recommended actions for consideration are:

Equality, diversity and inclusion
The Trust will continue to focus on embedding and delivering on the agreed equality, diversity and inclusion Trust-wide action plan, linking in with the Workforce Race Equality Scheme, the Workforce Disability Equality Scheme and Model Employer workstreams.

### Governance and monitoring

The divisions will be asked to develop a local workforce and staff engagement action plan based on their individual scores and will receive their heat map reports to support this. The divisional plans will be reviewed through the Workforce and Education Committee, along with the corporate priorities.

## Trade Union Facility Time disclosures

| Number of employees who were relevant union officials in 2019/20* |
| --- |
| 34 |

| Percentage of time spent on facility time 2019/20* | Number of employees |
| --- | --- |
| 0% | 11 |
| 1-50% | 23 |
| 51-99% | 0 |
| 100% | 0 |

*Data provided based on 2019/20 information, as 2020/21 data not available until July 2021.

### Expenditure on consultancy

Consultancy expenditure for the year 2020/21 was £1.9 million (£1.5 million in 2019/20).

### Off payroll engagements

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

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

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

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

| | |
|---|---|
| No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2021 | 0 |
| No. of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations | 0 |
| No. for whom assurance has been requested | 0 |
| Of which... | |
| No. for whom assurance has been received | 0 |
| No. for whom assurance has not been received | 0 |
| No. that have been terminated as a result of assurance not being received | 0 |

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

| | |
|---|---|
| No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year | 0 |
| No. of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure includes include both off-payroll and on-payroll engagements | 13 |

## Exit packages *(Information subject to audit)*

The table below summarises exit packages for 2020/21.

| Exit package cost | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
|---|---|---|---|
| < £10,000 | 1 | 1 | 2 |
| | (–) | (3) | (3) |
| £10,000 – £25,000 | – | – | – |
| | (1) | (1) | (2) |
| £25,001 – £50,000 | – | – | – |
| | (3) | (–) | (3) |
| £50,001 – £100,000 | – | – | – |
| | (1) | (–) | (1) |
| Total number of exit packages by type | 1 | 1 | 2 |
| Total resource cost (£000) | 5 | 9 | 14 |

*(Prior year comparatives are provided in brackets)*

| Exit packages: non-compulsory departure payments | Agreements | Total value of Agreements |
|---|---|---|
| | Number | £000 |
| Contractual payments in lieu of notice | – | – |
| Non-contractual payments requiring HMT approval | – | – |
| Total | – | – |

As per the requirement of the Annual Reporting Manual, the four other departures in year have been analysed into their component parts. There were no non-contractual payments made in year.

# NHS Foundation Trust Code of Governance

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

The Board of Directors sought to comply with the NHS Foundation Trust Code of Governance and established processes to enable it to comply with the code provisions. The Board reviewed its compliance against the revised Code in 2020/21 and agreed that the Trust complied with all the main and supporting provisions of the Code, where they were applicable.

All disclosures required by the Board of Directors and its committees can be found in the Directors' report.

All disclosures required by the Council of Governors about its activities can be found in the Membership and Council of Governors report.

All disclosures required in relation to remuneration can be found in the Remuneration report.

# 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.

The Royal Marsden NHS Foundation Trust has been rated as 1.

# Statement of Accounting Officer's responsibility

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 (NHSI).

NHSI, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require The Royal Marsden NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Royal Marsden NHS Foundation Trust and of its income and expenditure, statement of financial position 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 NHSI, 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
- 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
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- 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 NHS 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.

**Dame Cally Palmer**
Chief Executive
10 June 2021

# Annual Governance Statement

## 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control to support the achievement of The Royal Marsden NHS Foundation Trust's policies, aims and objectives, while 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 Royal Marsden NHS Foundation Trust is administered prudently and economically, and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

## 2. The purpose of the system of internal control

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

## 3. Capacity to handle risk

As Accounting Officer, I have overall accountability for risk management in the Trust. I have delegated responsibility for the co-ordination of risk management systems and processes to the Chief Nurse, who discharges this responsibility through the Risk Management and Quality Assurance teams. This includes the regulatory requirements of the Care Quality Commission (CQC), the corporate risk register, and incident reporting management system.

Risk management is firmly embedded in the activity of the organisation, and operational responsibility for risk identification and control is delegated to individual directors and senior managers who have functional responsibility within their areas of management. Risk management training is provided to every member of staff at induction and is part of the annual mandatory training programme. Specific ongoing training is determined through the appraisal and personal development planning process at an individual level, and by training needs analysis against key risk areas at a strategic level. Board members are also required to complete risk management training. Guidance for staff is provided through training programmes and information is available in the Risk Management Policy supported by the dedicated risk management team. Additionally, the Accident/Incident and Patient Safety Incident Reporting Policy (Including Serious Incidents Requiring Investigation) supports a culture of fairness, openness and continuous learning within the organisation. Incidents of any severity including near misses are reported on the Trust-wide datix incident management system and nationally to the National Reporting and Learning System (NRLS) central database of patient safety incidents. Significant incidents require a 72-hour review to establish any immediate learning which, if required, is then followed by a panel review. The results of the root cause analysis, including best practice recommendations, are fed back through all the relevant clinical bodies in the Trust to commissioners via the Clinical Quality Review Group, and internally from the Quality Assurance and Risk Committee (QAR) through the Clinical Advisory Group, the Nursing, Allied Health Professionals and Pharmacy Committee (NAHPC), the Matrons, Sisters, and ward/departmental meetings, and Junior Doctor forums.

Learning from incidents is an essential part of integrated governance and risk management within the Trust and helps drive a culture of continuous quality improvement. All policies relating to risk management are easily accessible, regularly reviewed against national guidelines and best practice, and available to staff on the Trust intranet, with supporting information available under the risk management department section.

## 4. The risk and control framework

The systematic identification, analysis and control of risks are a key organisational responsibility. A culture of ownership and responsibility for risk management/patient safety is fostered throughout the organisation, and all managers and clinicians undertake risk management as one of their fundamental duties. The Risk Management Policy has been approved by the QAR Committee. It defines the strategy and the process for the systematic identification and control of risks, as well as accountability structures, roles and responsibilities.

In September 2020, the Board reviewed and approved its Risk Appetite statement, which set risk tolerance levels for strategic risk. This followed on from a deep dive exercise undertaken by the internal auditor, KPMG, on risk management, and a thorough discussion at the Joint Quality Assurance and Risk Committee and Audit and Finance Committee. This approach has enabled the Board to easily identify which strategic risks are exceeding the risk tolerance threshold and therefore require closer monitoring and more frequent updates. On behalf of the Board, the Integrated Governance and Risk Management (IGRM) Committee receives reports throughout the year on elements of the CQC registration on topics such as mandatory training, policies, safeguarding, information governance, complaints and serious incident investigations.

Each quarter, the Chief Nurse and a member of the executive team hold engagement meetings with the CQC. As part of that process, focus groups are held with staff in different areas across the Trust on both sites. Peer audits and inspections are conducted throughout the year to assist with monitoring the Trust's compliance to the CQC requirements.

At the management level, the IGRM Committee is co-chaired by the Chief Nurse, and the Medical Director has the delegated responsibility for oversight and monitoring of all aspects of quality and risk including review of serious incidents, NICE guidance compliance and policy/guideline approval, emergency planning and research governance. The QAR Committee oversees and monitors the performance of the IGRM.

Risk management and incident reporting processes identify risks of all levels of severity throughout the organisation. These processes feed into the divisional risk registers, which are reviewed on an ongoing basis. Risks that score above 12 are included on the Trust Risk Register, which is reviewed and reported to the QAR Committee.

The Board and divisional leadership consider the risk appetite and risk scores when reviewing Cost Improvement Programme (CIP) Quality Impact Assessments. The policy details the process for risk identification and evaluation using a standardised risk assessment matrix and sets out the levels of authority for the management of identified risk. During 2020/21, there were no 'Never Events' at the Trust. The policy has been disseminated throughout the Trust.

Data security incidents and risk are reported to the Information Governance Committee, chaired by the Caldicott Guardian (Chief Nurse) and attended by the Senior Information Risk Owner and Data Protection Officer. The Audit and Finance Committee (AFC) receives routine reports on cyber-security and a six-monthly update on information governance risk with any key risks reported to Board.

### Major risks and mitigation

The major risks continue to reflect at a high level the challenging NHS climate due to increasing demand on services and requirements to modernise infrastructure, and the management of the ongoing COVID-19 pandemic.

The wider NHS has been responding to the COVID-19 pandemic, which has had significant consequences for healthcare providers' risk response. The Trust (out of necessity) had to accept a higher risk of an outbreak of infections to increase the ability to deliver other healthcare services. The overall impact on patient safety is contingent on the Trust striking the right balance between minimising COVID-19 risks (to patients, visitors and staff) while maintaining access to other services. The response to COVID-19 also had a pervasive impact across the rest of the Trust's operations, meaning all strategic and local risks continued to be reconsidered as the pandemic developed.

## Management of COVID-19

The COVID-19 pandemic presents a major international risk, particularly affecting the NHS and delivery of planned or expected levels of treatment and care due to increased staff shortages, numbers of patients being treated for COVID-19, and the impact the virus has on cancer patients in particular. The changes to business as usual at The Royal Marsden have also seen a significant impact on private care income, building and investment projects, and fundraising, which are likely to impact on the Trust's activities in future years.

The Royal Marsden has been working with partners across London to mitigate risks on its service delivery, levels of planned treatment and care for patients during the pandemic. In response to COVID-19, a gold and silver command structure was established, in addition to a central COVID-19 hub, where issues were prioritised and referred to silver and gold groups where necessary. The silver group involved divisional and departmental managers, chaired by an Executive Director. Gold included the Executive Directors together with PR and Communications and was chaired by the Chief Executive. In addition to this, the Trust also adapted its control environment by establishing an Ethics Committee, comprising some Non-Executive Directors and Executive Directors, dedicated to making decisions and considerations about changes to treatment and care brought about due to the impact of COVID-19.

There was continuous liaison through the silver and gold groups, and other established channels, with NHS England and NHS Improvement (NHSE/I), sustainability and transformation partnerships, and other trusts, as well as internal departments and teams. The Trust had minimal business continuity issues and was able to continue with a significant level of its cancer services, as it flexed its operating approach in response to the pandemic, for example, initiating telephone and digital consultations with patients. Within the hospital, the small number of COVID-19-positive patients were cohorted together to ensure delivery of treatment to other patients in a COVID-19-protected environment. This was critical for the safe care of patients, who are often immune suppressed and therefore even more susceptible to the virus, so that treatment could continue. The Trust suspended visitors at an early stage of the pandemic, to minimise footfall in the hospital. The Trust also initiated testing for symptomatic staff and for patients preoperatively before this was widespread practice, which has kept the hospital and the Cancer Surgical Hub as safe treatment spaces for patients. Testing arrangements were put in place with the Crick Institute to ensure all relevant staff were tested, with results returned in 36 hours. The Trust also implemented its own in-house testing capability.

At the start of the COVID-19 pandemic, the Trust implemented working from home arrangements. These arrangements included a significant proportion of corporate teams working offsite. This freed up additional space for clinical staff to use, so that they could adhere to social distancing guidance where possible.

In June 2020, NHSE/I published guidelines stipulating that NHS organisations should continue to adhere to social distancing of two metres, wherever possible, in non-clinical areas, and that all staff in hospitals should wear face masks. In response to this guidance, management teams across the Trust undertook formal workplace risk assessments, including the review of agile working arrangements.

In collaboration with NHSE/I, The Royal Marsden, with support from RM Partners, set up a dedicated Cancer Surgical Hub to assist trusts across west London. The aim was to provide a co-ordinated regional response to maximise the number of patients who are able to undergo curative cancer surgery within the period that COVID-19 remains a major constraint in overall healthcare delivery by the NHS.

The Cancer Surgical Hub model has also been implemented across London, through Guy's and St Thomas' and University College London Hospital, with their respective cancer alliances.

The aim of the Cancer Surgical Hub was to ensure that patients were still able to undergo time-critical, curative cancer surgery during the COVID-19 emergency and recovery period. The Cancer Surgical Hub model enabled The Royal Marsden and RM Partners to co-ordinate NHS and independent sector capacity to manage demand and capacity across west London. In addition to supporting the continued equitable delivery of cancer services in the immediate term, this model can also be used to support short- and medium-term system recovery plans.

The key components of the Cancer Surgical Hub operating model were:

- Initially ring-fencing capacity and workforce at The Royal Marsden and Bupa Cromwell Hospital.
- Clinical prioritisation of patients into available capacity through the Clinical Prioritisation Group.
- Maintaining a COVID-19-protected environment for the safe delivery of cancer services.
- Supporting co-ordinated cross-organisational working for the specialist oncology workforce in west London.
- Expanding available theatre capacity through the use of five independent sector providers (Bupa Cromwell Hospital, St Anthony's Hospital, The London Clinic, Clementine Churchill Hospital and King Edward VII Hospital), as part of the Cancer Surgical Hub model.

In addition to the risk of capacity constraints, the COVID-19 pandemic has also led to the risk of not meeting national cancer waiting times targets (62 days from urgent GP referral to first treatment, and 62 days from screening referral to treatment) and the risk that actions may not be completed to time as originally planned due to the overall NHS and trust response. This means that not all patients begin treatment in optimal timescales from referral, and the failure to meet the national standards presents a reputational risk to the Trust.

Many of the pathway delays reported by the Trust have happened prior to patients being referred to the Trust and the introduction of the national reallocation policy has not reduced the number of late referrals received by the Trust. Furthermore, while the surge in urgent referrals has slowed, any further unexpected growth could create additional pressure on diagnostic and treatment capacity.

The COVID-19 pandemic has impacted the volume of GP referrals for cancer, as well as diagnosis and treatment rates across the country. The surge in COVID-19 cases over the winter has again impacted some lower priority cancer treatments. As such, the focus is on ensuring the patients get treatment in clinical priority as rapidly as possible. The impact of working through this backlog on performance is likely to be volatile in the short term.

Leads are working on a patient pathway to minimise the overlapping of X-ray and interventional radiotherapy patients, and reduce same sex arriving or recovering at once. Other clinical areas are being used to recover patients. Additionally, biopsies are triaged to help flow and bookings. The Cavendish Square outpatient facility will facilitate additional CT, MRI, ultrasound and mammography capacity. Replacement ultrasound machines were installed in May 2020, in addition to rooms in Chelsea to help maximise efficiency and capacity of general and breast ultrasound.

The Space and Accommodation team continues to work through an agreed modernising priority list for sign off by the Executive Board. Space leads attend the Capital Programme Board to integrate anticipated projects with the Space and Accommodation team. Most recently, meeting rooms have been converted to support the Trust's response to COVID-19, and additional staff rest areas have also been completed.

Clinical prioritisation of tumour-group level backlogs has close oversight through recovery workstreams and the Acute Performance Group. The Trust's own action plan is monitored at the monthly Performance Group, chaired by the Director of Performance and Information, and issues impacting performance are regularly reviewed by the Board with progress being reported quarterly.

### Financial sustainability

Before the COVID-19 pandemic, the Trust had been operating at a surplus, which was achieved by improved financial performance, both on increased revenue and controlling costs.

However, the financial performance of the Trust has been greatly impacted due to the COVID-19 pandemic. NHS England funded the Trust's position through a retrospective top-up for the first half of the financial year. For the second half of the year there has been additional resource devolved to the integrated care system and awarded to the Trust.

To review ongoing divisional performance, the executive-led Finance and Performance Committee monitors progress against the plan on a monthly basis and forecasts are reviewed. Enhanced controls are in place such as the vacancy control panel, review of agency, overtime and bank usage; and control of COVID-19 spend. The recovery planning process is overseen by the Recovery Board, with engagement with RM Partners and across the south west London sustainability and transformation partnership on this. The Audit and Finance Committee and the Board are also closely monitoring the financial performance and the financial recovery plan that targets a break-even position or a small surplus.

### Recruiting, developing and retaining the right workforce

A key objective for the Trust is to develop and implement a flexible and sustainable workforce model which attracts and nurtures the very best talent. There is currently a global shortage of healthcare staff, which has been exacerbated in the UK by the impact of Brexit, which can lead to potential short- and medium-term pressure on recruitment and retention of staff.

The Trust has implemented a high-quality workforce model which provides the best training and employment experience, and this is confirmed by workforce metrics. There is also a blended employment model for staff which supports patient care and research across the organisation.

There continues to be a rolling recruitment campaign for all vacancies including regular reviews of staffing rotas on Healthroster, supported by deep-dive meetings. Capacity and demand are constantly monitored and communicated to staff, and agency staff provide short-term cover. The dedicated Medical Workforce Team work on recruiting staff and target any doctor shortages by reviewing jobs to make them more attractive to applicants and, in some cases, employing overseas doctors to match the shortfall.

### Implementation of integrated care systems and recognition of The Royal Marsden and RM Partners' regional and national leadership roles in cancer

In February 2021, the Department of Health and Social Care published the legislative proposals for a Health and Care Bill: 'Integration and Innovation: working together to improve health and social care for all'. The proposals build on the NHS's recommendations in the 2019 Long Term Plan, shaped by the recommendations of NHS England, reflecting the travel towards integrated care systems (ICSs) and informed by experience since the COVID-19 pandemic. The proposal is to establish a statutory ICS in each part of England, made up of an ICS NHS body and a separate ICS Health and Care Partnership, bringing together the NHS, local government and partners. The aim is to bring the allocative functions of the local CCG into the ICS NHS body. Responsibility for day-to-day running will fall to the ICS NHS body, with the partnership bringing together local systems to support integration and develop a local plan across health and social care.

The Royal Marsden is actively engaged in the planning by both the south west London and north west London ICSs, and is actively engaged with other specialist hospitals in ensuring the collective interests are represented at both a regional and national level. The Trust, alongside RM Partners, is leading the cancer response and recovery plan to the COVID-19 pandemic on behalf of the south west London and north west London ICSs. RM Partners, as the west London Cancer Alliance, is accountable to National Cancer Programme via NHS England London and NHSI regional teams for delivery of the cancer transformation plan.

There is ongoing discussion at the Board and at the bi-monthly Non-Executive Directors' Huddle on the impact of the ICS on specialist cancer centres and the approach the Trust should be taking to contribute to this major reorganisation of the NHS, while maintaining pace and direction as a globally significant force in improving survival and quality of life for all those affected by cancer.

### Ensuring a sustainable paediatric service model at The Royal Marsden

As evidenced in the Trust's latest CQC report, The Royal Marsden delivers a safe and high-quality service to children and young people. The 2019 Picker Service ranked the Trust's paediatric services as one of the top six providers for patient experience. Internal evaluation of the paediatric service was also undertaken and validated by KPMG, the Trust's internal auditor and the review confirmed that the Principal Treatment Centre provides a comprehensive, high-quality, safe service to children.

In January 2020, following a report by Sir Mike Richards, it was determined that children with cancer who have a more than five per cent likelihood of requiring critical care as part of their management must be treated at a site that has level three critical care facilities available on site, in accordance with new draft Service Specification for Children and Young People with Cancer. NHS England London therefore established a process, an options appraisal exercise and a timeline for responding to this recommendation.

The Trust has established a strategy group for children and young people to guide its work and to develop and recommend a way forward to the Children and Young People Task and Finish Group chaired by one of our Non-Executive Directors. The NHS England programme, which is being run by the London regional team, is overseen by a Programme Board, which has chief executive representation from all participating trusts. A Clinical Advisory Panel, Options Appraisal Working Group, Finance Group and Stakeholder Group report into the Programme Board. COVID-19 pressures meant that much of the programme was paused from the beginning of January 2021 through to the middle of March 2021, although the work programme has recommenced. The Programme Board is expected to make a recommendation regarding the preferred option to the NHS England Board at the end of August 2021, although NHS England acknowledges that these timescales are challenging given the impact the COVID-19 pandemic has had on progressing the programme over recent months.

### Governance structures and CQC licence

On an annual basis, the Board committees review Trust evidence against the requirements of the CQC's licence conditions, including condition four (foundation trust governance) and advises the Board accordingly. The Board Assurance Framework identifies the Trust's strategic objectives, key risks to achieving the objectives, and the controls and assurance mechanisms in place to mitigate the risks, including those relating to the CQC licence conditions. The Trust reviewed and updated the Board Assurance Framework in 2020/21 and monitors the assurances it receives against the framework, and reviews progress on the action plans drawn up to close the gaps in both controls and assurance.

The QAR Committee is a committee of the Board and is responsible for approving the clinical management of risk and monitoring the implementation of risk management arrangements within the Foundation Trust. This includes assurance that the Trust complies with its obligations regarding CQC registration. The QAR Committee is responsible for ensuring that effective arrangements are in place for the oversight and monitoring of all aspects of clinical quality and safety, including identifying potential risks to the quality of clinical care. Every quarter, frontline clinical staff report to the QAR Committee and describe the positive aspects of the Trust's research, education and care, and also areas that require improvement. The AFC is also a committee of the Board and helps manage risk. The committee contributes to the Board's overall process for ensuring that an effective internal financial control system is maintained. It therefore oversees the financial risk and provides confidence in the objectivity and fairness of financial reporting, providing assurance about the adequacy of internal controls, the safeguarding of assets and in reducing the risk of illegal or improper acts. The AFC also reinforces the importance, independence and effectiveness of internal and external audits. Internal Audit (KPMG) works closely with this committee and provides assurance on the systems of control operating within the Trust.

### Internal Audit and anti-fraud activities

The results of Internal Audit reviews are reported to the AFC, which oversees the action required, addressing any system weaknesses. Procedures are in place to monitor the implementation of control improvements and to undertake follow-up reviews when required. An Internal Audit action recommendation tracking system is in place, which records progress in implementing the recommendations by management. Management's progress in implementing corrective action following Internal Audit recommendations is reported to the AFC, and the Board also receives reports on high and medium issues. The anti-fraud programme is led by the Chief Financial Officer with support from KPMG and is monitored by the AFC.

### Patient and public involvement and engagement

The Trust is committed to having an effective structure for patient and public involvement and engagement (PPI/E) at all levels within the organisation. A PPI/E policy is in place together with a Patient Experience Commitment (2020-24). Interactive half-day workshops introducing PPI/E to a mixed audience of approximately 45 professionals and public/patients/carers were run this year. The Royal Marsden website pages for PPI/E, and the Biomedical Research Centre's PPI/E website pages, were also developed this year:

royalmarsden.nhs.uk/getting-involved-patients-and-public

cancerbrc.org/patient-and-public-involvement-and-engagement

#### Trust governance and services

As an NHS Foundation Trust, governance and strategic direction is provided by the Council of Governors, of which two-thirds are patient, carer and public Governors. The long-established Patient and Carer Advisory Group (PCAG) acts as a focus for all local patient involvement initiatives, often working alongside the Governors. This group leads on a number of activities including a 'Listening Post' (an opportunity to provide feedback on activities of the Trust) across sites twice a month. In addition, there are other engagement groups such as the Youth Forum and the Parents Group; and other activities such as workshops and discussion groups taking place for the design or development of specific projects. The Governors and PCAG also link with other governance, committees and initiatives. The Trust IGRM Committee has two patient/carer representatives from PCAG as core members. The newly formed Quality and Patient Experience Committee also involves patients, carers and Governors.

#### Research

Across research there are various models of PPI/E. Involvement can be at various levels, from advice and consultation, to co-design and co-production; there were at least 15 co-designed and co-produced research projects during this financial year.

Involvement in research governance and strategy is achieved by two patient representatives contributing to the BRC Steering Group meetings. A research PPI/E Steering Group with PPI/E leads and patient representatives discusses the direction of involvement and common public engagement events. Patient representatives support the themes of the NIHR Biomedical Research Centre, and they form a Patient Representatives Working Group. An active database of PPI/E colleagues, patients, carers and public are involved in research in various ways, and a Patient and Carer Review Panel reviews protocols and research material.

## Workforce strategies, safeguards and staffing systems

The Trust is committed to ensuring that staffing levels are safe across all professional groups. The Trust is compliant with NHSI Developing Workforce Safeguards (2018) guidance, taking a triangulated approach to safer staffing, utilising evidence-based tools (such as the Safer Nursing Care Tool), professional judgement (led by the Chief Nurse, Medical Director or Head of Therapies) and quality outcomes, such as key nurse or medical sensitive indicators and workforce trends. The Trust updated the Safe Staffing Policy to reflect the national changes related to Workforce Safeguards. The Chief Nurse presents a detailed safer staffing paper bi-annually to the Board of Directors. This report details the outcomes of the Chief Nurse-led Safer Staffing Reviews. The paper covered staffing requirements for nursing and set out workforce issues for the allied health professional and medical workforce.

Strategically, the Trust plans carefully and thoroughly to ensure that it has the right staff with the right skills to meet patient needs now, and in support of the Five-Year Strategic Plan and the NHS Cancer Workforce Plan, in particular reviewing the workforce model to support new developments such as Cavendish Square and changing service requirements. The Trust has an agile business planning process, enabling clinical leaders to respond quickly to changes in the demand for patient services and/or new regulatory requirements.

The Board also receives a monthly safer staffing position from the Chief Nurse. To support decisions, the Trust has fully deployed the Safer Nursing Care Tool across all inpatient wards. A children's Safer Staffing Tool is now also fully implemented.

### Safe staffing leadership

The Trust has a lead nurse for safer staffing who was awarded a Chief Nursing Officer Safer Staffing Fellowship in 2019. The Head of Therapy and Rehabilitation has also joined the faculty. Together with the Chief Nurse, this secures the Trust's commitment to ensuring it has the highest levels of expertise and capability across all staff groups.

### Nursing workforce

The Royal Marsden is working with NHSI and other cancer centres to develop a pioneering ambulatory care/medical day unit acuity tool. There is no national guidance on the right ratio of new/follow-up patients to clinical nurse specialists (CNSs). All specialties undertook a review during 2019/20 and are developing job plans, including an annual plan that will now be completed in line with the quality and safety reviews. Restructuring of the management structure for the CNS/advanced nurse practitioner workforce was completed in January 2020, with leads in place for all tumour groups.

The Trust participated in the NHSI nurse staff retention initiative. The action plan agreed with NHSI was reviewed by the Workforce and Education Committee. Operationally, the Deputy Director of Workforce and Chief Nurse chair fortnightly nurse recruitment and retention meetings. This Trust-wide multidisciplinary forum supports the divisions in scanning for future recruitment and retention threats to safe staffing across the professions. This covered potential threats from leaving the European Union. The Trust is supporting the Chief Nurse's request to support the development of the nursing workforce via new pathways such as apprenticeships. The Trust's first nurse associates also qualified in 2019.

The Chief Nurse 'huddles' with matrons and the senior team each week to review 'staffing red flags', nurse sensitive indicators, safeguarding concerns, and patient and staff experience. These have now been extended to include representatives from all clinical professions in the form of a clinical forum. Additionally, site teams and senior nurses use real-time staffing and acuity data to make informed staffing decisions throughout the 24-hour period, reporting to the leadership team every 12 hours.

Due to the COVID-19 pandemic, the Trust has been increasingly flexible with its workforce, to ensure staffing models meet the increase in acuity of patients, and new procedures being undertaken. The focus this year has been on ensuring staff have the right skills to meet the change in service requirements, in particular supporting new procedures for Cancer Surgical Hub patients. A number of staff have been redeployed to support other local trusts or internally to support critical care. The HR and health and wellbeing teams have implemented support processes and debrief opportunities to help staff during this time.

### Medical workforce

In 2020/21, the Trust continued to develop expertise in workforce planning for the cancer workforce in HR, nursing and medical. Through business planning, the Trust ensures that it has the appropriate medical workforce in place to deliver safe, high-quality services to patients.

At junior doctor level, the 2016 contract introduced safeguards for safe working, with restrictions on working hours, and introduced a new role, Guardian of Safe Working, to ensure that trusts adhere to agreed working patterns. The Royal Marsden continues to work with the Guardian of Safe Working, who as part of the role reviews all exceptions to the agreed work schedule.

Operationally, there is an Emergency Medical Cover Standard Operating Procedure, which is currently being updated by the divisional leads, which outlines the escalation process if there are late notice absences, for example due to illness, that affect staffing on the day.

The Trust continues to develop a new electronic rostering system for junior doctors, which will improve visibility of any gaps in rotas.

A review of the Hospital at Night model is in progress to ensure that staffing out of hours remains safe and the operational infrastructure is effective. The Trust is exploring the further use of advanced nurse practitioners, physicians associates and the international surgical training scheme to enhance the infrastructure that support doctors' rotas and reduce workload.

### Allied health professional workforce

The allied health professional (AHP) workforce is designated to the Therapy and Rehabilitation Department. These core services comprise dietetics, occupational therapy, physiotherapy, and speech and language therapy. Although the AHP workforce is not aligned to a safer staffing tool to determine the exact number of therapists per patient numbers, assessment of the workforce is always undertaken prior to the implementation of new services or an increase in bed capacity.

The Therapy and Rehabilitation Department decided to look at alternative ways to support safe staffing and workforce planning in clinical practice. Nationally, the emphasis has been placed on job planning and electronic rostering (e-rostering) to support AHP staff adequacy and effective care. This work has now been started and an Excel model has been created to calculate clinical capacity and demand for the key AHP professions, as a baseline tool to guide workforce planning. This instrument can be used to inform performance scorecards and decision makers on the current AHP clinical capacity, and serves as a basis for improvements and workforce planning. This model is a significant step in understanding the current workforce and can support recommendations for a safe staffing working model for AHPs. Additionally, it will enable the calculation of clinical hours to contact, a measure equivalent to the nursing care hours per patient day, that will measure productivity and support reduction in unwanted variations in AHP service.

The department will be looking at utilising the professional judgement method to start recommendations for AHP safe staffing on the wards. In addition, for the first time, AHPs will have dedicated time for education, training and development; 0.4 whole time equivalent (WTE) of an AHP practice educator. This will support the development of a competency-based training programme for band 6 and preceptorship for band 5 to support a better skill mix and workforce retention.

A review of the radiotherapy and diagnostic radiographer workforce was undertaken in 2019/20 and completed. Investment for both staff groups to meet increased demand and the 62-day access target has taken place. The Trust also introduced the lecture practitioner role in diagnostic radiography to help support changes to the skill mix in this staff group, which is now well established.

## 5. Compliance statement

The Trust is fully compliant with the registration requirements of the CQC. 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.

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

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

The Trust has undertaken risk assessments and has a Sustainable Development Management Plan in place which takes account of UK Climate Projections 2018. The Trust ensures that its obligations under the Climate Change Act are complied with.

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

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control to ensure that resources are used economically, efficiently and effectively. The Trust has established arrangements for managing its financial and other resources, which demonstrate that value for money is being managed and achieved.

The annual budget-setting process and plan for 2020/21 was approved by the Board of Directors and communicated to all managers in the organisation. The plan was to deliver a revenue surplus in 2020/21 and have an on-going plan to improve organisational efficiency. However, with the arrival of the COVID-19 pandemic, the plans were revised a number of times in 2020/21 as the NHS Financial Framework changed, with a break-even position targeted for every Trust. The Board has overseen the financial and operational performance of the Trust throughout the year. The AFC reviews performance against the financial plan and efficiency programme on a regular basis. Internal Audit undertakes audits each year, which they report to the AFC, and these include the review of efficiency and use of resources across a range of expenditure types. In addition to financially related audits, the internal audit programme covers governance and risk issues.

The Finance and Performance Committee, chaired by the Chief Financial Officer, meets monthly and reviews the financial, workforce and activity performance of each division, including the delivery of the efficiency programme.

During the year the Trust also:

- Reviewed staff efficiency via the temporary staffing group and Finance and Performance Committee.
- Modernised Pharmacy Services through a review of aseptic processes and a rebuild and redesign of services at the Chelsea site. The Trust has also established a wholly owned subsidiary for delivery of pharmacy services, RM Medicines. This took over in August 2020, when the contract with Boots ended.
- Utilised benchmarking evidence from collaborative site visits, national tools such as the Model Hospital, and external professional reviews (such as catering) to inform future efficiency programmes.

## 7. Information Governance

The Information Commissioner's Office has had the powers to fine organisations since 2010 and The Royal Marsden has not incurred any fines to date.

In addition, the UK has implemented the EU Directive on the Security of Networks and Information Systems (known as the NIS Directive). This also carries a maximum fine of €20,000,000 or four per cent of gross global turnover. Under the new legislation, organisations are required to report breaches within 72 hours of the incident discovery. The Information Commissioner's Office also has the power to issue undertakings, which commit an organisation to a particular course of action in order to improve its compliance and enforcement notices. Enforcement notices are issued to organisations in breach of legislation, requiring them to take specified steps to ensure that they comply with the law. Since the introduction of General Data Protection Regulation (GDPR) and the Data Protection Act 2018, incident reporting requirements have changed. There are now three types of breaches reportable under the new regime: confidentiality, integrity and availability.

During 2020/21, the Trust had one incident reported externally via the Data Security and Protection Toolkit relating to the inappropriate sharing of a letter containing sensitive personal data. The matter was reported to the Information Commissioner's Office, investigated and closed with no further action taken.

To date, The Royal Marsden has not been levied a fine, enforcement notice or undertaking for breaching data protection legislation or regulatory requirements.

## 8. Data quality and governance

The Trust maintains a performance and data quality framework which ensures that source data for all reported metrics are well defined and are subject to appropriate levels of data quality assurance. The Trust's Data Quality team performs regular checks on Trust data, and data asset owners also separately run audit programmes to ensure accuracy. Outlier data is always investigated by performance and information analysts to ensure robustness.

The Trust recognises that up-to-date, unambiguous and comprehensive procedural documents are essential to the provision of safe and high-quality patient care. Local policies surrounding data accuracy and quality are reviewed and ratified annually.

A data quality report, which includes a live issue log, is regularly presented to the Trust's Information Governance Committee, which reports into the QAR Committee. The data quality team provides refreshed training to any staff or staff groups where systemic issues have been identified. Trust internal auditors previously reviewed the Trust's approach to data quality and were able to conclude 'significant assurance with minor improvement opportunities'.

Elective waiting time data undergoes a robust process of monthly review and spot check, and is also normally subject to an annual external audit.

Quality metrics are reported quarterly to the Board and the Council of Governors and are reviewed monthly by the Trust's Acute Performance Group as well in the commissioner-hosted Clinical Quality Review Group.

## 9. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within The Royal Marsden NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Finance Committee, and the Quality, Assurance and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the systems is in place. The Board Assurance Framework provides evidence that the effectiveness of controls to manage strategic risks to the organisation and achieving its principal objectives have been reviewed and monitored.

My review is also informed by:

- Assessment of financial reports submitted to NHS Improvement, the Independent Regulator of NHS Foundation Trusts – The Board Leadership and Development Framework and review of its performance in light of the 'well led' guidance issued by NHS Improvement
- Opinions and reports made by external auditors
- Opinions and reports made by internal auditors
- Opinions and reports made by clinical auditors
- Achievement of the Customer Service Excellence standard
- Announced CQC inspections
- NHS London Annual Emergency planning assurance process
- ISO 9001 compliance for radiotherapy and chemotherapy
- Clinical Pathology Accreditation (CPA) held for designated pathology services
- UKAS Imaging Services Accreditation Scheme for Radiology Imaging Services
- Six-monthly Integrated Governance Monitoring Reports
- Infection Control Annual Report
- Clinical audit reports and action plans
- Investigation reports and action plans following serious and significant incidents
- Departmental and clinical risk assessments and action plans
- Results of the national patient surveys
- Results of the NHS Staff Survey.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control has been reviewed by:

- The Board of Directors; through consideration of key objectives and the management of principal risks to those objectives within the Board Assurance Framework
- The Integrated Governance and Risk Management Committee; by reviewing all policies relating to governance and risk management, and monitoring the implementation of arrangements within the Trust
- The Audit and Finance Committee; by reviewing and monitoring the opinions and reports provided by both internal and external audit
- The Quality Assurance and Risk Committee; by implementing and reviewing clinical governance and risk management arrangements and receiving reports from all operational risk committees
- External assessments of services.

### Conclusion

As Accounting Officer, and based on the review process detailed above, I am assured that there are no significant internal control issues.

Approval of the Annual Governance Statement:

**Dame Cally Palmer**
Chief Executive
10 June 2021

Approval of the Accountability Report:

**Dame Cally Palmer**
Chief Executive
10 June 2021

# 3. Annual Accounts for the year ended 31 March 2021

## Foreword to the accounts The Royal Marsden NHS Foundation Trust

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

**Dame Cally Palmer**
Chief Executive
10 June 2021

# Independent auditor's report to the board of governors and board of directors of The Royal Marsden NHS Foundation Trust

## Report on the audit of the financial statements

### Opinion

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

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

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and trust statements of financial position;
- the consolidated and trust statements of changes in taxpayers' equity;
- the consolidated and trust statements of cash flows; and
- the related notes 1 to 25.

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

- the table of salaries and allowances of senior managers: Remuneration and related narrative footnotes on page 41;
- the table of salaries and allowances of senior managers: Pension benefits and related narrative footnotes on page 42;
- the information on pay multiples on page 43;
- the table of staff costs on page 44;
- the table of average staff numbers on page 44; and
- the table of exit packages and related narrative note on page 55.

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

### Basis for opinion

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

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

## Conclusions relating to going concern

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

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

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

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

## Other information

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

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

We have nothing to report in this regard.

### Responsibilities of accounting officer

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

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

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

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

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

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

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

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

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

– had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service Act 2006.

– do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

– determination of whether an expenditure is capital in nature to assess whether they meet the relevant accounting requirements to be recognised as capital in nature; we tested the expenditure on a sample basis to assess whether they meet the relevant accounting requirements to be recognised as capital in nature.

– the judgemental nature of key assumptions used in property valuations: we engaged our property specialists to assess the assumptions and methodology used to value the estate.

– deferred income recorded at 31 March 2021 and the timing of their recognition at year-end is subject to potential management bias: we tested a sample of deferred income items to supporting documentation and evaluated management's assessment as to whether the criteria for revenue recognition had been met as to 31 March 2021.

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

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

– reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

– performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

– enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations;

– enquiring of the local counter fraud specialist and review of local counter fraud reports produced; and

– reading minutes of meetings of those charged with governance and reviewing internal audit reports and reviewing correspondence with HMRC and the licensing authority.

## Report on other legal and regulatory requirements

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

In our opinion:

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

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

#### Use of resources

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

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

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

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

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

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

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

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

## Annual Governance Statement and compilation of financial statements

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

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

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

We have nothing to report in respect of these matters.

## Reports in the public interest or to the regulator

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

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

We have nothing to report in respect of these matters.

## Certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report) as the national timeline for this work is 20 September 2021. We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements.

## Use of our report

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

**Jonathan Gooding (Key Audit Partner)**
For and on behalf of Deloitte LLP
Appointed Auditor
St Albans, United Kingdom
15 June 2021

## Independent auditor's certificate of completion of the audit

### Issue of opinion on the audit of the financial statements

In our audit report for the year ended 31 March 2021 issued on 15 June 2021 we reported that, in our opinion, the financial statements:

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

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

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

As at the date of issue of our audit report for the year ended 31 March 2021 on 15 June 2021, we had not completed our work on the foundation trust's arrangements and had nothing to report in respect of this matter as at that date.

### Certificate of completion of the audit

In our audit report for the year ended 31 March 2021 issued on 15 June 2021, we explained that we could not formally conclude the audit on that date until we had completed our work in respect of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed our work in this area.

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

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

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

**Jonathan Gooding (Key Audit Partner)**
For and on behalf of Deloitte LLP
Appointed Auditor
St Albans, United Kingdom
3 September 2021

## Consolidated statement of comprehensive income for the year ended 31 March 2021

| | Note | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|---|
| | | Trust | Group | Trust |
| | | £000 | £000 | £000 |
| Income from activities | 3 | **346,688** | **346,688** | 365,459 |
| Other operating income | 3 | **141,982** | **141,625** | 97,557 |
| Operating expenses | 4 | **(482,394)** | **(482,034)** | (419,355) |
| **Operating surplus/(Deficit)** | | **6,276** | **6,279** | 43,661 |
| Finance costs | | | | |
| Finance income | 7 | **36** | **24** | 677 |
| Finance expense | 8 | **(237)** | **(237)** | (222) |
| Public Dividend Capital dividends payable | | **(3,756)** | **(3,756)** | (4,131) |
| **Net finance costs** | | **(3,957)** | **(3,969)** | (3,676) |
| Profit/(Loss) on disposal of plant, property and equipment | 6 | **–** | **–** | (256) |
| Profit on assets and liabilities transferred in respect of the discontinued operations of the investment in Joint Ventures | 11 | **3,217** | **3,217** | – |
| **Surplus/(Deficit) for the year** | | **5,536** | **5,527** | 39,729 |
| Other comprehensive income/(expense) | | | | |
| Revaluation income/(expense) on land and buildings | 4.3 & 10 | **(505)** | **(505)** | 9,380 |
| **Total comprehensive income/(expense) for the year** | | **5,031** | **5,022** | 49,109 |

| Surplus for the year pre impairment and adjustments relating to capital charitable donations | Note | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|---|
| | | Trust | Group | Trust |
| | | £000 | £000 | £000 |
| Surplus/(Deficit) for the year | | **5,536** | **5,527** | 39,729 |
| Donated capital income | 10 | **(17,083)** | **(17,083)** | (14,298) |
| Depreciation on donated assets | | **6,426** | **6,426** | 5,314 |
| Impairment | 4.3 | **10,963** | **10,963** | (5,794) |
| Profit on assets and liabilities transferred in respect of the discontinued operations of the investment in Joint Ventures | 11 | **(3,217)** | **(3,217)** | – |
| Profit/(Loss) on disposal | 6 | **–** | **–** | 256 |
| **Surplus/(Deficit) for the year pre impairment and adjustments relating to capital charitable donations** | | **2,625** | **2,616** | 25,207 |

## Consolidated statement of financial position as at 31 March 2021

| | Note | 31 March 2021 | 31 March 2021 | 31 March 2020 |
|---|---|---|---|---|
| | | Trust | Group | Trust |
| | | £000 | £000 | £000 |
| Non-current assets | | | | |
| Intangible assets | 9 | 3,466 | 3,466 | 3,066 |
| Tangible assets | 10 | 238,835 | 238,868 | 220,006 |
| Loan to subsidiary undertakings | 14 | 980 | – | – |
| Investment in subsidiary undertakings | 14 | 3,360 | – | – |
| Trade and other receivables | 13 | 985 | 985 | – |
| Investment in joint venture | 11 | – | – | 231 |
| **Total non-current assets** | | 247,626 | 243,319 | 223,303 |
| Current assets | | | | |
| Inventories | 12 | 6,458 | 8,582 | 6,349 |
| Trade and other receivables | 13 | 79,156 | 79,813 | 101,904 |
| Loan to subsidiary undertakings | 14 | 299 | – | – |
| Cash and cash equivalents | 17 | 146,356 | 150,144 | 121,500 |
| **Total current assets** | | 232,269 | 238,539 | 229,753 |
| Current liabilities | | | | |
| Trade and other payables | 15 | (59,560) | (61,507) | (57,811) |
| Provisions | 16 | (2,274) | (2,274) | (1,084) |
| Borrowings | 16 | (5,020) | (5,020) | (3,472) |
| Deferred income and other liabilities | 15 | (39,747) | (39,747) | (24,361) |
| Tax payable | 15 | (5,459) | (5,484) | (5,289) |
| **Total current liabilities** | | (112,060) | (114,032) | (92,017) |
| Non-current liabilities | | | | |
| Trade and other payables | 16 | (2,003) | (2,003) | (1,140) |
| Provisions | 16 | (985) | (985) | (–) |
| Borrowings | 16 | (16,620) | (16,620) | (19,733) |
| **Total non-current liabilities** | | (19,608) | (19,608) | (20,873) |
| **Total assets employed** | | 348,227 | 348,218 | 340,166 |
| Financed by taxpayers' equity | | | | |
| Public Dividend Capital | SoCTE | 111,255 | 111,255 | 108,225 |
| Revaluation reserve | SoCTE | 16,899 | 16,899 | 17,404 |
| Income and expenditure reserve | SoCTE | 220,073 | 220,064 | 214,537 |
| **Total taxpayers' equity** | | 348,227 | 348,218 | 340,166 |

The notes on pages 82 to 119 form part of these accounts

These consolidated financial statements have been approved by the board and authorised for issue on 10 June 2021 and signed on its behalf by;

**Dame Cally Palmer**
Chief Executive Officer
10 June 2021

**Marcus Thorman**
Chief Financial Officer
10 June 2021

## Trust statement of changes to taxpayers' equity for the year ended 31 March 2021

| | Total taxpayers' equity | Public Dividend Capital | Revaluation reserve | Income and expenditure reserve |
|---|---|---|---|---|
| | Trust | Trust | Trust | Trust |
| | £000 | £000 | £000 | £000 |
| **Taxpayers' equity at 1 April 2019** | **289,965** | **107,133** | **8,024** | **174,808** |
| Surplus for the year | 39,729 | – | – | 39,729 |
| Revaluation gains on property, plant and equipment | 9,380 | – | 9,380 | – |
| Public Dividend Capital received | 1,092 | 1,092 | – | – |
| **Taxpayers' equity at 31 March 2020** | **340,166** | **108,225** | **17,404** | **214,537** |
| **Taxpayers' equity at 1 April 2020** | **340,166** | **108,225** | **17,404** | **214,537** |
| Surplus for the year | 5,536 | – | – | 5,536 |
| Revaluation (losses) on property, plant and equipment | (505) | – | (505) | – |
| Public Dividend Capital received | 3,030 | 3,030 | – | – |
| **Taxpayers' equity at 31 March 2021** | **348,227** | **111,255** | **16,899** | **220,073** |

## Consolidated statement of changes to taxpayers' equity for the year ended 31 March 2021

| | Total taxpayers' equity | Public Dividend Capital | Revaluation reserve | Income and expenditure reserve |
|---|---|---|---|---|
| | Group | Group | Group | Group |
| | £000 | £000 | £000 | £000 |
| **Taxpayers' equity at 1 April 2019** | **289,965** | **107,133** | **8,024** | **174,808** |
| Surplus for the year | 39,729 | – | – | 39,729 |
| Revaluation gains on property, plant and equipment | 9,380 | – | 9,380 | – |
| Public Dividend Capital received | 1,092 | 1,092 | – | – |
| **Taxpayers' equity at 31 March 2020** | **340,166** | **108,225** | **17,404** | **214,537** |
| **Taxpayers' equity at 1 April 2020** | **340,166** | **108,225** | **17,404** | **214,537** |
| Surplus for the year | 5,527 | – | – | 5,527 |
| Revaluation (losses) on property, plant and equipment | (505) | – | (505) | – |
| Public Dividend Capital received | 3,030 | 3,030 | – | – |
| **Taxpayers' equity at 31 March 2021** | **348,218** | **111,255** | **16,899** | **220,064** |

## Consolidated statement of cash flows for the year ended 31 March 2021

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust |
| | £000 | £000 | £000 |
| Cash flows from operating activities | | | |
| Total operating surplus | 6,276 | 6,279 | 43,661 |
| Non-cash income and expenses | | | |
| Depreciation and amortisation | 17,856 | 17,859 | 15,990 |
| Impairment | 12,413 | 12,413 | (5,794) |
| (Increase)/Decrease in inventories | (109) | (2,233) | (383) |
| (Increase)/Decrease in receivables excluding any items in relation to the transfer of items per note 11 | 17,351 | 16,692 | 20,223 |
| Increase in trade and other payables excluding any items relating to the transfer of items per note 11 | 2,996 | 5,019 | 5,538 |
| Increase/(Decrease) in deferred income | 16,563 | 16,563 | (6,216) |
| Increase/(Decrease) in other liabilities | (1,145) | (1,170) | 1,631 |
| Increase/(Decrease) in provisions | 2,175 | 2,175 | 590 |
| **Net cash inflow/(outflow) from operating activities** | 74,376 | 73,597 | 75,240 |
| Cash flows from investing activities | | | |
| Investment in subsidiary undertaking | (3,360) | – | – |
| Loan repayments from subsidiary company | 325 | – | – |
| Interest received from subsidiary company | 12 | – | – |
| Loans paid to subsidiary company | (1,591) | – | – |
| Interest received | 36 | 24 | 677 |
| Purchase of intangible assets | (1,738) | (1,738) | (440) |
| Purchase of property, plant and equipment | (40,582) | (40,617) | (36,714) |
| **Net cash inflow/(outflow) in investing activities** | (46,898) | (42,331) | (36,476) |
| Cash flows from financing activities | | | |
| Public Dividend Capital received | 3,030 | 3,030 | 1,092 |
| Loan received | 1,916 | 1,916 | 9,700 |
| Interest paid | (242) | (242) | (215) |
| Loan repaid | (3,478) | (3,478) | (2,477) |
| Public Dividend Capital dividends paid | (3,848) | (3,848) | (3,528) |
| **Net cash inflow/(outflow) from financing activities** | (2,622) | (2,622) | 4,572 |
| **(Increase)/Decrease in cash and cash equivalents** | 24,856 | 28,644 | 43,336 |
| **Cash and cash equivalents at 1 April** | 121,500 | 121,500 | 78,164 |
| **Cash and cash equivalents at 31 March** | 146,356 | 150,144 | 121,500 |

Further information on the Statement of Cash Flows can be found in note 17.

## 1. Accounting policies

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

### Accounting convention

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

### Going concern

These consolidated financial statements have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

After making enquiries, the Board of Directors has a reasonable expectation that the group pertaining to the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. They have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the accounts.

## 1.1 Consolidation

### NHS Charitable Fund

The Trust is the corporate trustee to The Royal Marsden Hospital Charity (RMHC) NHS charitable fund (Charity No. 1050537). The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund. The assets and activities of RMHC however, were transferred to The Royal Marsden Cancer Charity (RMCC) on 1 September 2011 and the Trust has determined not to consolidate RMHC on the grounds of materiality.

The Royal Marsden Cancer Charity (RMCC) (Charity No. 1095197) is a registered charity and a company limited by guarantee (Company No. 04615761) with a Board of individual trustee directors, which has a wholly owned subsidiary trading company. The RMCC is not an NHS linked charity and therefore does not fall within the definition of a subsidiary. As such, the RMCC has not been consolidated into the financial statements of the Trust.

### Wholly owned subsidiaries

These consolidated financial statements incorporate the financial statements of the Trust and its wholly owned subsidiary. Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary.

All intragroup assets and liabilities, reserves, income, expenses and cash flows relating to transactions between members of the group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the Trust in full.

RM Medicines Limited is a wholly owned subsidiary and is consolidated in these financial statements. It was incorporated on 18 February 2020 and began trading in September 2020.

Its primary activity is dispensing medicines to outpatients. All subsidiary undertakings are held at cost less provision for impairment.

The prior year comparatives for the group have not been provided as the subsidiary entity was dormant through to the year ended 31 March 2020. Therefore, there is no difference between the Trust and Group comparatives for that year.

**Joint ventures**

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the Group's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, such as share dividends, are received by the Trust from the joint venture.

All assets and liabilities of the joint venture were transferred to members at 31 March 2021 due to the cessation of activity within the joint venture. Further details can be found in note 11.

Where assets and liabilities transfer, the gain or loss resulting is recognised in the Consolidated Statement of Comprehensive Income, and is disclosed separately from operating costs.

## 1.2 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office for National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2019/20 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2019).

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

**Revenue from NHS contracts**

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

**For the year ended 31 March 2020/21:**

The main source of income for the 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 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. This income is included within other income.

### Comparative period (2019/20)

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

### Revenue from research contracts and clinical trials

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

## 1.3 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

## 1.4 Other income

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

## 1.5 Expenditure on employee benefits

### Short-term employee benefits

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

### Pension costs

### NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the Scheme is accounted for as a defined contribution scheme.

Employers pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the Scheme, except where the retirement is due to ill health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

### National Employment Savings Scheme (NEST pension scheme)

Employees of the Trust who are not eligible for the NHS Pension Scheme are automatically enrolled into NEST, a defined contribution pension scheme. The amounts charged to the Income and Expenditure account represent the contributions payable by the Trust during the year. Please refer to note 5.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

## 1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is not recognised in operating expenses where it results in the creation of non-current assets such as property, plant and equipment.

NHS Improvement's guidance states that there should be no netting off of income and expenditure. There are a number of employees of the Trust that perform work for other organisations, who in turn reimburse the Trust for this work. The accounts show the income and expense from these arrangements under the headings 'Other income' and 'Staff costs' respectively.

## 1.7 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 will be provided to the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

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

Due to the immaterial variance between the Group and Trust values, the note for the Group position only has been presented. The total difference in value at 31 March 2021 was £33,000.

### Measurement

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

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

All land and buildings are revalued every five years with an interim valuation in the third year or more frequently if it is felt that the market is subject to significant volatility. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Valuations are carried out primarily on the basis of Modern Equivalent asset value (MEV) for specialised operational property and fair value for non-specialised operational property. Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation upon completion. A full land and buildings valuation was last undertaken by Montagu Evans LLP as at 31 December 2016. The next full valuation is scheduled for the financial period ending 31 March 2022.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees. Assets are revalued and depreciation commences when the assets are brought into use.

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

**Subsequent expenditure**

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

**Depreciation**

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

Property, plant and equipment which has been reclassified as ‘held for sale’ ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings and dwellings are depreciated on their current value over the estimated remaining life of the asset as advised by the Group’s professional valuer (less than 1-60 years). Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on cost, including historic indexation, evenly over the estimated remaining life of the asset. These are estimated as follows:

| | |
|---|---|
| Plant and machinery | 5-15 years straight line |
| Transport equipment | 7 years straight line |
| Information technology | 5-10 years straight line |
| Furniture and fittings | 10 years straight line |

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

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

### De-recognition

Assets intended for disposal are reclassified as 'held for sale' once 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 customary for such sales
- the sale must be highly probable i.e.:
  - management is 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. Assets are de-recognised when all material sale contract conditions have been met.

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

**Donated, government grant and other grant funded assets**

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

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

In 2020/21, this includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

## 1.8 Intangible fixed assets

**Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Group'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 will be provided to the Trust and where the cost of the asset can be measured reliably.

**Internally generated intangible assets**

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised 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
- 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.

**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".

### Amortisation

Intangible assets are amortised over their expected useful life in a manner consistent with the consumption of economic or service delivery benefits.

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

| | |
|---|---|
| Software licences | 5 years straight line |

## 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First In, First Out (FIFO) method.

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

## 1.10 Financial assets and financial liabilities

### Recognition

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

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

### Classification and measurement

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost or fair value through income and expenditure.

Financial liabilities are classified as subsequently measured at amortised cost or fair value through income and expenditure.

### Financial assets and financial liabilities at amortised cost

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

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

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

**Financial assets and financial liabilities at fair value through income and expenditure**

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive Income.

**Impairment of financial assets**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

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

The Trust provides for expected credit losses based on the age and type of each debt. The percentages applied reflect an assessment of the recoverability of each class of debt. During 2019/20, the method was reviewed and the percentages amended based on historical recovery and write off levels. Provisions are charged to operating expenditure.

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

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

**De-recognition**

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

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

### 1.11 Cash and cash equivalents

Cash, bank and overdraft balances are recorded at the current values of these balances in the Group's cash book. Overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, 'finance income' and 'finance expenses' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

### 1.12 Leases

**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 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. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

### Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

### Leases of land and buildings

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

## 1.13 Provisions

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

### Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 16.1 but is not recognised in the Group's accounts.

### Non-clinical risk pooling

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

### Other insurance

The Trust holds commercial insurance for a range of risks in excess of those covered by the non-clinical risk pooling scheme. This includes cover for property damage and increased costs of working.

## 1.14 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 19 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 19, 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.

## 1.15 Public dividend capital

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

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

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

(i) donated assets (including lottery funded assets)

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

(iii) any PDC dividend balance receivable or payable.

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

### 1.16 Value added tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.17 Corporation tax

Health service bodies, including foundation trusts are exempt from tax on their principal healthcare income.

The Trust has determined that there is no corporation tax liability due for 2020/21 (2019/20: Nil).

### 1.18 Foreign exchange

The functional and presentational currency of the Trust is sterling.

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

### 1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note (Note 24) to the accounts in accordance with the requirement of HM Treasury’s Financial Reporting Manual.

### 1.20 Critical judgements in applying accounting policies

There are no 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 a significant effect on the amounts recognised in the financial statements.

### 1.21 Sources of estimation uncertainty

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

There is one significant source of estimation that is uncertain; the carrying amount of land and buildings.

The Trust had an interim valuation of its land and buildings conducted in year and the valuation has been applied to the Group’s accounts. The Group’s valuers concluded that there has been no material change in values between 31 December 2020 (the adopted valuation date) and 31 March 2021). Further details in respect of the valuation methodology are detailed in note 1.7.

The main area of uncertainty is the build cost per unit in arriving at the Modern Equivalent asset value (MEV).

### 1.22 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

The losses and special payments note (note 20.2), is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

### 1.23 Early adoption of standards, amendments and interpretation

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

### 1.24 Accounting standards that have been issued but have not yet been adopted

The GAM does not require the following Standards and Interpretations to be applied in 2020/21. These standards are still subject to HM Treasury FReM adoption, with the government implementation date for IFRS 16 being 2021/22.

**IFRS 16 Leases**

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a leas*e 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 Group's incremental borrowing rate (0.91%), but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

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

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

## 2. Segmental analysis

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | **Trust** | **Group** | Trust |
| | **£000** | **£000** | £000 |
| Income | **488,670** | **488,313** | 463,016 |
| Operating surplus/(deficit) | **6,276** | **6,279** | 43,661 |
| Total assets employed | **348,227** | **348,218** | 340,166 |

The group has one material segment of business which is the provision of healthcare. The segment has been identified with reference to how the Group is organised and the way in which the chief operating decision maker (determined to be the Board of Directors) runs the Group.

The geographical and regulatory environment and the nature of services provided are consistent across the organisation and are therefore presented in one segment. The necessary information to develop detailed income and expenditure for each product and service provided by the Trust is currently not discretely available and the cost to develop this information would be excessive.

Significant amounts of income are received from transactions with the Department of Health and Social Care, and other NHS bodies. Disclosure of all material transactions with related parties is included in note 22 to these financial statements. There are no other parties that account for more than 10% of total income.

## 3. Operating income

### 3.1 Income from activities by source

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | **Trust** | **Group** | Trust |
| | **£000** | **£000** | £000 |
| Commissioner requested services | | | |
| CCGs and NHS England | **242,462** | **242,462** | 230,491 |
| Department of Health and Social Care | **6** | **6** | 2,088 |
| Other NHS and non-NHS | **1,851** | **1,851** | 585 |
| Non-commissioner requested services | | | |
| Private care | **102,369** | **102,369** | 132,295 |
| | **346,688** | **346,688** | 365,459 |

The above analysis classifies income from activities arising into commissioner requested and non-commissioner requested services, as set out in the Group's Provider Licence.

## 3.2 Analysis of income from activities by nature

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust |
| | £000 | £000 | £000 |
| Block contract/ system income* | 232,415 | 232,415 | 222,820 |
| Additional pension contribution central funding | 10,046 | 10,046 | 9,326 |
| Patient care income from private patients | 102,280 | 102,280 | 132,621 |
| Patient care income from overseas patients | 89 | 89 | 126 |
| Other non-NHS Patient care income | 1,858 | 1,858 | 566 |
| | 346,688 | 346,688 | 365,459 |

*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.

## 3.3 Other operating income

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust |
| | £000 | £000 | £000 |
| Other operating income from contracts with customers: | | | |
| Commercial trials income | 10,314 | 10,314 | 15,220 |
| Education and training | 4,759 | 4,759 | 5,187 |
| Non-patient care services to other bodies | 1,863 | 1,863 | 7,974 |
| Services provided to associated charities | 821 | 821 | 647 |
| Car parking | 58 | 58 | 638 |
| Catering | 589 | 589 | 1,498 |
| Salaries and wages recharged to other organisations | 4,680 | 4,680 | 4,484 |
| Sustainability and transformation fund income | – | – | 1,291 |
| Reimbursement and top-up income | 47,293 | 47,293 | – |
| Other | 9,331 | 8,974 | 8,161 |
| Other non-contract operating income: | | | |
| Research and development | 15,247 | 15,247 | 12,738 |
| Royal Marsden Partners | 14,104 | 14,104 | 12,030 |
| Charitable and other contributions to expenditure | 32,923 | 32,923 | 27,689 |
| | 141,982 | 141,625 | 97,557 |

## 3.4 Analysis of income from activities by type

During 2020/21, income from overseas visitors where the patient is charged directly by the Trust was £89,183 (2019/20: £126,344). Cash payments received in year relating to invoices raised in the current and prior years totalled £7,572 (2019/20: £6,749). Amounts written off in year was £93,719 (2019/20: £183,452).

## 3.5 Transaction price allocated to remaining performance obligations

| | **31 March 2021** | 31 March 2020 |
|---|---|---|
| | **Trust and group** | Trust |
| | **£000** | £000 |
| Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised: | | |
| Within one year | **11,734** | 5,651 |
| **Total revenue allocated to remaining performance obligations** | **11,734** | 5,651 |

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

# 4. Operating expenses

## 4.1 Analysis of operating expenses

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust Represented |
| | £000 | £000 | £000 |
| Staff costs | 251,406 | 252,129 | 230,700 |
| Executive Directors' costs | 1,252 | 1,252 | 1,108 |
| Non-Executive Directors' costs | 162 | 162 | 162 |
| Drug costs | 88,927 | 89,018 | 82,438 |
| Supplies and services – clinical | 38,600 | 38,613 | 34,641 |
| Supplies and services – general | 3,568 | 3,572 | 5,844 |
| Establishment | 3,985 | 3,985 | 3,520 |
| Transport | 2,740 | 2,740 | 2,260 |
| Premises | 20,328 | 20,328 | 18,166 |
| Bad debts | 3,035 | 3,035 | 570 |
| Depreciation and amortisation | 17,856 | 17,859 | 15,990 |
| Property, plant and equipment impairment | 12,413 | 12,413 | (5,794) |
| Consultancy | 1,858 | 1,858 | 1,540 |
| Audit services – statutory audit | 135 | 162 | 81 |
| Other services: audit-related assurance services | 13 | 13 | 20 |
| Internal audit and Local Counter Fraud Service | 109 | 109 | 94 |
| Clinical negligence | 2,117 | 2,117 | 1,516 |
| Training, courses and conferences | 754 | 754 | 1,555 |
| Patient travel | 551 | 551 | 875 |
| Purchase of healthcare from non-NHS bodies | 8,175 | 6,750 | 3,595 |
| Other services from NHS Foundation Trusts | 12,457 | 12,457 | 6,575 |
| Other services from NHS Trusts | 3,586 | 3,586 | 3,589 |
| Other services from other NHS bodies | 257 | 257 | 96 |
| Other operating expenses | 8,110 | 8,314 | 10,214 |
| | 482,394 | 482,034 | 419,355 |

Limitation on auditor's liability for external audit work carried out for the financial year 2020/21 is £2,000,000.

The Group's appointed external auditors are Deloitte LLP. The auditors provide audit services comprising carrying out the statutory audit of the Trust's Annual Accounts and the use of resources work, as mandated by NHS Improvement and the National Audit Office. The cost of this service in 2020/21 was £135,000, including the new Value for Money audit requirement (2019/20: £81,000). The total audit fees for the wholly owned subsidiary, RM Medicines Limited are £27,000 (2019/20: £nil).

## 4.2 Operating leases

Operating lease rentals include:

| Minimum lease payments | 2020/21 Trust and Group | 2019/20 Trust |
|---|---|---|
| | £000 | £000 |
| Plant and machinery | **481** | 593 |
| Buildings | **1,914** | 1,539 |
| | **2,395** | 2,132 |

Operating lease commitments include:

| Minimum lease payments | | 2020/21 Trust and Group | 2019/20 Trust |
|---|---|---|---|
| | | £000 | £000 |
| Total commitments on leases expiring | | | |
| Not later than one year | Buildings | **1,952** | 449 |
| | Other | **1** | 18 |
| Between one and five years | Buildings | **6,653** | 6,913 |
| After more than five years | Buildings | **29,160** | 30,780 |
| | | **37,766** | 38,160 |

## 4.3 Impairment of assets

| | 2020/21 Trust and Group | 2019/20 Trust |
|---|---|---|
| | £000 | £000 |
| Net impairments charged to operating surplus/(deficit) resulting from: | | |
| Changes in market price | **10,963** | (8,271) |
| Impairment of assets | **1,450** | – |
| Valuation of investment of joint venture | **–** | 2,478 |
| **Total net impairments charged to operating expenses** | **12,413** | (5,794) |
| Impairments charged to the revaluation reserve | **505** | (9,380) |
| **Total net impairments** | **12,918** | (15,174) |

## 5. Employee expenses and numbers

### 5.1 Employee expenses

| Group | Permanently employed | Temporary and contract staff | 2020/21 total | 2019/20 total |
|---|---|---|---|---|
| | £000 | £000 | **£000** | £000 |
| Salaries and wages | 185,831 | 10,518 | **196,349** | 176,946 |
| Social security costs | 19,455 | 934 | **20,389** | 19,478 |
| Employer contributions to NHS Pensions Agency and NEST | 32,273 | 651 | **32,924** | 30,504 |
| Agency staff | – | 3,719 | **3,719** | 4,880 |
| | **237,559** | **15,822** | **253,381** | 231,808 |

| Trust | Permanently employed | Temporary and contract staff | 2020/21 total | 2019/20 total |
|---|---|---|---|---|
| | £000 | £000 | **£000** | £000 |
| Salaries and wages | 185,113 | 10,518 | **195,631** | 176,946 |
| Social security costs | 19,455 | 934 | **20,389** | 19,478 |
| Employer contributions to NHS Pensions Agency and NEST | 32,268 | 651 | **32,919** | 30,504 |
| Agency staff | – | 3,719 | **3,719** | 4,880 |
| | **236,836** | **15,822** | **252,658** | 231,808 |

## 5.2 Average number of persons employed (full time equivalent)

| Group | Permanently employed number | Temporary and contract staff number | **2020/21 total number** | 2019/20 total number |
|---|---|---|---|---|
| Medical and dental staff | 453 | 21 | **474** | 456 |
| Administration and estates | 1,329 | 95 | **1,424** | 1,227 |
| Healthcare assistants and other support staff | 332 | 30 | **362** | 402 |
| Nursing, midwifery and health visiting staff | 1,015 | 38 | **1,053** | 1,132 |
| Nursing, midwifery and health visiting learners | 11 | – | **11** | 17 |
| Scientific, therapeutic and technical staff | 509 | 14 | **523** | 500 |
| Healthcare science | 240 | 9 | **249** | 340 |
| | **3,889** | **207** | **4,096** | 4,074 |

| Trust | Permanently employed number | Temporary and contract staff number | **2020/21 total number** | 2019/20 total number |
|---|---|---|---|---|
| Medical and dental staff | 453 | 21 | **474** | 456 |
| Administration and estates | 1,329 | 95 | **1,424** | 1,227 |
| Healthcare assistants and other support staff | 332 | 30 | **362** | 402 |
| Nursing, midwifery and health visiting staff | 1,015 | 38 | **1,053** | 1,132 |
| Nursing, midwifery and health visiting learners | 11 | – | **11** | 17 |
| Scientific, therapeutic and technical staff | 493 | 14 | **507** | 500 |
| Healthcare science | 240 | 9 | **249** | 340 |
| | **3,873** | **207** | **4,080** | 4,074 |

## 5.3 Median pay

The Trust is required to disclose the relationship between the remuneration of the highest-paid director in the Trust and the median remuneration of the Trust's workforce. The midpoint of the banded remuneration of the highest-paid director in the Trust in the financial year 2020/21 was £287,500 (2019/20: £282,500). This was 7.22 (2019/20: 7.24) times the median remuneration of the workforce, which was £39,811 (2019/20: £39,030). The median has been calculated to include inner London weighting, as the highest-paid director is London-based.

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

## 5.4 Retirement due to ill health

During 2020/21, there were two early retirements from the Trust agreed on the grounds of ill health (2019/20: £nil).

The estimated additional pension liability of this ill-health retirement will be £48,088 (2019/20: £nil). The cost of ill-health retirements are borne by the NHS Pensions Agency.

## 6. Profit/(Loss) on disposal of plant, property and equipment

| | 2020/21 Trust and Group | 2019/20 Trust |
|---|---|---|
| | £000 | £000 |
| Profit/(Loss) on disposal of plant and equipment | – | (256) |
| | – | (256) |

## 7. Financing income

| | 2020/21 Trust | 2020/21 Group | 2019/20 Trust |
|---|---|---|---|
| | £000 | £000 | £000 |
| Interest receivable | 36 | 24 | 677 |
| | 36 | 24 | 677 |

## 8. Finance expense

| | 2020/21 Trust and Group | 2019/20 Trust |
|---|---|---|
| | £000 | £000 |
| On loans from the Independent Trust Financing Facility | (237) | (222) |
| | (237) | (222) |

## 9. Intangible assets, Trust and Group

| | Software licences |
|---|---:|
| | £000 |
| Cost at 1 April 2020 | **6,253** |
| Additions purchased | **1,738** |
| Assets transferred in from the group’s joint venture | **168** |
| Reclassifications | **–** |
| Disposals | **–** |
| **Cost at 31 March 2021** | **8,159** |
| Accumulated depreciation at 1 April 2020 | **(3,187)** |
| Provided during the year | **(1,506)** |
| Reclassifications | **–** |
| Disposals | **–** |
| **Depreciation at 31 March 2021** | **(4,693)** |
| Purchased | **3,431** |
| Donated | **35** |
| **Net book value at 31 March 2021** | **3,466** |
| Cost at 1 April 2019 | **5,814** |
| Additions purchased | **439** |
| Disposals | **–** |
| **Cost at 31 March 2020** | **6,253** |
| Accumulated depreciation at 1 April 2019 | **(2,001)** |
| Provided during the year | **(1,186)** |
| Disposals | **–** |
| **Depreciation at 31 March 2020** | **(3,187)** |
| Purchased | **2,990** |
| Donated | **76** |
| **Net book value at 31 March 2020** | **3,066** |

## 10. Property, plant and equipment, Trust and Group

### 10.1 Property, plant and equipment at the balance sheet date comprise the following elements, Group and Trust:

| | Land | Buildings excluding dwellings | Assets under construction | Plant and machinery | Transport equipment | Information technology | Furniture and fittings | **Total** |
|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | **£000** |
| Cost at 1 April 2020 | 12,562 | 155,418 | 36,689 | 83,645 | – | 19,587 | 2,635 | **310,536** |
| Additions purchased | – | – | 25,594 | – | – | 5,457 | – | **31,051** |
| Additions donated | – | – | 17,083 | – | – | – | – | **17,083** |
| Reclassifications | – | 15,574 | (32,503) | 16,443 | – | – | 486 | **–** |
| Revaluation | 977 | – | – | – | – | – | – | **977** |
| Impairment | – | (44,247) | (1,512) | – | – | – | – | **(45,759)** |
| Transfers to assets held for sale | – | – | – | – | – | – | – | **–** |
| Disposals | – | – | – | – | – | – | – | **–** |
| **Cost at 31 March 2021** | **13,539** | **126,745** | **45,351** | **100,088** | **–** | **25,044** | **3,121** | **313,888** |
| Depreciation at 1 April 2020 | – | (25,589) | – | (46,68) | – | (16,365) | (1,893) | **(90,530)** |
| Provided during the year | – | (8,364) | – | (6,832) | – | (916) | (240) | **(16,352)** |
| Reclassifications | – | – | – | – | – | – | – | **–** |
| Revaluation | – | – | – | – | – | – | – | **–** |
| Impairment | – | 31,862 | – | – | – | – | – | **31,862** |
| Transfers to assets held for sale | – | – | – | – | – | – | – | **–** |
| Disposals | – | – | – | – | – | – | – | **–** |
| **Depreciation at 31 March 2021** | **–** | **(2,091)** | **–** | **(53,515)** | **–** | **(17,281)** | **(2,133)** | **(75,020)** |
| **Net book value at 31 March 2021** | **13,539** | **124,654** | **45,351** | **46,573** | **–** | **7,763** | **988** | **238,868** |
| Cost at 1 April 2019 | 13,365 | 133,197 | 12,191 | 77,733 | – | 19,064 | 2,462 | **258,012** |
| Additions purchased | – | – | 23,152 | – | – | – | – | **23,152** |
| Additions donated | – | – | 14,298 | – | – | – | – | **14,298** |
| Reclassifications | – | 3,766 | (12,952) | 8,490 | – | 523 | 173 | **–** |
| Revaluation | 439 | 24,258 | – | – | – | – | – | **24,697** |
| Impairment | (1,242) | (5,803) | – | – | – | – | – | **(7,045)** |
| Transfers to assets held for sale | – | – | – | – | – | – | – | **–** |
| Disposals | – | – | – | (2,578) | – | – | – | **(2,578)** |
| Cost at 31 March 2020 | **12,562** | **155,418** | **36,689** | **83,645** | **–** | **19,587** | **2,635** | **310,536** |
| Depreciation at 1 April 2019 | – | (18,531) | – | (43,119) | – | (14,708) | (1,690) | **(78,048)** |
| Provided during the year | – | (7,058) | – | (5,887) | – | (1,657) | (203) | **(14,805)** |
| Reclassifications | – | – | – | – | – | – | – | **–** |
| Revaluation | – | – | – | – | – | – | – | **–** |
| Impairment | – | – | – | – | – | – | – | **–** |
| Transfers to assets held for sale | – | – | – | – | – | – | – | **–** |
| Disposals | – | – | – | 2,323 | – | – | – | **2,323** |
| Depreciation at 31 March 2020 | **–** | **(25,589)** | **–** | **(46,683)** | **–** | **(16,365)** | **(1,893)** | **(90,530)** |
| Net book value at 31 March 2020 | **12,562** | **129,829** | **36,689** | **36,962** | **–** | **3,222** | **742** | **220,006** |

None of the land or buildings were held under finance leases or hire purchase contracts at either 31 March 2021 or 31 March 2020. Due to the immaterial difference (£33,000) between Group and Trust, the Group position only has been presented above.

## 10.2 Property, plant and equipment by funding source, Group

| | Land | Buildings excluding dwellings | Assets under construction | Plant and machinery | Transport equipment | Information technology | Furniture and fittings | **Total** |
|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | **£000** |
| Purchased | 13,539 | 81,846 | 29,301 | 24,506 | – | 7,735 | 772 | **157,699** |
| Donated | – | 42,808 | 16,050 | 22,067 | – | 28 | 216 | **81,169** |
| **Net book value at 31 March 2021** | **13,539** | **124,654** | **45,351** | **46,573** | **–** | **7,763** | **988** | **238,868** |
| | | | | | | | | |
| Purchased | 12,562 | 86,366 | 25,139 | 18,468 | – | 3,179 | 486 | **146,199** |
| Donated | – | 43,463 | 11,550 | 18,494 | – | 43 | 256 | **73,807** |
| Net book value at 31 March 2020 | **12,562** | **129,829** | **36,689** | **36,962** | **–** | **3,222** | **742** | **220,006** |

## 10.3 The net book value of land and buildings comprises

| | **31 March 2021** | 31 March 2020 |
|---|---|---|
| | **£000** | £000 |
| Freehold | **138,193** | 142,391 |
| | **138,193** | 142,391 |

## 11 Investments in joint ventures, Trust and Group

| | **2020/21** | 2019/20 |
|---|---|---|
| | **£000** | £000 |
| Value at 1 April | **231** | 2,709 |
| Impairment | **–** | (2,478) |
| Disposal of joint venture investment | **(231)** | – |
| Value at 31 March | **–** | 231 |

### 11.1. Disposals in joint ventures

| | 2020/21 |
|---|---|
| | £000 |
| Net book value of tangible assets transferred in | **5,457** |
| Net book value of intangible assets transferred in | **168** |
| Total impact on prepayments, trade and other debtors transferred to the group | **(4,416)** |
| Total impact on accruals, trade and other creditors transferred to the group noted below | **2,239** |
| Disposal of joint venture investment | **(231)** |
| Net (gain)/loss on transfer | **(3,217)** |

During the year 2015/16, the Trust undertook the joint venture arrangement ‘Systems Powering Healthcare Limited’ with Chelsea and Westminster NHS Foundation Trust, which manages the IT service provision for both Trusts. Each Trust owns 50% and the company is incorporated in the UK.

Following Chelsea and Westminster NHS Foundation Trust serving notice of their intention to cease to be a member of the company in 2019/20, the joint venture ceased its activities on 31 March 2021.

At 31 March 2021, all assets and liabilities were transferred to the members of the joint venture; Chelsea and Westminster NHS Foundation Trust and The Royal Marsden NHS Foundation Trust. The value of tangible and intangible assets transferred in are included within additions in notes 9 and 10.

## 12. Inventories

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust |
| | £000 | £000 | £000 |
| Raw materials and consumables | **6,458** | **8,582** | 6,349 |
| | **6,458** | **8,582** | 6,349 |

## 13. Trade receivables and other receivables

### 13.1 Current, Trust and Group

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust |
| | £000 | £000 | £000 |
| NHS contract receivables | 1,983 | 1,983 | 11,521 |
| Non-NHS contract receivables | 40,041 | 40,041 | 50,524 |
| Allowance for impaired receivables | (175) | (175) | (20) |
| Allowance for impaired contract receivables/assets | (6,913) | (6,913) | (4,516) |
| Amounts owed from wholly owned subsidiary | 61 | – | – |
| Prepayments | 5,294 | 5,330 | 9,484 |
| Accrued income | 3,270 | 3,270 | 5,250 |
| Contract receivables not yet invoiced | 11,507 | 11,507 | 22,243 |
| Other receivables | 24,088 | 24,770 | 7,418 |
| | 79,156 | 79,813 | 101,904 |

### 13.2 Non-current, Trust and Group

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Other receivables | 985 | – |
| | 985 | – |

### 13.3 Allowance for credit losses for Trust and Group

| | Contract receivables and contract assets | All other receivables |
|---|---|---|
| | £000 | £000 |
| At 1 April 2020 | 4,516 | 20 |
| Changes in existing allowances | 2,880 | 155 |
| Utilisation of allowances (write offs) | (483) | – |
| **At 31 March 2021** | **6,913** | **175** |
| | | |
| At 1 April 2019 | 4,607 | 113 |
| Changes in existing allowances | 663 | (93) |
| Utilisation of allowances (write offs) | (754) | – |
| **At 31 March 2020** | **4,516** | **20** |

## 13.4 Analysis of impaired trade and other receivables, Trust and Group

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Ageing of impaired receivables | | |
| Up to three months | **2,020** | 1,777 |
| In three to six months | **696** | 1,064 |
| Over six months | **4,372** | 1,695 |
| | **7,088** | 4,536 |
| Ageing of non-impaired receivables past their due date | | |
| Up to three months | **49,015** | 30,201 |
| In three to six months | **3,062** | 10,446 |
| Over six months | **6,541** | 6,334 |
| | **58,618** | 46,981 |

## 14. Investments in subsidiary undertakings

| | 2020/21 | 2019/20 |
|---|---|---|
| | Trust | Trust |
| | £000 | £000 |
| Value at 1 April | **–** | – |
| Investment in year | **3,360** | – |
| Value at 31 March | **3,360** | – |

On 18 February 2020, the wholly owned subsidiary RM Medicines Limited was incorporated. It began trading in September 2020. The primary activity of the company is dispensing medications to outpatients. The company is incorporated in the United Kingdom. During the 14-month period, the company made a loss of £12,168 and had net assets of £3,348,831.

The Trust issued a loan facility to RM Medicines Limited of £1,591,193. The interest rate charged on the loan facility is 1.42% and the loan is repayable over 5 years. The first repayment of the loan was in December 2020 for £250,000. At 31 March 2021, the non-current amount owed by the wholly owned subsidiary was £980,002 and the current receivable owed by the company was £298,848.

During the year to 31 March 2021 the Trust paid the company £21,352,071 in respect of the company's activity in dispensing prescription drugs to outpatients. At 31 March 2021, the Trust had £60,664 included within amounts owed by the subsidiary company and £616,427 included as amounts owed to the subsidiary company.

## 15. Current liabilities

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust |
| | £000 | £000 | £000 |
| NHS payables | 3,878 | 3,878 | 4,060 |
| Trade and other payables | 18,461 | 20,597 | 15,000 |
| Provisions | 2,274 | 2,274 | 1,084 |
| Accruals | 36,605 | 37,032 | 38,751 |
| Amounts owed to wholly owned subsidiary | 616 | – | – |
| Borrowings | 5,020 | 5,020 | 3,472 |
| Tax payable | 5,459 | 5,484 | 5,289 |
| Deferred income: contract liabilities | 11,734 | 11,734 | 5,651 |
| Other deferred income | 16,982 | 16,982 | 6,503 |
| Other liabilities | 11,031 | 11,031 | 12,207 |
| | 112,060 | 114,032 | 92,017 |

## 16. Non-current liabilities

### 16.1 Non-current accruals, Trust and Group

| | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Accruals | 2,003 | 1,140 |
| | 2,003 | 1,140 |

## 16.2 Provisions for liabilities and charges, Trust and Group

| | Legal claims | Redundancy | Clinician pension tax reimbursement | Other | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2019 | (39) | (440) | – | (15) | (494) |
| Utilised during the year | – | 129 | – | – | 129 |
| Released to operating expenses during the year | – | 217 | – | – | 217 |
| Provided in year | (12) | (91) | (833) | – | (936) |
| At 31 March 2020 | (51) | (185) | (833) | (15) | (1,084) |

| | Legal claims | Redundancy | Clinician pension tax reimbursement | Other | **Total** |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | **£000** |
| At 1 April 2020 | (51) | (185) | (833) | (15) | **(1,084)** |
| Utilised during the year | – | 9 | – | – | **9** |
| Released to operating expenses during the year | – | 176 | – | – | **176** |
| Provided in year | 5 | (130) | (152) | (2,083) | **(2,360)** |
| At 31 March 2021 | (46) | (130) | (985) | (2,098) | **(3,259)** |
| Expected timing of cash flows | | | | | |
| Less than one year | (46) | (130) | – | (2,098) | **(2,274)** |
| Between one and five years | – | – | (985) | – | **(985)** |
| | **(46)** | **(130)** | **(985)** | **(2,098)** | **(3,259)** |

Legal claims are estimates from NHS Resolution on employer and public liability claims. The risks are limited to the policy excesses with NHS Resolution. Redundancy provisions are calculated using Agenda for Change guidelines. The timing of cash flows on redundancy is dependent on the outcome of consultations. Other provisions consist solely of dilapidations. Reimbursement is expected from NHS England in respect to the Clinician pension tax provision. No reimbursement is expected for any other provision.

£16,665,602 is included in the provisions of NHS Resolution at 31 March 2021 in respect of clinical negligence liabilities of the Trust (31 March 2020: £3,287,167).

## 16.3 Borrowings, Group and Trust

| Current | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Loans from the Independent Trust Financing Facility | **4,501** | 3,472 |
| Loans from Salix Finance Limited | **519** | – |
| | **5,020** | 3,472 |

| Non-current | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Loans from the Independent Trust Financing Facility | **15,723** | 19,733 |
| Loans from Salix Finance Limited | **897** | – |
| | **16,620** | 19,733 |

The Group has a fully drawn down loan facility of £21m from the Independent Trust Financing Facility. The principal is repayable in 17 equal instalments. This began in August 2015 and will end in August 2023. Interest is payable at a fixed rate of 1.42% for the duration of the loan.

The Group has an additional loan facility of £15m from the Independent Trust Financing Facility, which was fully drawn down at 31 March 2021. The principal is repayable in 15 instalments commencing February 2021 and ending February 2028. Interest is payable at a fixed rate of 0.86% for the duration of the loan.

During the year, the Trust drew down £1.4m from a total loan facility of £3.4m held with Salix Finance Limited. The loan is interest free and is repayable over 7 years commencing in March 2022.

## 17. Notes to the cash flow statement, Trust and Group

## 17.1 Reconciliation of net cash flow to movement in net funds

| | 2020/21 | 2020/21 | 2019/20 |
|---|---|---|---|
| | Trust | Group | Trust |
| | £000 | £000 | £000 |
| Increase in cash in the period | **24,856** | **28,644** | 43,336 |
| Net funds at 1 April | **121,500** | **121,500** | 78,164 |
| **Net funds at 31 March** | **146,356** | **150,144** | 121,500 |

## 17.2 Analysis of changes in net funds/(debt)

| | At 31 March 2021 | Changes in cash in year | At 1 April 2020 |
|---|---|---|---|
| | £000 | £000 | £000 |
| Government Banking Service cash at bank | **148,311** | 27,250 | 121,061 |
| Commercial cash at bank and in hand | **1,833** | 1,394 | 439 |
| Cash and cash equivalents | **150,144** | 28,644 | 121,500 |

## 18. Capital commitments, Trust and Group

Commitments under capital expenditure contracts at the balance sheet date were £64,410,226 (2019/20: £75,245,534). There is £51,354,505 (2019/20: £61,666,826) capital expenditure committed to be funded by The Royal Marsden Cancer Charity. All Capital Commitments relate to property, plant and equipment.

## 19. Contingencies

There are no contingent assets or liabilities at the balance sheet date (2019/20: £nil).

## 20. Financial performance targets

### 20.1 Public dividend capital (PDC)

The Trust is required to demonstrate that the PDC dividend paid is in line with the actual rate of 3.5% of average relevant net assets. The actual dividend rate is the dividend payable figure in the Statement of Comprehensive Income, £3,755,712 (2019/20: £4,130,679), divided by the average of relevant opening and closing net assets, £107,306,052 (2019/20: £117,851,970), expressed as a percentage. This gives an actual dividend rate for the current financial year of 3.5% (2019/20: 3.5%).

### 20.2 Losses and special payments

There were 441 cases of losses and special payments (2019/20: 534) totalling £483,271 (2019/20: £753,795). Losses and special payments are reported on an accrual basis. Provisions for future losses are reported in note 16 and are excluded from this disclosure.

There were no clinical negligence, fraud, personal injury, compensation under legal obligation or fruitless payment cases where the net payment exceeded £300,000 (2019/20: £nil).

| | **2020/21** | **2020/21** | 2019/20 | 2019/20 |
|---|---|---|---|---|
| | **Total number of cases** | **Total value of cases** | Total number of cases | Total value of cases |
| | **Number** | **£000's** | Number | £000's |
| Losses of cash due to: | | | | |
| Salary overpayments | **17** | **17** | – | – |
| Bad debts and claims abandoned in relation to Private Patients | **360** | **370** | 483 | 570 |
| Bad debts and claims abandoned in relation to Overseas Visitors | **14** | **94** | 51 | 183 |
| Bad debts and claims abandoned in relation to Other | **50** | **2** | – | – |
| | **441** | **483** | 534 | 753 |
| Special payments: | | | | |
| Special severance payments | **–** | **–** | – | – |
| Other | **–** | **–** | – | – |
| | **–** | **–** | – | – |
| **Total losses and special payments** | **441** | **483** | 534 | 753 |
| Of which, cases of £300,000 or more: | **–** | **–** | – | – |

## 21. Pension costs

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

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

### a. Accounting valuation

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

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

### b. Full actuarial (funding) valuation

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

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

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HM Treasury 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.

## 22. Related party transactions

The Trust is a public benefit corporation and has been authorised pursuant to Section 6 of the Health and Social Care (Community Health and Standards) Act 2003. The Department of Health and Social Care is the Group's parent department.

During the year, none of the Board Members or members of the senior management team or parties related to them has undertaken any material transactions with the Trust.

During the year, the Trust has had a significant number of material transactions with the following NHS bodies:

- NHS England
- NHS Clinical Commissioning Groups
- NHS Foundation Trusts
- NHS Trusts
- Department of Health and Social Care
- Community Health Partnership
- Health Education England
- NHS Pension Scheme
- NHS Property Services
- NHS Blood and Transplant

The Trust has also had a number of transactions with Government departments and other central and local Government bodies. These include transactions with the Royal Borough of Kensington and Chelsea and the London Borough of Sutton relating to business rates. In addition, the Trust had transactions with The Royal Marsden Cancer Charity which is an independent registered charity (Charity No. 1095197) and a company limited by guarantee. Up to four Board members of the Trust, including the Chairman and the Chief Executive, are Trustees of The Royal Marsden Cancer Charity. The Trust has also had transactions with its joint venture, Systems Powering Healthcare Limited.

The Trust has entered into the following material transactions with related parties. The details listed below for payables include deferred income and receivables include accrued income:

| Income | 2020/21 |
|---|---|
| | Trust and Group |
| | £000 |
| NHS England | 232,022 |
| NHS South West London CCG | 43,340 |
| The Royal Marsden Cancer Charity | 30,245 |
| Department of Health and Social Care | 11,093 |
| NHS Surrey Heartlands CCG | 8,196 |
| Health Education England | 4,399 |
| NHS South East London CCG | 4,181 |
| Guy's & St Thomas' NHS Foundation Trust | 2,779 |
| NHS West London CCG | 2,396 |
| NHS Kent and Medway CCG | 2,230 |
| NHS West Sussex CCG | 1,525 |
| NHS Hammersmith and Fulham CCG | 1,550 |
| The Institute of Cancer Research | 1,318 |
| NHS Central London (Westminster) CCG | 1,064 |
| | 346,338 |

| Income | 2019/20 |
|---|---|
| | Trust |
| | £000 |
| NHS England | 165,938 |
| The Royal Marsden Cancer Charity | 25,700 |
| NHS Sutton CCG | 18,095 |
| Department of Health and Social Care | 11,109 |
| Health Education England | 6,538 |
| NHS Surrey Downs CCG | 6,126 |
| NHS Croydon CCG | 5,031 |
| NHS Kingston CCG | 2,567 |
| Guy's & St Thomas' NHS Foundation Trust | 2,397 |
| NHS West London CCG | 2,379 |
| NHS Lambeth CCG | 2,307 |
| NHS Wandsworth CCG | 2,228 |
| NHS Merton CCG | 2,120 |
| NHS Richmond CCG | 2,080 |
| The Institute of Cancer Research | 1,750 |
| NHS East Surrey CCG | 1,414 |
| St George's University Hospitals NHS Foundation Trust | 1,355 |
| Epsom and St Helier University Hospitals NHS Trust | 1,153 |
| NHS Hammersmith and Fulham CCG | 1,092 |
| NHS Central London (Westminster) CCG | 1,081 |
| NHS North West Surrey CCG | 1,040 |
| | **263,500** |

| Expenditure | 2020/21 |
|---|---:|
| | **Trust and Group** |
| | **£000** |
| NHS Pension Scheme | **32,924** |
| HMRC | **21,316** |
| The Institute of Cancer Research | **7,287** |
| Chelsea and Westminster NHS Foundation Trust | **6,748** |
| Imperial College Healthcare NHS Trust | **3,551** |
| NHS Blood and Transplant | **2,581** |
| NHS Resolution (formerly NHS Litigation Authority) | **2,119** |
| Guy's & St Thomas' NHS Foundation Trust | **2,065** |
| St George's University Hospitals NHS Foundation Trust | **1,907** |
| Kingston Hospital NHS Foundation Trust | **1,763** |
| Royal Brompton and Harefield NHS Foundation Trust (up to 1 February 2021) | **1,047** |
| | **83,308** |

| Expenditure | 2019/20 |
|---|---:|
| | Trust |
| | £000 |
| NHS Pension Scheme | 30,538 |
| HM Revenue & Customs | 20,225 |
| Chelsea and Westminster NHS Foundation Trust | 5,433 |
| Systems Powering Healthcare Limited | 5,261 |
| NHS Blood and Transplant | 2,523 |
| Kingston Hospital NHS Foundation Trust | 2,458 |
| Royal Brompton and Harefield NHS Foundation Trust | 1,857 |
| The Institute of Cancer Research | 1,556 |
| NHS Resolution (formerly NHS Litigation Authority) | 1,516 |
| London North West University Healthcare NHS Trust | 1,033 |
| | **72,400** |

| Receivables | **2020/21** |
| --- | ---: |
| | **Trust and Group** |
| | **£000** |
| The Royal Marsden Cancer Charity | **24,283** |
| NHS England | **1,857** |
| The Institute of Cancer Research | **1,498** |
| | **27,638** |

| Receivables | 2019/20 |
| --- | ---: |
| | Trust |
| | £000 |
| NHS England | 13,692 |
| The Royal Marsden Cancer Charity | 3,711 |
| St George's University Hospitals NHS Foundation Trust | 1,063 |
| | **18,466** |

| Payables | **2020/21** |
| --- | ---: |
| | **Trust and Group** |
| | **£000** |
| HM Revenue & Customs | **5,484** |
| NHS England | **3,573** |
| NHS Pension Scheme | **3,436** |
| The Institute of Cancer Research | **3,059** |
| NHS South West London CCG | **2,045** |
| Imperial College Healthcare NHS Trust | **1,912** |
| Guy's & St Thomas' NHS Foundation Trust | **1,612** |
| | **21,121** |

| Payables | 2019/20 |
| --- | ---: |
| | Trust |
| | £000 |
| HM Revenue & Customs | 5,164 |
| NHS Pension Scheme | 3,179 |
| The Institute of Cancer Research | 1,835 |
| St George's University Hospitals NHS Foundation Trust | 1,008 |
| | **11,186** |

## 23. Financial instruments

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Trust does not have any complex financial instruments and does not hold or issue financial instruments for speculative trading purposes. Because of the continuing service provider relationship the Trust has with NHS England and CCGs, and the way that NHS England and CCGs are financed, the Trust is not exposed to the degree of financial risk faced by business entities.

Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Group's financial instruments comprise loans, finance lease obligations, provisions, cash at bank and in hand and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The associated credit risk and interest rate risks for the Group and Trust are noted below. Overall, the risks are managed via operational controls and processes to ensure working capital needs are sufficient to maintain day-to-day operations and activities of the Group.

### 23.1 Categories of financial instruments

| Group | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Financial assets | | |
| Loans and receivables (including cash) | 223,380 | 213,320 |
| Financial liabilities | | |
| Other financial liabilities (amortised cost) | 99,440 | 94,122 |

| Trust | 2020/21 | 2019/20 |
|---|---|---|
| | £000 | £000 |
| Financial assets | | |
| Loans and receivables (including cash) | 219,583 | 213,320 |
| Financial liabilities | | |
| Other financial liabilities (amortised cost) | 97,493 | 94,122 |

## 23.2 Fair values, Trust and Group

All short-term financial assets and liabilities are held at their book values which is a reasonable approximation of fair value.

## 23.3 Liquidity and interest risk tables

| Group | Weighted av. interest rate % | Less than 1 year | Total |
|---|---|---|---|
| | | £000 | £000 |
| Financial assets | | | |
| Non-interest bearing | | 73,236 | 73,236 |
| Variable interest rate instrument | 0.25% | 150,144 | 150,144 |
| **Gross financial assets at 31 March 2021** | | **223,380** | **223,380** |
| Non-interest bearing | | 91,820 | 91,820 |
| Variable interest rate instrument | 0.25% | 121,500 | 121,500 |
| Gross financial assets at 31 March 2020 | | **213,320** | **213,320** |

| Trust | Weighted av. interest rate % | Less than 1 year | Total |
|---|---|---|---|
| | | £000 | £000 |
| Financial assets | | | |
| Non-interest bearing | | 73,227 | 73,227 |
| Variable interest rate instrument | 0.25% | 146,356 | 146,356 |
| **Gross financial assets at 31 March 2021** | | **219,583** | **219,583** |
| Non-interest bearing | | 91,820 | 91,820 |
| Variable interest rate instrument | 0.25% | 121,500 | 121,500 |
| Gross financial assets at 31 March 2020 | | **213,320** | **213,320** |

## 23.4 Credit risk

Because the majority of the Group's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in the trade and other receivables note. Trade and other receivables outstanding not past due are considered recoverable and are not impaired.

## 24. Third party assets

The Trust held nil cash at bank and negligible cash in hand at 31 March 2021 (31 March 2020: £nil) which relates to monies held by the Trust on behalf of patients.

## 25. Events after the reporting period

There have been no material events after the reporting period.

## Life demands excellence

At The Royal Marsden, we deal with cancer every day so we understand how valuable life is. And when people entrust their lives to us, they have the right to demand the very best.

That's why the pursuit of excellence lies at the heart of everything we do. No matter what we achieve, we're always striving to do more. No matter how much we exceed expectations, we believe we can exceed them still further.

We will never stop looking for ways to improve the lives of people affected by cancer. This attitude defines us all, and is an inseparable part of the way we work. It's The Royal Marsden way.

You can visit, write to or call The Royal Marsden using the following details:

Chelsea, London

The Royal Marsden
Fulham Road
London SW3 6JJ
Tel 020 7352 8171

Sutton, Surrey

The Royal Marsden
Downs Road, Sutton
Surrey SM2 5PT
Tel 020 8642 6011

**royalmarsden.nhs.uk**

Radiotherapy and
Chemotherapy Services
F538021 & F538022