

# University Hospitals of Morecambe Bay NHS Foundation Trust

## Annual Report and Accounts 2020-21





**University Hospitals of Morecambe Bay NHS Foundation Trust**

**Annual Report and Accounts 2020-21**

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



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In light of pressures caused by the public sector response to COVID-19, the format and content of the Annual Report and Accounts for 2020/21 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 2020/21 in February 2021.

## Chair's and Chief Executive's Welcome

The year 2020/21 – the year of the global COVID-19 pandemic – could not have been a more challenging, harrowing and transformative one for our Trust.

It would be impossible to reflect on all that happened in 2020/21 without referencing the pandemic and its enormous impact on patients, families, colleagues, services, our partners and the wider health and care system.

Now, as we look to the future, we can do so with a sense of pride in how we have supported the population of Morecambe Bay and prepared for the future so that we can continue to treat local people and provide a continuously improving service.

Firstly, we would like to recognise the excellent work that our colleagues and partners have done to keep everyone in our communities safe and well. We wish to thank them for their dedication, care, compassion, ingenuity and downright hard work. On behalf of the Board, to all colleagues; thank you.

To manage the pandemic, we set up a COVID-19 Command Centre in our Education Centre at the Royal Lancaster Infirmary, new hospital wards were created, teams were moved to alternative locations, our clinical skills team refreshed and trained countless colleagues for different roles and everyone quickly became well acquainted with communicating in an increasingly digital world.

We continued to push forward with our plans to transform our services to ensure that they would be as robust, sustainable and accessible as possible for everyone well into the future. This included learning from the changes we had to make during the pandemic and listening to our colleagues and patients about their experiences.

We also continued our work to ensure our services were safe, cooperating with the investigation commissioned by NHS England & Improvement into our urology service as well as working with NHS England & Improvement on historic issues within our orthopaedic service.

We are now preparing for the future with more partnership work and are taking note of the Government's White Paper on Health and Social Care published in February 2021 so that we can continue to ensure our services are able to respond to the needs of local people.

In the following pages, you can find out how we performed against the priorities we set ourselves at the beginning of the year and what our priorities are for 2021/22.

### Our Patients

Our main focus in 2020/21 was patient safety and enormous efforts were made to create new ward areas to care for people with COVID-19.

We communicated clearly and effectively with our patients because having accurate and understandable information was never more important.

The pandemic necessitated an extremely rigorous approach by our infection prevention team which came up with a colour coded system for wards to keep patients who didn't have COVID-19 separate from those who did.

Our i3 (IT) team also developed COVID-related dashboards for our electronic whiteboards so that we could accurately track patients with COVID-19.

Again, to keep everyone safe, we had to unfortunately restrict hospital visiting and colleagues had to wear full personal protective equipment (PPE).

Where possible, we held consultations and appointments 'virtually' through Microsoft Teams or over the phone. We understood that this period was an extremely hard time for patients and families so we introduced iPads and phones so that people could still communicate with each other.

Our colleagues' care and empathy made an enormous positive difference to patients and families.

## Our People

We were completely humbled to see the selflessness and bravery of colleagues who, in many cases, literally put their lives at risk to care for our patients during the pandemic.

Without our workforce's care and hard work, we could not have got through the pandemic in the way we did. In the following pages you will read countless stories about our colleagues who do extraordinary things every day.

Our BAME (Black, Asian and Minority Ethnic) Network, Disability Staff Network, LGBTQ+ Network, Armed Forces Network and Carers' Network were also busy and productive during the pandemic. We were especially pleased to appoint our first ever Race Equality Lead in 2020 as part of our commitment to being actively anti-racist. We will continue our efforts to be inclusive and a welcoming and engaging place to work that is amongst the best in the country.

In March 2021, the 2020 National Staff Survey results were released and, despite the pandemic, morale was higher than the national average and colleagues felt more confident about reporting incidents and raising concerns. Scores for equality and diversity were higher than the national average - a positive development which was also reflected in the Trust being awarded first place in the top 50 of 'The UK's Most Inclusive Employers' in 2020.

We pledge that this work will continue as we recover from the pandemic and - as we look to restore our services - it is also right that we make sure our colleagues can get the rest, relaxation, respect and care they deserve.

## Our Performance

The year 2020/21 tested our colleagues, teams and services to the absolute limit and their response was incredible.

Every service and team in one way or another had to respond, and colleagues worked tirelessly to keep services running, improve services where possible and work innovatively to bring in new systems.

March 2020 saw large-scale suspension of non-urgent services across the Trust as the NHS prepared for the impact of the first wave of COVID-19. The biggest impacts were seen in our outpatients, diagnostic and surgical elective services as well as our Critical Care Units. As a result, a large backlog of activity built up creating extended waits for patients both in terms of appointments for our outpatient services and scheduled dates for procedures and operations.

We continued to provide urgent appointments, cancer appointments and very urgent surgery and, in common with the rest of the NHS, we saw the performance on the targets we routinely measured deteriorate. We are now working hard to get our cancer performance back on track –and ensure we start to treat those who have been waiting a long time for treatment this year.

We now have plans in place to keep our patients safe and improve our performance over the coming year through our 2021/22 Recovery and Restoration Plan. We are continuing to work with our partners to ensure that patients do not wait longer than they need to in our Emergency Departments.

'The Hive' - a new approach to continuous improvement – was developed during the pandemic to bring together all of the learning, tools, skills and expertise that the Trust had developed over the years and to create a new structure of support to move at pace.

Throughout 2020/21, The Hive supported the Trust's ambition and Bay Health and Care Partners' (BHCP) commitment to continuous improvement at all levels of our organisation and across BHCP.



The Trust and its partners in Lancashire and South Cumbria have a shared vision for the continued development of partnership working. A key step towards enabling single strategic commissioning decisions was the recent agreement to establish a Strategic Commissioning Committee.

A new Morecambe Bay System Improvement Board was also established in 2020/21 to provide oversight for all of our key improvement activities and to support the delivery of our plans for the future. The Improvement Board will ensure that our focus remains on benefiting our patients and the public as a whole.

## Our Partnership Work

Throughout 2020/21, we worked productively with our partners across the Integrated Care System (ICS) in Lancashire and Cumbria to manage our pandemic response.

We worked with Local Resilience Forums (LRFs) on the provision of personal protective equipment (PPE), rolling out testing and vaccination programmes, supporting vulnerable communities, communicating key messages and continuing priority work programmes.

One of the first responses was the setting up of 'Hospital' and 'Out of Hospital' incident 'Response Cells' in Lancashire and South Cumbria. The cells' earliest priority was securing the capacity to deal with the first peak through mutual support and agile response to pressures. During the second phase, the cells restored the delivery of frontline elective clinical services. Both cells operated under the North West Regional incident command structure.

Working in partnership with the ICS, we shared clear communications on public messages, including materials in different languages and formats, about the importance of being vaccinated and how to attend appointments safely.

We continued to work on our Bay Health and Care Partners' (BHCP) Strategy and set up a new BHCP communications and engagement team to ensure that key messages were communicated and that stakeholders were fully engaged.

In October 2020, we held our first ever online Annual Members' Meeting (AMM) over the internet. We also strengthened our relationships with our key stakeholders, including our Council of Governors. We kept our Governors up to date on key issues affecting the Trust, especially matters in relation to COVID-19, and they provided immensely valuable support, advice and guidance.

In 2021/22 we look forward to further developing our partnerships and will continue to have open discussions with our Staff Side colleagues.

ICP developments are continuing and we would like to give thanks to primary care, local authority and volunteers for their valuable work.

## Our Innovations

The enormous challenges of the pandemic resulted in a great many innovations by our talented and quick-thinking colleagues.

As the availability of personal protective equipment (PPE) was identified as a key issue in April 2020, we explored every avenue to secure and distribute PPE to our colleagues across the Trust and created a PPE Hub to ensure that supply met demand. We also worked with the Lancashire and South Cumbria PPE and Consumables Policy Group to ensure a consistent approach to PPE usage.

Our digital COVID-19 antibody and swab testing services saved thousands of admin hours. This digital system won the 'Caring and Sharing' category at the NDL Awards and £500 for Bay Hospitals Charity. The swab test was open to key workers and UHMBT preoperative patients. Following the success of the project, we were able to develop the technology to enable care homes across Morecambe Bay to have a secure view of results of residents as they became available.

Our i3 team worked with the COVID-19 hubs to create a streamlined and simple process for staff and patients to book antibody and swab tests. The i3 team took that model and applied it to other aspects in

the pandemic such as the Lateral Flow Testing (LFT) and also to the Vaccine Administration Programme. We invested in tools early on as the pandemic began to unfold which paid dividends by enabling us to respond quickly to new requirements.

The New Hospitals Programme, which offers a once-in-a-generation opportunity to build brand new hospital facilities and help transform health outcomes for the region's population, gained momentum.

We are now working with Lancashire Teaching Hospitals NHS Foundation Trust and the Government to build new, centrally-funded hospital facilities locally. This will result in refurbished facilities and a brand new, world class hospital - or hospitals - for local people as part of the Government's plan to build 40 new hospitals by 2030.

A key focus for the coming year is preparing our area's buildings and infrastructure for the future.

## Conclusion

Finally, we'd like to thank everyone for their kind support and patience while our teams continue to work through waiting lists and restore services.

On behalf of the Board we would like to thank all of our colleagues, partners, volunteers, patients, governors, fundraisers, members, communities and stakeholders for their fantastic support during this momentous year. We believe that with everyone's support, we can build our Trust up into an even stronger organisation for the benefit of all.



Mike Thomas  
Chair

Date: 28 June 2021



Aaron Cummins  
Chief Executive

Date: 28 June 2021

## Performance Report

The purpose of the Performance Report is to give you a brief introduction to University Hospital of Morecambe Bay NHS Foundation Trust. This includes a glimpse back at our history, its purpose and activities and a brief description of how we work as part of a wider system of health and social care. In addition we summarise our priorities and the key risks to the achievement of its objectives and how we have performed during the year.

### An introduction to University Hospitals of Morecambe Bay NHS Foundation Trust

University Hospitals of Morecambe Bay NHS Foundation Trust was established on 1 October 2010, as a public benefit corporation authorised under the Health and Social Care (Community Health and Standards) Act 2003.

We are a provider of community and hospital services across the Morecambe Bay area, an area covering a thousand square miles across south Cumbria and north Lancashire.

We operate the three hospital sites:

- Furness General Hospital (FGH), Barrow;
- Royal Lancaster Infirmary (RLI), Lancaster; and
- Westmorland General Hospital (WGH), Kendal.

In addition, we provide services from a number of community healthcare premises including Millom Hospital and Waterloo GP Practice, Queen Victoria Hospital in Morecambe and Ulverston Community Health Centre.

On 1 April 2018, adult community services in South Cumbria transferred to the Trust from Cumbria Partnership NHS Foundation Trust. On 1 October 2018 adult community services in North Lancashire transferred to the Trust from Blackpool Teaching Hospitals NHS Foundation Trust. Community Children's Speech and Language Therapy and Occupational Therapy services transferred in July 2019.

We serve a dispersed population of around 365,000 covering South Cumbria, North Lancashire and surrounding areas, with services commissioned by Morecambe Bay Clinical Commissioning Group.

Furness General Hospital is situated on the outskirts of Barrow with around 260 beds. It provides a wide range of General Hospital services including an Emergency Department, surgery, maternity, outpatients, critical care, oncology and a special care baby unit.

Westmorland General Hospital is located on the edge of the stunning Lake District. It has around 45 beds and provides a range of General Hospital services including a midwifery-led unit, elective surgery, a chemotherapy unit and a wide range of outpatient services together with an Urgent Care Treatment Centre which can help with a range of non-life threatening conditions such as broken bones and minor illnesses. It is also home to GP led medical wards, mental health wards and a renal unit, all of which are provided by other NHS Trusts.

Royal Lancaster Infirmary is situated in the centre of the historic city of Lancaster and has around 425 beds. It provides a wide range of General Hospital services including an Emergency Department, surgery, maternity, critical care, oncology, outpatients and a special care baby unit.

Ulverston Health Centre, situated between Barrow and Kendal provides a range of outpatient services.

Queen Victoria Hospital is a few miles from the main hospital in Lancaster and is home to a range of outpatient services.

A CQC Unannounced Core Service Inspection of the Trust took place mid November 2018. This was followed by a Use of Resources Assessment late November 2018. This was led by NHS Improvement and consisted of a day of interviews with members of the Board and senior operational teams. There

was an announced CQC 'Well-led' inspection in December 2018. The final CQC Quality Report was published in May 2019 and rated the Trust as Requires Improvement overall. The overall rating for Royal Lancaster Infirmary also fell to Requires Improvement, whilst Furness General Hospital and Westmorland General Hospital remained rated as Good overall.

During December 2019, there was unannounced focused inspection in Women and Children's including maternity and services for children and young people. This was a focussed inspection so the ratings in the CQC Quality Reports are not ratings from this review, but held over from the previous full inspection. A number of outstanding practices were noted together with areas for improvement. The recommendations of this report have been included in the overall CQC Improvement Plan which the Board closed in April 2021.

A further CQC Well Led Inspection took place in May 2021 and the Trust will share the formal outcomes of the inspection when available. Although the final reports have not yet been published, the Trust has received a notice from the CQC under Section 31 of the Health and Care Act 2008, of immediate change required in stroke services to address any identified risk to patients. The full details of the notice has been shared with the Trust Board and actions were swiftly put into place to meet this instruction.

One enforcement undertaking is now attached to the Provider Licence by NHS Improvement. This relates to finance and sustainability. A revised enforcement notice in respect of financial sustainability was received in May 2018. The Board of Directors approved the Bay Health and Care Partners' five year financial recovery plan at their meeting in October 2018, which provided the foundation to address the enforcement notice. The Trust has continued to work with its partners and NHS England and Improvement and in 2019/20 and 2020/21 the Trust achieved its financial targets.

The Board is also focused on completing several key pieces of improvement work in the coming year:

- Delivery of the recommendations from the urology external review when the final report is available;
- The completion of work as part of our Enhanced Support Programme, including trauma and orthopaedics (as communicated recently);
- Delivery of the work we are taking forward with the Good Governance Institute to improve our internal governance and assurance processes;
- Our review of implementation of the Kirkup Report 5 years on and recommendations from the recent interim Ockenden Report; and
- Review of our Freedom to Speak Up arrangements.

Whilst we are already making progress on these important areas of work, we need now to focus and accelerate delivery of this. NHS England/NHS Improvement (NHSE/I) has offered the Trust some additional improvement support which, as a Trust, we welcome.

This support is being provided in a number of ways:

- The appointment of Simon Bennett as Improvement Director for the Trust. Simon has a wealth of successful improvement and NHS experience from national to provider level and will be joining us immediately on a part-time basis. Simon will also be able to draw on wider NHSE/I improvement support as required;
- Establishment of a System Improvement Board, which will replace the existing monthly NHSE/I Urology Oversight Group. The Improvement Board will be chaired by the Dr David Levy, NHSE/I NW Regional Medical Director and include representatives from the Trust, Morecambe Bay CCG, the Care Quality Commission and the professional regulators; and
- Further specialist colleagues to assist improvement and development in the areas of nursing and medical practice.

The Board of Directors is not complacent and there are still significant challenges facing not only the Trust but the wider health economy. Through Lancashire and South Cumbria Integrated Care System and Bay and Health Care Partners, plans have been made to respond to the risks around health inequalities, patient safety and financial and workforce sustainability.

## System Leadership and Lancashire and South Cumbria Integrated Care System

### How we work as part of wider system of health and social care

The NHS is now under more pressure than ever because of people living longer and the growing population of the country. In the *Five Year Forward View*, NHS England asked primary care, community health, mental health and hospital services to work together better. The *NHS Long Term Plan* builds on the policy platform laid out in the *NHS Five Year Forward View* which articulated the need to integrate care to meet the needs of a changing population.

The *NHS Long Term Plan* confirmed that all parts of England would be served by an Integrated Care System (ICS) from April 2021. ICSs are partnerships of NHS organisations, councils and key partners from the voluntary, community and social enterprise sector working together across a local level to meet health and care needs, co-ordinate services and improve population health.

At a regional level we are part of the Lancashire and South Cumbria ICS. This is known as Healthier Lancashire and South Cumbria <https://www.healthierlsc.co.uk/>



Healthier Lancashire and South Cumbria is a partnership of organisations working together to improve services and help the 1.8 million people in Lancashire and South Cumbria live longer, healthier lives.

The Lancashire and South Cumbria ICS covers a region made up of five local areas (Central Lancashire, West Lancashire, Pennine Lancashire, Fylde Coast, and Morecambe Bay). These areas are called Integrated Care Partnerships or ICPs as the basis for local organisations and groups involved in health and care to join up their priorities and resources. The partnership is known as the Lancashire and South Cumbria ICS and has a clinical leader in Dr Amanda Doyle, a GP from Blackpool with significant national and local leadership experience. As Chief Officer, Amanda is working with the support of senior clinicians and managers from every part of Lancashire and South Cumbria.

The vision for Lancashire and South Cumbria is to empower and support healthy local communities, so that local people have the best start in life and can live and age well.

Healthier Lancashire and South Cumbria is the name of the shared vision and five-year strategy for improving health and care services and helping the 1.8 million people in Lancashire and South Cumbria live longer, healthier lives. To achieve this, difficult decisions will be made about how and where services are delivered and how to achieve the aims as a partnership. Lancashire and South Cumbria ICS have listened to local people and worked together to set out how to deliver the aims of the *NHS Long Term Plan* and address the most urgent needs of our population

At the heart of this are the following ambitions:

- to have healthy communities;
- to have high quality and efficient services; and
- to have a health and care service that works for everyone, including our staff.

The vision for Lancashire and South Cumbria:

In your neighbourhood and community:

- Health and social care will work together to support your social needs, physical and mental health and wellbeing;
- You will be supported to care for yourself where you can, including using digital technology;
- Community groups and local teams, including your GP, will work with you; and
- You will be encouraged take an active role in managing your own health and wellbeing and to support others in your community.

In your local area:

- Most care will be locally delivered, managed and planned;

- We will make the best use of all the expertise and staff skills available to us;
- We will talk to you and your community about how best to provide care; and
- You know best what you and your community needs.

Across Lancashire and South Cumbria:

- We will work together on issues like mental health, stroke, cancer and urgent care
- Our hospitals will work together so you have the best treatment possible
- We will use technology to share health records and make it easier to book appointments
- As much of our finances as possible will be spent in local places
- We will manage our spending better.

NHS England and NHS Improvement's white paper [Integrating care: Next steps to building strong and effective integrated care systems across England](https://www.england.nhs.uk/publication/integrating-care-next-steps-to-building-strong-and-effective-integrated-care-systems-across-england) which can be found at [www.england.nhs.uk/publication/integrating-care-next-steps-to-building-strong-and-effective-integrated-care-systems-across-england](https://www.england.nhs.uk/publication/integrating-care-next-steps-to-building-strong-and-effective-integrated-care-systems-across-england) published in February 2021, details how ICSs and the organisations within them will work more effectively and more collaboratively in future. It also reflects on the insight received from a range of local leaders, including the impact of the COVID-19 pandemic. The key building blocks of integrated care include strong partnerships in local places and neighbourhoods with a focus on improving the health of our population. Working at system level has already demonstrated benefits locally, such as the response to COVID-19, the new hospitals programme and managing the system's financial deficit.

Partners in Lancashire and South Cumbria have a shared vision for the continued development of partnership working at all levels. A key step towards enabling single strategic commissioning decisions was the recent agreement to establish a Strategic Commissioning Committee – supported by a limited number of sub-committees. The national proposals are in line with the efforts being made locally to improve the health and wellbeing of the whole population, improve outcomes and quality of services and work towards the financial sustainability of local services.

All NHS provider trusts are expected to be part of a provider collaborative in order to help set system priorities and allocate resources. Since October 2020, the System Leaders Executive has been overseeing a System Reform Implementation plan for Lancashire and South Cumbria. The plan will include proposals for provider collaboration within acute hospitals and mental health services, plus details of the commissioning reform process. The Chair of the Trust, the Chief Executive and members of the executive team together with clinical leaders are playing prominent leadership roles in the Integrated Care System which will help not only the population of Morecambe Bay but the wider community across Lancashire and South Cumbria. For example, the Chief Executive is the accountable officer for the transformation programme in respect of stroke services.

Along with the commissioners and trusts, local authority partners are part of the senior leadership team and Integrated Care Partnership Board which oversees the plans and decisions of each of the five Integrated Care Partnerships (ICPs) in Lancashire and South Cumbria. As strong and effective place-based partnerships, ICPs have four main roles:

- To support and develop Primary Care Networks;
- To simplify, modernise and join up health and care;
- To understand and identify people and families at risk of being left behind and to organise proactive support for them; and
- To coordinate the local contribution to health, social and economic development to prevent future risks to ill-health.

### How we work together as a partnership across Morecambe Bay

The ICP for Morecambe Bay is called Bay Health and Care Partners. The work of Bay Health and Care Partners (BHCP) during 2020/21 and specifically BHCP's contribution to the NHS England and NHS Improvement's white paper [Integrating care: Next steps to building strong and effective integrated care systems across England](https://www.england.nhs.uk/publication/integrating-care-next-steps-to-building-strong-and-effective-integrated-care-systems-across-england) which can be found at [www.england.nhs.uk/publication/integrating-care-next-steps-to-building-strong-and-effective-integrated-care-systems-across-england](https://www.england.nhs.uk/publication/integrating-care-next-steps-to-building-strong-and-effective-integrated-care-systems-across-england) are detailed overleaf.



The core members of the ICP are the Trust, Morecambe Bay Clinical Commissioning Group, Lancashire and South Cumbria NHS Foundation Trust, Lancashire County Council, Cumbria County Council and primary care provider representation.

Within the ICP, the UHMB Board and clinical leaders play an active role in the design and delivery of integrated health and social care for Morecambe Bay. Programmes of work are sponsored by members of the executive team who have assumed leadership roles within the partnership. An example of this includes the post-COVID-19 recovery transformation programme being led by the Chief Operating Officer.

## Bay Health and Care Partners (BHCP)

### Partnership working through the Pandemic

BHCP has truly showed its strength and commitment to work together collaboratively in 2020/21 to support our patients and citizens through the continuing demands of the national pandemic. With the significant pressures on our services, teams have worked tirelessly over the past 12 months to respond to the challenges of COVID-19.

BHCP Integrated Care Partnership revised the agreed governance structure and meeting timetable allowing the partnership to be more responsive and come together to mutually work through system response to COVID-19, but also to continue to take forward transformation programmes where that was possible, and to plan for the future in light of the national health and care system reforms for 2022/23.

With significant pressures on our services, teams have worked tirelessly over the past 12 months; noting the considerable achievement, in particular, locally in the roll out of the vaccination programme. The process and undertaking to set up the vaccination sites has been significant and whilst our Primary Care Networks (PCNs) have taken the lead in this work, all partners have contributed to the work alongside our volunteers. We are also supported by three hospital hubs which are based at Furness General Hospital, Westmorland General Hospital and the Royal Lancaster Infirmary, with the large vaccination sites located at Lancaster Town Hall, the GSK Sports and Leisure Club in Ulverston and the Westmorland Shopping Centre in Kendal. The partnership mobilised quickly to ensure our communities had the best opportunity to receive their vaccination quickly and safely.

Alongside, our response to the national pandemic, work continued to develop and support the system reform programmes across health and care both within our Integrated Care partnership, and the wider impact across Lancashire and South Cumbria Integrated Care System, and allowed the partnership to review its priorities.

### BHCP Priorities

In October 2020, the BHCP Partnership Board reviewed the Better Care Together Strategy priorities and also the revised objectives for BHCP for 2020/21 as reset in May. In light of the escalating wave 2 of COVID-19, the Board agreed that the objectives remained the right ones for the remainder of the year:

- To work together as Bay Health and Care Partners to provide an effective response to the COVID-19 pandemic, in order to protect the health and wellbeing of our population;
- To safeguard the welfare and wellbeing of our staff, whilst adhering to national guidelines;
- To respond to the national planning requirements set out by NHSE/I, with a particular emphasis on:
  - Ensuring our population access the urgent health and care services they need when they need them and that the fear of Covid-19 is minimised as a barrier to access;
  - “locking in” beneficial change which has been brought about during the early stages of the COVID-19 response; and
  - To continue to progress and enact the priorities set-out in the Better Care Together Strategy as far as possible, particularly where these support objectives 1 – 3 above.



## Transformational Pathway Redesign

Due to national guidance and the speed at which services had to be reconfigured in response to COVID-19, the leadership team evaluated the focus and oversight of the transformational work programmes with a recognition that the system approach to undertaking transformational schemes at scale and pace has fundamentally changed.

Building on the foundations of the partnership, it was evident that much of the work undertaken has accelerated the delivery around the service models already planned for example:

- Outpatient activity undertaken by video or telephone, reducing the need for face to face;
- Integrated working between health and social care to delivery and facilitate safe and timely hospital discharge;
- Initial work undertaken to develop the Intermediate Care Model within South Cumbria; and
- Significant progress through our Integrated Care Communities, Voluntary Sector partners and District Councils to support local communities and individuals.

Progress overall for the BHCP transformation programmes have been good with the benefit of clinical leadership; and strong operational management. In recognition of the increasing prevalence of COVID-19 and pressures within our system the leadership team asked the transformation programme to pare back their activities and to focus their resources on those aspects of their programme that will directly support: Phase 3 recovery, winter resilience and dealing with COVID-19.

## Planning for the future

There is recognition within the BHCP leadership team that as the pandemic was announced the NHS has been under level 4 Emergency planning / response directions. This has meant the establishment of Local Resilience Forums (Cumbria and Lancashire) and the Out of Hospital & Hospital Cells in the ICS. All COVID-19 related actions were managed and overseen through these structures and not at ICP level.

As Bay Health and Care Partners, there is a recognition of the environment in which health and care services will be operating in the next 12 to 18 months, and parts of the system may fluctuate between 'response' and 'recovery' phase, as is seen locally and nationally currently, with the fragility of the care home sector, and the ask of health services to move to recovery phase.

The partnership needs to be cognisant of the challenges that will place on the partnership but also a great opportunity to build on the enduring relationships that have been developed over the past 6 years. There is a commitment from all partners to remain connected and maintain open and honest communications through the leadership team forum.

## System Reform – How we will work together in the future

### Integrating Care: Next Steps to Building Strong and Effective Integrated Care Systems Across England

In November 2020, NHS England and NHS Improvement published a document *Integrating Care: Next steps to Building strong and effective integrated care systems across England*. It details how systems and their constituent organisations will accelerate collaborative ways of working in future.

- Health and Care organisations were invited to respond to the proposed options by 8 January 2021;
- As an Integrated Care Partnership, Bay Health and Care Partners (BHCP) collated responses from all partners including; mental health, acute services, community services, primary care, local authority, voluntary community and faith sector partners, and the Clinical Commissioning Group;
- BHCP have been instrumental in leading local work across the Morecambe Bay area to integrate care and form strong partnerships with our communities, and believe good professional and respectful working relationship has been developed with the Lancashire and South Cumbria



Integrated Care System. The partnership broadly welcomes the proposals set-out in the paper and the intentions to progress to greater collaborative ways of working involving:

- Stronger partnerships in local places;
- Formal collaborative arrangements for provider organisations;
- Development of strategic commissioning; and
- The use of digital and data technologies to drive system working.

Particularly if these results in improved outcomes and experiences for our patients and colleagues.

Subsequently the White *paper Integration and innovation: working together to improve health and social care for all* (published by DHSC, February 2021) outlined the next steps for system reform.

Change is needed as part of the COVID-19-recovery process to enable health and care systems to further build on integration and innovation demonstrated during the pandemic response:

- The NHS, local authorities and other partners will come together legally as part of ICSs to plan health and care services and focus on prevention;
- ICSs will become statutory. They will include an 'NHS ICS body' and an 'ICS health and care partnership';
- The current functions of CCGs will move into the NHS ICS body; and
- Place-based arrangements between local authorities, the NHS and providers of health and care services will be left to local partners to arrange

## Future Development

Bay Health and Care Partners have been working closely together to start to understand and work through the significant system reform that will take place in 2021/22 for health and care organisations. As an Integrated Care Partnership, work has commenced within Morecambe Bay at both places (ICP) and system (ICS) level to define and develop how the partnership will work in the future building on the foundations already set through the system working and the development and delivery of the Better Care Together Strategy. Outlined below is the context in which we have been working:

- ICP Development;
- ICS Reform;
- Commissioning Reform;
- Local Government Reform; and
- Provider Collaboration.

## Commissioning Reform

The NHS Integrating Care next steps paper published in November 2021 reaffirmed a direction of travel towards developing strategic commissioning through systems with a focus on population health outcomes, and a reduction in transactional and contractual exchanges within the system. This will lead to significant change to CCGs and NHS England commissioning role. The paper further goes on to propose two options for how strategic commissioning could develop through either establishment of a single CCG aligned to each Integrated Care System footprint or the establishment of a statutory ICS body that would replace CCGs. NHS England/Improvement has expressed a preference for the latter option, which would require a change in legislation.

In Lancashire and South Cumbria significant work is continuing to explore how commissioning resource can best be redeployed across system and place. This remains subject to emerging National guidance and legislative change. Working towards the principle of strategic commissioning at system level, the ICS together with the Joint Committee of CCGs have been working together to improve single system level commissioning decision making with current legislation. This has resulted in the proposal to establish a new Lancashire & South Cumbria Strategic Commissioning Committee with a new and broader range of delegated authority for commissioning decisions.

## Provider Collaboration

The Lancashire and South Cumbria Integrated Care System has set up a Provider Collaborative Board (PCB) to support joint working to develop new models of care. UHMB is represented on the Board by the Chair and the Chief Executive. In addition to focusing on the pandemic, the Board has sponsored a number of work programmes to improve the quality of services in the following areas:

Lancashire & South Cumbria (LSC) System Transformation Programmes:

- Vascular;
- Stroke;
- Diagnostics: Radiology

Single Shared Service: Regional Centres:

- Dermatology;
- Ophthalmology

Single Shared Service: Fragile Service:

- Clinical Haematology

Transformation & Innovation:

- Mental Health Urgent Assessment Centres (MHUACs)

The current PCB will evolve in response to new National Policy, Technical Guidance and anticipated legislative change as a key component of an Integrated Care System. In the meantime, the PCB will remain accountable for, ensuring clarity of leadership, resource and their contribution to delivering against the ISC Clinical Strategy and Financial Recovery Plan.

The PCB has also assumed responsibility for supporting the UHMB Board and Lancashire Teaching Hospitals NHS Foundation Trust with the development of proposals for new hospital facilities across the ICS through the Government's New Hospitals Programme.

## New Hospitals Programme

The region has a once in a generation opportunity to transform the region's hospitals by 2030.

By creating a network of brand new and refurbished facilities, this will help local people live longer, healthier lives. By doing this, it will also make Lancashire and South Cumbria a world-leading centre of excellence for hospital care.

Further details about the programme can be found at the following link <https://newhospitals.info/>

## Local Government Reorganisation

Morecambe Bay Integrated Care Partnership (ICP) operates largely within the two main two tier local government systems for Lancashire and Cumbria. Discussions regarding Local Government Reorganisation (LGR) have been ongoing for some time but have gathered pace in recent months with a range of proposals being made by the local authorities:

- Cumbria County Council have developed proposals for a single Unitary Council for Cumbria;
- Lancashire County Council have developed proposals for three Unitary Councils (one of which would be North Lancashire and cover Lancaster and Morecambe as well as Blackpool, Fylde and Wyre and the Ribble Valley) and a combined authority; and
- The three districts of Lancaster City Council, Barrow Borough Council and South Lakeland District Council have developed proposals for a Unitary Morecambe Bay.

On 9 October 2020, the Department of Housing, Communities and Local Government (DHCLG) invited local authorities in three areas to submit proposals for unitary authorities in their areas (or including relevant adjoining areas) by the 9th December: Cumbria; North Yorkshire; and Somerset. Proposals for a single unitary for Cumbria and a Morecambe Bay Unitary have been submitted (alongside two other proposals for Cumbria, submitted by the district councils in North Cumbria). DHCLG's invitation means that the Lancashire County Council proposal is not being taken forward at this time. New unitary councils

could be established as early as May 2022: although it remains to be seen whether the COVID-19 pandemic impacts on this timetable.

Health partners within the Partnership were asked by the local authorities for views on support for proposals submitted. Rather than explicitly indicate support for any one proposal, health partners have set out clear principles which we would look to our local authority partners to consider and reflect in their proposals and arrangements going forward. Health support will ultimately be based on unitary proposals that strongly support these principles, which include:

- Supporting the integration of health and care in Morecambe Bay, including evidence that proposals will bring simpler and more effective decision making with greater delegation to the Morecambe Bay “place” and enhance financial and workforce sustainability;
- Improving quality and accessibility of services, including continued delivery of service integration in a consistent way across the Bay; and
- Improving Outcomes, including setting out an ambitious approach to population health.

These proposals are now going forward through the consultation process which is due to end on 19 April 2021 for further consideration and formal direction from the Department. The Secretary of State will consider all of these proposals carefully, assessing the proposals against defined criteria before reaching a balanced judgement on which proposals, if any, to implement. If any proposals are to be implemented, it is expected that new unitary councils to take on full council role from April 2023, with the transitional arrangements in 2022/23 to support a smooth implementation.

### Developing as an ICP or the Future

In September 2020, the Integrated Care System (ICS) Board agreed a two-step process for ICP development as part of the wider system reform agenda. Step 1 was the creation of a common ICP strategic narrative to set out what working in partnership means for us, what we want to do together as partners and how we will enable that change. Step 2 is the prioritisation and scoping of a number of work programmes to describe in greater detail, and subsequently deliver, the content of the strategic narrative.

#### Step 1: The common ICP strategic narrative

Following engagement with leaders across ICPs and the various sectors within the ICS, the common strategic narrative for ICPs in Lancashire and South Cumbria was approved by the ICS Board on 2 December 2020. The Board approved two documents – a detailed narrative and an executive summary.

There was a recognition of the strong alignment between the common ICP strategic narrative and the national publication on “Integrating care”, which was discussed at the NHSE/I Board on 26 November 2020. The degree of alignment was noted particularly in relation to the following themes:

- The importance of ‘place’ as building block for health and care integration;
- Delivery through NHS providers, local government, primary care and the voluntary sector working together in each place, built around primary care networks (PCNs) in neighbourhoods
- Collaboration between providers (ambulance, hospital and mental health) across larger geographic footprints;
- Each place having appropriate resources, autonomy and decision-making capabilities;
- A clear but flexible accountability framework that enables collaboration around funding and financial accountability, commissioning and risk management which could include places taking on delegated budgets;
- Closer working between the NHS, local government and the voluntary sector at place, to ensure local priorities for improved health and care outcomes are met by the NHS becoming a more effective partner in the planning, design and delivery of care; and
- Place based leadership arrangements.

## Step 2: Agreeing and scoping the work programmes for ICP development

The ICS Board also gave approval to proceed with Step 2 during December 2020 to April 2021 which will focus on the development of a framework aligned to these themes, not to deliver the changes necessary for fully mature ICPs to be established.

Step 2 includes scoping a number of priority work programmes. The ICP Development Advisory Group proposed key areas of development as a result of the feedback that was received during the development of the common ICP strategic narrative and were further endorsed by the national publication on integrating care which includes: Success measures for ICPs; Leadership arrangements; ICP governance and accountability and financial frameworks.

The initial ICP development programme will inform the development plan for the 2021/22.

2021/22 will be a challenging year for Morecambe Bay Integrated Care Partnership as we start to build back the programmes of work around: Restoration and Recovery, System Reform and supporting our workforce and communities, and continuing to transform our services and embed the progress made so far within our communities. Although 2020/21 has been a year like no other, the Bay Health and Care Partnership has truly showed its strength and commitment to work together collaboratively to support our patients and citizens, and through these strong foundations, we can build on this by taking a place-based approach to work together through the System Reform changes.

## What did we achieve in 2020/21?

### Operational Planning and Priorities 2020/21 and the Response to the Pandemic

On 19 March 2020 the Trust was informed that operational planning was cancelled due to the NHS response to the COVID-19 pandemic. The pandemic changed dramatically the principle risks faced by the Trust. Up until this point the Board had developed planning and priorities for 2020/21 focused on delivery of a £19.1 million Cost Improvement Programme and commencing on delivery of this plan to improve quality of services and working with Bay Health and Care Partners on the transformation programme we had agreed we would focus on 4 key priority areas:

- Transformation of outpatients;
- Reshaping inpatient care to release Medical Unit 2;
- Theatre improvement programme; and
- Long term conditions.

In response to the pandemic, the Trust established very quickly a strategic, tactical and operational governance process. In light of the impact of COVID-19, a review of priorities for 2020/21 has been undertaken.

Whilst our operational priorities for 2020/21 had been agreed, considering the COVID-19 pandemic, the Board of Directors reviewed and refined them into 4 key areas of focus and risk for 2020/21:

- Dealing with the current COVID-19 pandemic as safely and effectively as we can;
- A core focus on colleague wellbeing;
- Continued priority on quality and safety of our services; and
- Post-COVID-19 Future – operational recovery and transformation programme.

The tables below outline the key achievements against each priority for 2020/21:

Dealing with the current COVID-19 pandemic as safely and effectively as we can	
<b>We said</b>	<p><b>We will:</b></p> <ul style="list-style-type: none"> <li>• Maximise the power of Bay Health and Care Partners to support our communities across Morecambe Bay. We will share learning and make the right decisions regarding when and how we start to deliver 'normal' elective activity again</li> <li>• Ensure we maintain a high awareness of those most at risk and continue to have regular, wide engagement with our communities so they know we are here when they need us</li> <li>• Follow government guidance to make changes to our hospital layout and services to make changes to our hospital layout and services to create the safest, most effective environment to ensure patients are well cared for and our colleagues can deliver that care safely</li> <li>• Invest in rest areas for colleagues.</li> </ul>
<b>We did</b>	<ul style="list-style-type: none"> <li>• Continued response to dealing with COVID and the recovery &amp; restoration of our services</li> <li>• Teams collaborative working to keep each other and our patients safe</li> <li>• Continued to play an active leadership role in the BHCP integrated services model development and the in the development of the ICS Provider Collaborative</li> <li>• Collaborative working with the ICS on Phase 3 planning</li> <li>• Completed a number of capital projects across the trust e.g. Increase in critical care capacity,</li> <li>• Mobilisation of the vaccination programme and roll out vaccination programme for staff</li> <li>• Implementation of POCT/rapid testing for covid within EDs with response time of circa 20 mins</li> <li>• Worked with our ICP and ICS partners to identify the level of resources available for the remaining six months of the financial year.</li> <li>• Supported the ICS critical care capacity issues by responding to the 'ask' to increase capacity to a 'super, super ' surge levels.</li> <li>• Undertook focussed work on reducing the numbers of patients medically fit for discharge (MFFD) by 50% and keep 7day LOS at &lt;50% of G&amp;A bed base</li> <li>• Utilised NHS Charities Together Funding and delivered equipped, comfortable and accessible safe rooms (known as Rest &amp; Recuperation rooms) for colleagues to utilise 24/7</li> </ul>
Core focus on colleague psychological and physical well-being	
<b>We said / We did</b>	<p><b>We will:</b>  <b>Support colleagues through the launch of the four stages in the Employee Health and Wellbeing Support Pack</b></p> <ul style="list-style-type: none"> <li>• 8,500 copies of Supporting You Wellbeing Booklet distributed to colleagues</li> <li>• Physical and psychological wellbeing support packages available.</li> <li>• 84% of front-line colleagues received the influenza vaccination.</li> <li>• Enhanced carers leave through the introduction of 7 days paid carers leave / flexibility around working patterns</li> <li>• Covid-related absences not subject to formal policy outcomes</li> <li>• No financial detriment to colleagues absent with Covid-associated conditions</li> <li>• Bank colleagues paid average entitlement when absent with Covid-related concerns</li> <li>• Supporting hybrid/agile working for colleagues (incl location and working patterns)</li> </ul> <p><b>Continue implementation of Flourish at Work – including rest breaks, nutrition and</b></p>

	<p><b>hydration</b></p> <ul style="list-style-type: none"> <li>Dedicated Rest and Recuperation Rooms made available on all sites where colleagues can take regular breaks and</li> </ul> <p><b>Deliver high quality, high value appraisal conversations.</b></p> <ul style="list-style-type: none"> <li>5289 COVID Check-In Appraisals Completed (90%)</li> <li>95% compliant in Core Skills Framework in 8/10 areas.</li> </ul> <p><b>Ongoing health surveillance and support to medium and high-risk groups (including BAME colleagues) in the wake of COVID</b></p> <ul style="list-style-type: none"> <li>96% vaccination uptake among Black, Asian and Minority Ethnic colleagues who are at higher risk from Covid-19.</li> <li>95% of colleagues completed integrated individual and workplace risk assessment (100% BAME colleagues)</li> <li>Shielding colleagues received regular Wellbeing calls</li> <li>BAME Network won the 'Wellbeing at Work' category in the NW Parliamentary Awards.</li> </ul>
<b>In addition</b>	<p><b>Awarded UK's Most Inclusive Company</b> in the Inclusive Companies Award, our 4th year in the Top 50 and the first public sector organisation to win the award.</p> <p><b>Recruitment</b></p> <ul style="list-style-type: none"> <li>Recruited 219 Registered Nurses (128% of the target) and 133 Medical Staff (incl 14 Consultants)</li> <li>91 colleagues recruited to support Mass Vaccination Hubs through the third wave of COVID.</li> </ul> <p><b>Becoming Anti-Racist Programme</b></p> <ul style="list-style-type: none"> <li>Established 5 Board-led Task &amp; Finish Groups</li> <li>Delivered bespoke training to 220 senior leaders and the Board.</li> <li>Established the Anti-Racism Influencers Group</li> <li>Launched second cohort of the Reciprocal Mentoring Programme</li> <li>Developed the Anti-Racist Allyship Toolkit &amp; Drop-Ins.</li> </ul>
<b>Continued emphasis on quality and safety of services</b>	
<b>We said</b>	<p><b>We will:</b></p> <ul style="list-style-type: none"> <li>Strengthen and demonstrate consistently strong levels of clinical engagement and ownership of key clinical governance, risk and assurance processes across all teams</li> <li>Ensure post COVID engagement and clinical leadership to deliver transformation of clinical services</li> <li>Deliver against Care Quality Commission and external/internal reviews, such as in Urology and Trauma and Orthopaedics, to support the delivery of clinically-led high standards of practice across every clinical team.</li> </ul>
<b>We did</b>	<ul style="list-style-type: none"> <li>Approved our Continuous Quality Improvement Strategy</li> <li>Patient safety unit relaunched in Sep</li> <li>Maintained the Care Group review process in support of clinical validations. Harm reviews were identified. 104 day cancer breaches – deep dive – low levels of harms identified – all appropriately managed.</li> <li>System level reviews undertaken working with commissioners</li> <li>M&amp;M reviews have been implemented in urology. Medical Director working with the Deputy MD to put in a sustainable model in place. Review of and alignment of policies relating to M&amp;M.</li> </ul>



	<ul style="list-style-type: none"> <li>• Balance score card approach has been implemented.</li> <li>• Training undertaken to support and develop staff to undertake best practice incident reviews and extract learning; and to implement an Independent Investigation team to oversee objective reviews</li> <li>• Phase 1 (Diagnostic) work with the Good Governance Institute completed. Phase 2 commenced.</li> <li>• Significant work undertaken supporting the Niche review and responding to and supporting external regulatory requests</li> <li>• Continued to monitor and assess the effectiveness of our systems of infection prevention and control and rates of nosocomial infections</li> <li>• Undertaken a deep dive review of patients waiting over 52 weeks.</li> <li>• Data triangulation dashboard adopted.</li> <li>• Further review of the ESP programme to agree exit from the programme and how assurance of sustained improvements is sought.</li> <li>• Maintained effective relationships with CQC and external regulators</li> </ul>
<b>Post COVID-19 future – the work of our Recovery Cell</b>	
<b>We said</b>	<p><b>We will:</b></p> <ul style="list-style-type: none"> <li>• Recover from the adverse impact of COVID-19 on our operational performance, e.g. our waiting lists for patient care</li> <li>• Focus on a new exciting model of delivering Outpatient services.</li> <li>• Transform how patients ‘flow’ through the Royal Lancaster Infirmary and maximise new opportunities for Medical Unit 1</li> <li>• Embed seven day working, as well as the excellent work of our social care colleagues, with timely discharges</li> <li>• Ensure theatres are operating at optimal efficiency and productivity 52 weeks of the year</li> <li>• Work to further improve our sustainable financial position by reducing net costs in all areas compared with 2019/20.</li> </ul>
<b>We did</b>	<ul style="list-style-type: none"> <li>• Built a restoration &amp; recovery tracker which is to be adopted across the ICS</li> <li>• Restored significant amounts of elective activity.</li> <li>• Worked with several IS to increase capacity . Secured permanent additional imaging capacity at WGH as part of national contract for CT</li> <li>• Completed the work on the development of the patient charter and the #setforsurgery campaign and implemented fit for surgery initiatives and “pre-hab” work with Primary care to improve the wellness of the patient waiting list to help improve patient outcomes.</li> <li>• Continued to develop digital solutions to support restoration</li> <li>• Opened 2 surge wards at RLI, and 2 community rehab facilities at Kendal and Barrow to support additional winter bed capacity (16 beds at Barrow and 12 at Kendal)</li> <li>• Validated over 6000 surgical patients listed for procedures as part of national validation/e-review programme</li> <li>• Commenced work with the Clinical Services on the revised Clinical Operating Model</li> <li>• Delivery of the £60m Board approved control total for 2021/22.</li> <li>• Commenced work on a sustainable financial recovery plan</li> <li>• Continually reviewed and balanced our capacity and resources to meet the service demands with a priority to critical services in the first instance.</li> <li>• Kept communicating with our patients and general public progress and expected waiting times for appointments.</li> <li>• New clinic rebuilds for all services</li> </ul>

## Operational Planning and Priorities 2021/22

During quarter 4 of 2020/21, the Trust was informed that national planning guidance had been delayed along with the expectation that planning submissions would be delayed until end of quarter 1 of 2021/22. The Board of Directors agreed to continue to develop the Trust Operational Plan for 2021/22 and at the Board of Directors' meeting on 31 March 2021; the following priorities were agreed for 2021/22:

### Our areas of focus for 2021/22 are...



Improved Finance Performance and Transformation of Services	
<b>We will:</b>	
✓	Develop a financial sustainability plan for the next 3-5 years across Bay Health and Care Partners (BHCP) that clearly connects finance with the clinical, estates, workforce, I3 and capital investment strategies.
✓	Develop and deliver a detailed financial budget and improvement plan for 2021/22.
✓	Implement restoration and recovery plans working in partnership across the Integrated Care System (ICS) to ensure equity of access for our patients across Lancashire and South Cumbria.
✓	Implement our Clinical Service Strategy through delivery of our Build a Better Bay Transformation Programme: <ul style="list-style-type: none"> <li>• Implement new clinical service models which drive delivery of national standards &amp; financial sustainability;</li> <li>• Develop Westmorland General Hospital as an elective centre of excellence; and</li> <li>• Embrace digital technology and innovation.</li> </ul>
✓	Utilise workforce transformation and development tools to ensure efficient and effective clinical service delivery.
✓	Launch and implement our Continuous Improvement Strategy.
✓	Refresh our organisational: <ul style="list-style-type: none"> <li>• Purpose, Vision, Values;</li> <li>• Strategy; and</li> <li>• Operating Model.</li> </ul>
✓	Continue to work in partnership across BHCP and the ICS to support: <ul style="list-style-type: none"> <li>• System reform;</li> <li>• Collaborative working and shared locations; and</li> <li>• New Hospitals Programme.</li> </ul>



Quality and Safety of Services	
<b>We will:</b>	
✓	Reduce the risk of harm for our patients who have had extended waits due to COVID-19.
✓	Deliver 5 key patient safety and experience programmes through the Patient Safety Unit: <ul style="list-style-type: none"> <li>• Implement the patient safety response framework;</li> <li>• Implement and embed M&amp;M reviews aligned with best practice;</li> <li>• Implement and embed the best practice recommendations from the Good Governance Institute;</li> <li>• Embed and improve the Enhanced Support Programme; and</li> <li>• Research and implement Magnet4Europe principles.</li> </ul>
✓	Strengthen and consistently deliver strong levels clinical engagement and ownership of key clinical governance, risk and assurance processes across all teams.
✓	Utilising benchmark data including Get it Right First Time; Patient Level Information and Costing System, Model Hospital focus on standardisation of care and reduction in clinical variation.
✓	Deliver e-job planning for all non-medical healthcare professional to ensure consistent monitoring of standards.

Colleague Psychological and Physical Well-being	
<b>We will:</b>	
✓	Support colleague health and wellbeing, recovery, restoration and improvement.
✓	Continue the cultural transformation to create a great place to work; great place to be cared for (positive, fair, inclusive & learning organisational culture.)
✓	Develop our talent management and leadership development approach enabling every individual to be the very best they can.
✓	Ensure UHMB develops as a truly inclusive & diverse employer, through the development & implementation of its 5 year Positive Difference Strategy

## Equal Access to Services

In delivering our plans for the future, ensuring everyone can access services on an equal footing is a key priority for the Trust. One of our outcomes is to address issues of inequalities in patients' experience of accessing health care and with our partners put actions in place to resolve this.

To support commissioners and providers of general practice services to address this, we aim to promote understanding of groups in the community who are experiencing barriers in accessing services and help to address those barriers as improvements in access to services are implemented.

Actions through our patient experience activities include the following:

- a guide in assessing local issues;
- supporting local equality analyses and providing;
- case studies of examples of how barriers arise at different points on patient pathway journey, starting at the point where the patient identifies a health problem through to getting appointments and the experience of attending hospital;
- practical tips on a wide range of issues related to protected characteristics and other groups who experience barriers to healthcare, for example through homelessness; and
- quick learning materials for staff, case studies and examples of good practice and a wealth of information on NHS England's website.

The Trust continues to make progress against the 2020/21 services equality objectives. This has resulted in enhanced patient experience for some of our most vulnerable patients and citizens. For example, we have installed a patient pager system in the Emergency Department at Furness General Hospital, The Royal Lancaster Infirmary, and the Urgent Treatment Centre in Kendal. Further details can be found in the Patient Experience and Patient-Led Work.

## Going Concern Basis

As part of the Accountability Report I am required to give a statement that the Accounts in this report can be prepared on a Going Concern Basis.

The going concern basis assumes that the Trust will be able to realise its assets and liabilities in the normal course of business and that it will continue in business for the foreseeable future. The future should be at least, but is not limited to a period of twelve months from the end of the reporting period. For Foundation Trusts there is no automatic presumption that they will always be a going concern, particularly where difficult economic conditions and/or financial difficulties prevail.

The Trust's accounts for 2020/21 have recorded a deficit of £9.7 million and the cumulative deficit position on retained earnings amounts to £324 million. The Statement of Financial Position shows net assets of £215 million. No control total was agreed for the financial year due to the suspension of planning as a result of the coronavirus pandemic but the Trust was expected to achieve an adjusted position of break even for the year.

National planning for 2021/22 has commenced and final plans are due to be submitted in June 2021. The Trust will continue to receive block contract funding based on adjusted commissioner allocations, system top-ups and allocations to support ongoing coronavirus costs, for the first half of 2021/22. Capital planning is ongoing within the Integrated Care System and system capital allocations have been agreed for 2021/22.

In accordance with IAS 1, management have made an assessment of the Trust's ability to continue as a going concern. After making enquiries, the directors have a reasonable expectation that the services provided by the Trust will continue to be provided by the public sector for the foreseeable future. For this reason the directors have adopted the Going Concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.



Aaron Cummins  
Chief Executive

Date: 28 June 2021

## Performance Analysis

In the previous section we explained how we planned to improve our Health Services. To help us understand how well we are doing the Trust measures its effectiveness in delivering its priorities by monitoring and reporting performance data in four main areas:

- National Quality Standards;
- Local Quality and Governance Standards;
- Financial Performance; and
- Social Value.

The Trust requires accurate, timely, relevant patient information in order to support:

- The safe delivery of patient care; including on-demand real-time reporting and analytics;
- The delivery of the Trust's core business objectives;
- Clinical governance and clinical audit;
- Accurate clinical coding;
- Service Level Agreement monitoring and contract management;
- Business planning; and
- Accountability and transparency.

Data quality and data security risks are managed by the Informatics, Information and Innovation (I<sup>3</sup>) Steering Group and Risk Management Forum with information generated through the risk management system. A Data Quality Group has been established to set, steer and performance manage the implementation of a data quality policy. The policy ensures robust management information and business intelligence based upon accurate patient data is essential for the delivery of patient care and to maximise the utilisation of resources for the benefit of patients and staff.

This policy focuses on the Trust's Electronic Patient Record (EPR) system, which helps clinical and medical staff deliver in-hospital patient care, including the management of patient pathways and care decisions.

The Trust's data warehousing and business intelligence framework provides management information in the corporate dashboards, Care Group reporting, and self-service analytics to support national and local data submissions and to analyse Trust performance.

## National Quality Standards

There are a several standards set by the Government that hospitals are measured against. These are reported to the Board of Directors on a monthly basis so that the Board can assure themselves of how the Trust is performing against the key quality indicators and ensure that mitigating actions are taken when areas of concern arise.

2020/21 has been dominated by the COVID-19 global pandemic. The focus in the spring and early summer of 2020 was upon ensuring that there was sufficient capacity to treat COVID-19 positive patients, urgent patients and those on a cancer pathway. National rules were developed around the priority groups to focus upon, social distancing and the use of PPE. Some procedure types that presented heightened risk such as aerosol generating procedures were deferred. This requirement to ensure that there was sufficient capacity, teamed with social distancing and the time taken to 'don and dof' personal protective, which continues into 2021/22 has resulted in fewer patients in outpatient clinics and theatre lists.

From March to July 2020 both urgent care presentations and first referrals sharply declined as patients stayed away. Demand across the most service types started to increase from August 2020, however it is very likely that some patients who have presented later than normal, may present with more serious symptoms with a potential impact upon outcomes.

Key summary actions to taken to prioritise and treat the most urgent patients, whilst moving on to treat routine groups in 2021/22 include:

- The development and roll out of virtual outpatient appointments where clinically suitable, to support social distancing and allay patient fears of coming onto a hospital site;
- The clinical validation of all patients awaiting a follow-up appointment, to prioritise clinical groups;
- Continued treatment of the most urgent patients and those on a cancer pathway;
- The prioritisation of all patients requiring elective surgery, with the key focus upon treating patients in the Priority 1 and 2 groups, plus the longest waiting patients;
- Detailed Restoration and Recovery Delivery Plan with key actions to restore and expand activity levels; and
- The dedicated focus on expediting care and eliminating unnecessary delay for all patients on a cancer pathway, whilst following the national COVID-19 cancer treatment guidance.

As a result of need to defer most routine surgery and reduce outpatient clinic numbers due to the requirement to social distance, waiting times for both outpatient appointments have increased and the number of patients awaiting >52 weeks for first consultant treatment has increased from 1 in March 2020 (due to patient choice to wait) to 2,496 in March 2021.

From the summer of 2020, the national focus expanded to include the recovery and restoration of services including outpatient, diagnostic and theatre activity. The focus includes metrics to increase demand in the form of urgent care presentations, first outpatient referrals and referrals for suspected cancer. The national target in 2020/21 was to increase elective surgery to 90% each month of the comparable month in 2019/20 and to increase both first and follow-up activity to 100% of the level of the comparative month in 2019/20.

Tables 1 and 2 below show the key backlogs by metric and recovery percentage against March 2020. Table 1 shows the substantial backlog generated, whilst table 2 shows that all key activity types have overachieved and completed more activity in March 2021 than in March 2020. GP/GDP referrals have still not recovered to previous levels which is a cause of concern.

Table 1: Referral to Treatment Backlog and numbers waiting >52 weeks for elective first treatment

Metric	Number in March 2021	% Increase from March 2020
>52 week waiters	2,496	20,700%
RTT Waiting List Size	23,950	121%

Table 2: Recovery in March 2021 as compared to March 2020

Metric	Number in March 2021	% Recovery of Activity in March 2020
ED activity	8429	120%
Non elective activity	3299	106%
GP/GDP Referrals Received	5503	88%
Total Outpatient Activity	23838	105%
Total Diagnostic Activity- Endoscopy	1179	156%
Total Diagnostic Activity- Radiology	9063	120%
Elective Activity	3510	124%

Due to the factors outlined above, the vast majority of constitutional standards were not achieved in 2020/21.

Tables 3 and 4 show the results from the Trust's assessment of performance against the healthcare targets and indicators over the past 3 years, as currently reported in section 5a of the Integrated Board Performance Report and/or the Executive Dashboard which is submitted to the Board of Directors at each of its meetings.

Tables 3 to 9 give the detailed assessment of performance against the healthcare standards including national and locally agreed targets.

**Table 3: Performance against Quality Standards and Indicators - Quarterly Key Performance Indicators**

	2018/19				2019/20				2020/21			
Standard	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A&E: maximum waiting time of four hours from arrival to admission/ transfer/ discharge	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet
All cancers: 31-day wait for second or subsequent treatment - surgery	Failed to Meet	Met	Met	Met	Failed to Meet	Met	Met	Failed to Meet	Failed to Meet	Met	Met	Failed to Meet
All cancers: 31-day wait for second or subsequent treatment- drug treatment	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met	Met
All cancers: 62-day wait for first treatment from urgent GP referral for suspected cancer	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet
All cancers: 62-day wait for first treatment from NHS Cancer Screening Service referral	Failed to Meet	Failed to Meet	Met	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet
All cancers: 31-day wait from diagnosis to first treatment	Met	Met	Met	Met	Met	Met	Met	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet
Cancer: two week wait from referral to date first seen- all urgent referrals	Failed to Meet	Failed to Meet	Met	Met	Met	Met	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet	Failed to Meet

Data Source: Unify Data

Table 4: 2020/21 Performance against Quality Standards and Indicators - Quarterly Key Performance Indicators												
Standard	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maximum time of 18 weeks from referral to treatment–incomplete	70.53%	61.52%	50.31%	43.20%	48.03%	53.41%	57.29%	59.06%	59.53%	59.87%	60.31%	62.03%
Diagnostic waits over 6 weeks	46.78%	62.15%	47.26%	36.53%	30.18%	24.50%	22.08%	13.46%	10.25%	8.25%	3.71%	3.17%
Urgent Operations cancelled for the second or subsequent time	0	0	0	0	0	0	0	0	0	0	0	0
Ambulance Handover Time	24	22	17	16	16	26	22	19	22	23	27	27
Data Source: Unify Data												

## Other Quality Indicators

### Referral to Treatment (RTT) Data

The RTT standard has not been met in 2020/21 due to the impact of the COVID-19 pandemic as described above.

Table 5 details month on month RTT performance for 2019/20.

Table 5: Month on Month RTT Performance for 2019/20													
RTT Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Avg for 19/20
RTT Incomplete Standard 92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
<18 weeks against National Standard	82.52%	82.64%	81.48%	80.62%	79.48%	79.29%	80.04%	80.2%	80.37%	81.07%	81.6%	78.3%	80.64%
Data Source: Unify Data													

Table 6 details month on month RTT performance for 2020/21 against the the national standard of 92%.

Table 6: Month on Month RTT Performance for 2020/21													
RTT Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average for 20/21
RTT Incomplete Standard 92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
<18 weeks against National Standard	70.53 %	61.52 %	50.31 %	43.20 %	48.03 %	53.41 %	57.29 %	59.06 %	59.53 %	59.87 %	60.31 %	62.03 %	56.89 %
Data Source: Unify Data													

#### Accident and Emergency Department 4 hour standard for 2019/20 and 2020/21

As shown in Tables 7, 8 and 9 below/overleaf, the Trust did not achieve the 4 hour Accident and Emergency standard at Trust or site level in 2019/20 or 2020/21.

Table 7: Trust wide Accident and Emergency Department 4 hour standard for 2019/20												
A&E Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
A&E standard 95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Trust 95% performance	84.73%	84.88%	84.68%	85.78%	85.01%	81.98%	81.17%	79.34%	74.24%	76.57%	78.16%	79.47%
Data Source: Unify data: the indicator is in relation to the percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge												

Table 8: Trust wide Accident and Emergency Department 4 hour standard for 2020/21												
A&E Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
A&E standard 95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Trust 95% performance	89.67%	92.42%	92.30%	93.54%	91.12%	89.22%	80.38%	80.08%	76.80%	77.60%	86.07%	85.03%
Data Source: Unify data: the indicator is in relation to the percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge												

Table 9: Site & Trust Wide Accident and Emergency Department 4 hour standard for 2020/21													
A&E Performance	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average for 20/21
A&E Standard 95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
RLI (All types)	88.02%	92.73%	91.73%	91.78%	87.42%	83.37%	67.68%	69.57%	64.43%	66.23%	81.59%	78.91%	80.08%
FGH (All types)	87.58%	88.21%	89.73%	93.14%	92.19%	91.58%	88.48%	88.29%	84.94%	86.92%	86.89%	87.20%	88.96%
Average RLI and FGH (Type 1)	87.85%	91.02%	91.01%	92.32%	89.24%	86.60%	75.66%	76.64%	72.29%	74.05%	83.61%	82.14%	83.41%
Data Source: Unify data: the indicator is in relation to the percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge													

The following factors have contributed to us not achieving the standard:

- COVID-19 bed configuration in light of infection prevention control requirements, inclusive of ED;
- Staff shortages and reallocation of staff due to COVID-19;
- Impact of COVID-19 on available admission beds at any one time;
- Patients who are not in the optimal place but remain in an acute hospital bed; and
- Impact of COVID-19 pressures upon social care leading to increased lengths of stay.

The focus in 2020/21 has been to deliver on the following outcomes:

- Patient involvement in planning of services;
- Working closely with our community teams to avoid A&E attendance;
- Promoting Same Day Emergency Care as a first choice;
- Maintaining bed occupancy in line with Integrated Care System modelling (currently 92% aim);
- Earlier supported discharge from hospital; and
- Delivery of frailty care models to reduce admissions and length of stay.

Actions to deliver on the expected outcomes are delivered through the Urgent Care Recovery Strategy which focuses on areas including:

- Transforming community services and a frailty hub to support ED avoidance;
- Hospital front door initiatives, particularly those within ED and assessment units with particular focus on frailty in-reach into ED and Same Day Emergency Care expansion;
- Improved flow within the hospital, with frailty and older person pathway, introduction of a Priority Assessment Unit and discharge lounge, implementation of Criteria to Reside; and
- Improving discharge and rehabilitation in the community, enhanced discharge to assess provision.



In addition to the National Quality Standards the Trust has adopted its own key performance indicators which include local quality and governance standards, workforce standards and financial standards. All standards are reported on a monthly basis to the Board of Directors through an Integrated Performance Report.

The key focus of the Trust has been to improve the quality of care for our patients and to increase the number of permanent medical and clinical staff within the resources available to the Trust.

The Trust believes the safety of its patients is at the centre of everything we do and uses a large number of quality indicators to assess how well it is doing. Further details can be found in the Quality Statement.

## Financial Performance

For 2019/20 the Trust forecast a planned deficit before impairments of £38.6 million which was after a cost improvement programme of £22 million. Having regard to the Provider Licence requirements and the Value for Money Conclusion the Board agreed a Financial Plan Control Total with NHS Improvement which would, providing the required targets were met, allow the Trust access to receipt of monies from the Provider Sustainability Fund and the Financial Recovery Fund amounting to £21.5 million. After delivery of the cost improvement programme and receipt of these additional funds the Trust aimed to achieve a deficit of no more than £38.6 million by the end of 2019/20. The overall effect of the financial plan was to have in place a cash flow forecast for the coming twelve months which demonstrated that the Trust would be able to meet its liabilities as they fell due.

The Trust met its financial control total for 2019/20. Achievement of the Control Total was due to the high level of cost improvements in 2019/20. The Cost Improvement Plan of £22 million was delivered in full, with a final delivery of £22.7 million. As a consequence of achieving the Control Total, the Trust was awarded provider sustainability funding and financial recovery funding in excess of £20.5 million for 2019/20.

At the end of March 2020 the Trust submitted a draft operational plan to NHS Improvement for 2020/21. This plan included a significant forecast deficit; however it also included a cash flow forecast for the coming twelve months which demonstrated that the Trust would be able to meet its financial liabilities as they become due.

However, due to the COVID-19 pandemic, national planning across the NHS was suspended. National arrangements were put in place to deliver funding to provider organisations in accordance with expenditure requirements arising from the response to the pandemic. These arrangements provide the Trust with income on a block contract basis monthly in advance. The outturn position for the Trust as at 31 March 2021 is detailed in the accounts section of the annual report. Despite making progress against our financial target for the second consecutive year, an underlying deficit remains which must be addressed to demonstrate effective use of resources.

## Clinical Services Strategy and the Trust's Estate

Following the publication of the *NHS Long Term Plan* in January 2019, the Trust commenced work on a Clinical Service Strategy which was approved by the Board of Directors in November 2019.

In March 2020 the World Health Organisation declared COVID-19 a pandemic; the NHS prepared for a response on a scale never seen before. The response of the NHS has been recognised nationally. At a local level whilst we have successfully provided care and safely discharged over 480 patients with COVID-19, we have witnessed the devastation that this disease can have on our communities with the inevitable loss of life.

However despite the unprecedented impact to all of our lives, it has also created and brought about innovation, co-operation and an appetite to permanently change the way services work. It has accelerated a number of pieces of work in the 2019 Strategy and brought about an energised focus on transformation.

It is for this reason that we reviewed our strategy. The Board of Directors approved the refreshed Clinical Service Strategy in October 2020. The refreshed strategy supports our ambition to improve the quality of care we deliver to our patients by taking account of best practice; driving out unwarranted variation and delivering value for money across our services and pathways of care. Partnership is the way we do things at UHMB and delivery of this strategy will be achieved through consolidation, integration, transformation and site configuration.

The Estates Strategy was approved by the Board of Directors in October 2020 to guide capital spending decisions over the next five years, ensuring that they align with clinical need and respond to the poor condition of the Trust's estate.

A more detailed report on our financial performance is given in our Accounts for the Period 1 April 2020 to 31 March 2021 at Annex G.

## Innovation and Informatics

The potential for digital solutions to transform and modernise our services is significant and will be a key enabler to our future success. A new Digital Strategy, with an increased scope to cover Bay Health & Care Partners was developed through the summer of 2020 and following a peer review with our partner organisations was approved by the Board of Directors and the Governing Body of Morecambe Bay Clinical Commissioning Group.

The strategy supports the aims of the 2019 NHS Five Year Plan and can help deliver the five priorities of Better Care Together:

- Taking action on prevention and health inequalities through a 'population health' approach;
- Strengthening the sustainability of general practice and provide improved care through ICC's and PCN's;
- Prioritising real improvements in mental health, cancer, emergency care and planned care and meeting national standards;
- Improving financial and clinical sustainability alongside the quality of service delivery; and
- Developing and delivering more integrated care locally.

The strategy has five themes which align with regional and national digital strategies:

- Empower the Citizen;
- Supporting our Colleagues;
- Integrating Services;
- Manage the System more effectively; and
- Creating the Future.

Throughout this year, 90% of the I3 department have worked from home, with only a few services such as the IT Engineers, remaining on site. Despite this challenge, the department has continued to function well and has delivered a wide range of projects supporting the Trust's response to the COVID-19 pandemic, Business Change Programmes and business as usual support services. Elements of the Digital Strategy are evident in these achievements.

In the early days of the pandemic the team supported the electronic capture of swabbing requests and subsequent robust requesting and alerting of COVID-19 patients creating a platform for the I3 Business Intelligence team to develop a suite of real-time COVID-19 dashboards used by the Tactical Command Centres, senior managers and senior nurses. A new COVID-19 module was also implemented for live reporting of COVID-19 data in the Hospital Analytical Command Centre. The COVID-19 Command Centre module was subsequently provided through a third-party reseller to six London Hospitals, including the Nightingale Hospital.

Using our existing information systems and business intelligence platform we were able to automate a "daily covid sitrep" report which was mandated by NHS England of all Trusts. The report takes data directly from the Trust Dashboards, supplemented with additional specific information relating to Covid-19 patients and capacity, captured electronically in the Lorenzo Electronic Patient Record and Electronic Whiteboards.

The EPR team developed with the Trust Clinical Lead for respiratory, a specific COVID-19 admission form to provide the respiratory team oversight of all suspected COVID-19 patients on admission.

We supported the Pharmacy team to implement "remote" medicines reconciliation, replicating the existing ward based process with a team of pharmacists working from non-clinical areas.

We supported the organisation to rapidly expand the use of the cloud based Office 365 platform for email, office applications and online meetings. I3 developed eLearning courses and content specific for home workers. The graph below shows the rapid increased usage of Microsoft Teams in the early weeks of the first wave. Microsoft Teams is a collaboration platform that combines instant messaging ("chat"), video meetings, file storage, and application integration.



Throughout the year, the use of Microsoft Teams to increase collaboration and host online meetings, has become embedded across the organisation from the Board to team meetings in every Care Group, with many examples of new innovative ways of staff connecting together in ways that pre-pandemic were not possible.

The Information Technology team implemented a new Virtual Private Network (VPN) system to support home workers who required access to hospital systems increasing capacity for concurrent remote connections from 300 to 5000. Throughout the pandemic, an average of 1000 staff use the remote connection every day.

The Information Technology team also trebled the capacity of inbound and outbound telephone lines into the Trust, to support the surge of telephone consultations within the hospital and primary care. The rapid timescale was possible because I3 completed the migration of Trust Telephony to the next generation BT digital infrastructure in February 2020.

The team supported Core Clinical Services with bulk SMS and letter production to manage the shift of many outpatient appointments to telephone consultations and subsequent rescheduling.

We implemented secure wireless and developed a bespoke discharge summary with an extended Medicines Administration section for the Kendal and Barrow Recovery Centres, which fortunately never needed to be used.

The team were also able to support an expansion of mobile computer equipment to several existing wards and worked with the Estates department and Nursing Directors to deploy/relocate computer equipment as required to multiple new and reconfigured wards across the sites.

We delivered a proof of concept exercise and subsequently equipped the respiratory wards with a Microsoft HoloLens "mixed reality" headset, with a remote clinician able to view in real-time what the HoloLens wearer sees and to share documents and prompts with the wearer, providing an 'off site' senior respiratory consultant with a live view of a patient in a different location such as the Emergency Department or a respiratory ward to augment the dry data of the patients' Electronic Patient Record with a sense of frailty or the effort of a patients breathing for example.

The EPR team supported the nursing leadership team to deploy electronic recording of patient observations across all inpatient and community wards, both Emergency Departments and the Kendal Urgent Treatment Centre. Electronic observations contribute to an automatically derived National Early Warning Score improving the detection and response to patient deterioration. The removal of the paper observations chart removed an infection risk and the electronic equivalent is more easily viewed remotely if required as part of a patients Electronic Patient Record.

We deployed equipment and a suitable application, with appropriate information governance into the Intensive Care Unit and some specialist wards to facilitate virtual video visits between a patient and family at home. The feedback from this service has been tremendous.

Similarly, we supported year two medical students with a virtual training experience, connecting them via secure video to volunteer patients on the Abbey View Ward at FGH to remotely discuss a patient's social history and subsequently facilitate a video feedback session with an Advanced Nurse Practitioner.

The I3 team developed a booking system to support the hospital vaccination hub. The system is tablet based and flexible to cope with different vaccines and different time lapses between first and second jabs. The system requires staff to identify themselves with their Staff ID and allows them to record a preference (SMS or eMail) for reminder messages and updates. The system is also being used by Lancashire and South Cumbria FT and Blackpool Teaching Hospitals. This collaboration between organisations provides an opportunity for cost effective future developments to the system.

### **Build a Better Bay**

All of the I3 teams have contributed to supporting the Build a Better Bay Business Change Programme, with digital projects helping to transform services in outpatients, inpatients and theatres. The outpatients programme is delivering the first components of the strategy to 'empower' our citizens with a patient portal that allows our service users to complete electronic questionnaires, access multi-media information relevant to their condition and to conduct secure two-way conversations with their clinical team. The outpatients programme, with I3 support, has provided a self-service appointment booking platform with a wider implementation to follow the proof of concept with gynaecology. Patient feedback on booking their own appointments has been very positive. The outpatients programme have also enabled 20 hospital services to deliver outpatient appointments electronically, which improves the experience for those patients who wish to use the electronic service and it reduces costs for the hospital.

### **Integrated Care System (ICS) Information System Convergence**

Our Digital Strategy supports the convergence of clinical systems across the ICS, a shared theme with the ICS Digital Strategy. A programme of work to deliver clinical system convergence through a Clinical Systems Roadmap is progressing. A specification has been developed and agreed for a core Electronic Patient Record system, with 16 further information systems identified as priorities to be considered for future system convergence. An exercise to procure a single pan-ICS Maternity system, the first specialist system to be shared, completed in October 2020, with UHMB go-live anticipated for summer 2021.

### **Our Environment**

We have made significant progress in becoming more environmentally-friendly by dramatically increasing recycling and energy savings across our local hospitals.

In 2020, the Trust diverted a total of 843 tonnes of general waste from landfill to Refuse Derived Fuel (RDF), a fuel produced from various types of wastes such as non-recyclable plastics.

By sending waste to RDF the Trust has saved over 291Tonnes of carbon emissions and generated enough energy to power 127 homes in the UK all year.

Other environmental contributions from the Trust in 2020 included:

- 102 tonnes of card and paper recycled – the equivalent of saving 1731 trees and 2.55M litres of water;
- 3 tonnes of glass recycled – preventing 69 litres of oil being used; this glass is enough to make 16,000 330ml glass bottles
- 1.83 tonnes of cans recycled – the equivalent of 5,499 passenger miles in carbon emissions;
- 34 tonnes of plastic recycled - the equivalent of 2.86M carrier bags or 816,058 2L drinks bottles
- 1,250,000 kilowatt hours (kWh) saved by sending materials for recycling and recovery – enough to power 267 households for a year; and
- 843 tonnes of waste diverted from landfill – saving 2,528 cubic metres of land.

The following table details environmental performance in key areas.

Waste produced	2015-16		2016-17		2017-18		2018-19		2019-20		2020-2021	
	Tonne	£000s	Tonne	£000s	Tonne	£000s	Tonne	£000s	Tonne	£000s	Tonne	£000s
Clinical	315	157	613	201	638	258	931	315	634	879	699	957
Landfill	566	90	427	92	86	16	260	36	97	40	280	35
Recycled / RDF	375	39	641	138	896	165	836	129	786	108	989	124
Total	1580	425	1692	431	1620	439	2027	480	1517	1027	1968	1116
Use of utilities												
Gas, water, electric	-	4103	-	3844	-	3652	-		-			

### Greener NHS

Understanding that climate change and human health are inextricably linked, in October 2020, the NHS became the first in the world to commit to delivering a net zero national health system. This means improving healthcare while reducing harmful carbon emissions, and investing in efforts that remove greenhouse gases from the atmosphere.

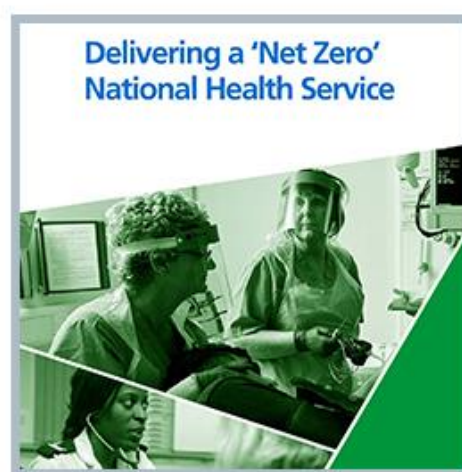
With around 4% of the country's carbon emissions, and over 7% of the economy, the NHS has an essential role to play in meeting the net zero targets set under the Climate Change Act (Delivering a 'Net Zero' National Health Service).

The commitment comes amid growing evidence of the health impacts of climate change and air pollution, and aims to save thousands of lives and hospitalisations across the country. Air pollution is linked to killer conditions like heart disease, stroke and lung cancer, and academics have linked high pollution days with hundreds of extra out-of-hospital cardiac arrests and hospital admissions for stroke and asthma. The changing climate is leading to more frequent heatwaves and extreme weather events such as flooding, including the potential spread of infectious diseases to the UK. Almost 900 people were killed by last summer's heatwaves while nearly 18 million patients go to a GP practice in an area that exceeds the World Health Organisation's air pollution limit. Scientists believe perhaps a third of new asthma cases might be avoided by cutting emissions, while Lyme disease and encephalitis are among conditions expected to become more common as temperatures rise.

NHS England convened the NHS Net Zero Expert Panel in January 2021 following the launch of the Climate Assembly UK, to take and analyse evidence on how the health service can contribute to nationwide carbon reduction efforts.

Led by Dr Nick Watts, the NHS's first Chief Sustainability Officer, the Greener NHS National Programme exists to drive this transformation while delivering against our broader environmental health priorities. Laid out in the *NHS Long Term Plan*, these extended sustainability commitments range from reducing single-use plastics and water consumption, through to improving air quality.

The report, [Delivering a Net Zero Health Service](https://www.england.nhs.uk/greenernhs/publication/delivering-a-net-zero-national-health-service) which can be found at [www.england.nhs.uk/greenernhs/publication/delivering-a-net-zero-national-health-service](https://www.england.nhs.uk/greenernhs/publication/delivering-a-net-zero-national-health-service) sets a clear ambition and target for the NHS. It describes the considerable advances that the NHS has already made in responding to climate change, and lays out the direction, scale, and pace of change needed as we move forward. Based on the findings of this report, the NHS has formally adopted two targets, set as the earliest possible credible dates for the NHS to achieve net zero emissions:





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

The Trust is committed to reducing its carbon footprint and is developing new measures to take forward what has already been achieved. We have installed two combined heat and power plants, which generate our own electricity at Furness General Hospital and Royal Lancaster Infirmary, and simultaneously feed surplus heat into the hospital's steam system.

We intend to create a new post of Sustainability Officer, whose first task will be to create a Sustainability Plan for all aspects of the Trust's activity. We will install electric vehicle charging points at all hospitals, continue to encourage staff to car share and reduce travel to and between sites, where possible; and to continue to use new systems of communication.

We expect to choose our energy supplies from sustainable sources in future, and introduce new ways of handling waste that improve recycling and avoid incineration. We shall look at the most sustainable forms of supplies, including pharmaceuticals, and ensure that energy efficiency is a factor in our buying decisions.

Reduction in emissions to improve air quality, and greater emphasis on greening our sites, and on better building efficiency, will also be part of our Plan.

## Brexit

The UK formally left the EU on 31 January 2020. During 2020/21, the Trust continued to ensure that its business continuity arrangements remained fit for purpose during the transition / implementation period which ended on 31 December 2020.

The Department of Health and Social Care adopted a multi-layered approach to help minimise potential disruption to the supply of all medical products at the end of the transition period.

The Trust carried out the following actions to minimise any potential disruptions:

- Reviewed existing arrangements regarding planning for longer lead-in times and communicated this internally;
- Continued to manage any continuity of supply issues following business-as usual routes;
- Ensured all staff were aware of potential implications and that continuity plans were in place for critical consumables;
- Integrated Care System wide planning and alignment;
- Reviewed the short lead time items to assess contingency and identified the items that can be sourced via NHS Supply Chain; and
- Ensured there was no local stockpiling and completion of national self-awareness tool.

## Social Value

Through our enterprise and utilisation of our capacity, capital, staff and other resources, value is being created not only for our patients but our partners and the wider health economy. Notwithstanding the pandemic, UHMB remains committed to playing its part in promoting health and well-being and developing a range of services with the aim of reducing the need for hospital admissions. Local people are being encouraged to take responsibility for their own health and well-being and we support people to have the right information about their health conditions. As a consequence life expectancy and the quality of life is expected to improve.

The Trust is an important local employer and always looks for ways to develop its role and to work with the local community to develop pathways into employment for disadvantaged groups. We offer a range of schemes such as work experience, traineeships, voluntary worker schemes, apprenticeships and work with the long-term unemployed. We continue to provide a comprehensive apprenticeship scheme and are committed to maintaining this.

During the pandemic, the Trust developed stronger links with local businesses to support the Trust's response to the pandemic. Procurement of services, building works and maintaining supply chains are all examples of how the Trust supported local employment and retained wealth for the Bay area.

Through our volunteer work we offer a variety of opportunities for different sectors of our community and very practical and essential support for the most vulnerable members of our community. An example of this is the meals on wheels service we run. This has become a lifeline to some of Barrow's elderly and most isolated people with its volunteers delivering not only hearty meals three times a day but also providing company and support. During 2020/21, the catering team at the Trust worked closely with the Kendal Integrated Care Community to expand the meals on wheels service to support the elderly and most isolated people living independently in Kendal. The service was launched in November 2020

In 2020 Lancaster University opened the Health Innovation Campus. Amongst other things we will be supporting small to medium enterprises with the research and development of new innovative technologies and products in the health sector. By inspiring and organising collaboration, we aim to ensure patients reap the benefits of the world class research, clinical services and partnerships by developing health innovation in the Bay area.

Looking ahead, the Board of Directors has set out its aspirations to be an anchor institution.

Anchor Institutions are large, public sector organisations that are unlikely to relocate and have a significant stake in a geographical area.

Anchors have sizable assets that can be used to support local community wealth building and development, through procurement and spending power, workforce and training, and assets such as buildings and land. Anchors have a mission to advance the welfare of the populations they serve. They tend to receive (or are significant stewards of) public resources, and often has a responsibility to meet certain standards on impact of value. These characteristics mean that anchor institutions are well placed to have a powerful voice in where and how resources are spent and can influence the health and wellbeing of communities by impacting upon the wider social, economic and environmental factors that make us healthy.

### **The Morecambe Bay Anchor Collaborative**

The Population Health team of Bay Health and Care Partners are working closely with Lancaster City Council, Barrow Borough Council and South Lakeland District Council to develop a Bay wide Anchor Collaborative.

This work will be overseen by the Lancaster and South Cumbria Joint Committee which is a formal, shared link between the three district councils within Morecambe Bay, to build on collective strengths and increasing local capacity to deliver on key issues affecting the region.

The Anchor Collaborative will support organisations across Morecambe Bay to make a difference to local people by:

- Widening access to quality work;
- Purchasing and Commissioning for social benefit;
- Using buildings and spaces to support communities;
- Reducing environmental impact; and
- Working closely with local partners.

In addition to boosting economic growth and supporting a healthy population, health and care organisations, along with other Anchor Institutions have the potential to create the conditions needed to help tackle inequalities. The CPP (Centre for Progressive Policy) analysis shows that, on average, the health and care sector accounts for a larger share of local area output in deprived places, so its role in terms of employment and procurement will be particularly important in economically-disadvantaged areas.



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# Accountability Report

## Director's Report

### Management Commentary and Principal Activities

The business of the Foundation Trust is managed by the Board of Directors which is collectively responsible for the exercise of the powers and the performance of the NHS Foundation Trust subject to any contrary provisions of the National Health Service Act 2006 as given effect by the Trust's Constitution. These have changed slightly after the Health and Social Care Act 2012, which was introduced on 27 March 2012.

The Board of Directors is responsible for providing strong leadership to the Trust. Responsibilities include:

- Setting strategic aims and objectives, taking into account the views of the Council of Governors;
- Ensuring robust assurance, governance and performance management arrangements are in place to ensure the delivery of identified objectives;
- Ensuring the quality and safety of healthcare services, education, training and research and applying the principles and standards of robust clinical governance;
- Ensuring that the Trust complies with its License, its Constitution, mandatory guidance as laid down by NHS Improvement and other relevant contractual or statutory obligations; and
- Ensuring compliance with the Trust's Constitution which sets out the types of decisions that are required to be taken by the Board of Directors. The Corporate Governance Manual identifies those decisions that are reserved by the Board of Directors and those that can be delegated to its Trust Managers. The Constitution describes which decisions are to be reserved for the Council of Governors.

The Board of Directors comprises seven Non-Executive Directors (excluding the Chair) and seven Executive Directors (including the Chief Executive). The voting balance therefore lies with the Non-Executive Directors. The Non-Executive Directors and the Chair are appointed by the Trust's Council of Governors and, under the terms of the Trust's Constitution, they must form the majority of the Directors.

The decision making structures within the Trust provide Non-Executive Directors with the ability to make decisions and provide challenge on an informed basis. Non-Executive Directors have access to independent professional advice at the Trust's expense to enable them to discharge their responsibilities as directors.

Each Director has a shared and equal responsibility for the corporate affairs of the Trust both in terms of strategic direction and for promoting the success of the Trust.

As a self-governing Foundation Trust, the Board of Directors has ultimate responsibility for the management of the Trust, but is accountable for its stewardship to the Trust's Council of Governors and Foundation Trust members. In addition, the Trust is regulated by NHS Improvement and inspected by the Care Quality Commission.

In order to understand the roles and views of the Council of Governors and the Foundation Trust members, members of the Board of Directors undertake the following:

- Attend Council of Governors meetings;
- Hold four joint meetings with the Council of Governors;
- Hold two joint Non-Executive Director and Council of Governors meetings;
- The Head Governor attends all Public and Private Board Meetings;
- Invite Governors to attend Assurance Committees;
- The Chair and the Trust regularly update the Council of Governors with information from Board meetings and invite them to events and briefings; and
- Support and attend engagement events organised by the Trust and Bay Health and Care Partners.

The Chair is committed to spend a minimum three days per week on Trust business. The Chair's other significant commitments are outlined later in this Director's Report. There have been no material changes to these commitments during the past 12 months. The Non-Executive Directors are committed to spend a minimum of four days per month on Trust business. Both the Chair and the Non-Executive Directors routinely spend in excess of their commitment of three days per week and four days per month respectively on Trust business.

The Board of Directors meet formally on a monthly basis and the Board agenda is produced to ensure that the Board has sufficient time to devote to matters relating to patient safety and quality, finance and workforce. The Board takes strategic and informed decisions based on high quality information and monitors the operational performance of the Trust, holding the Executive Directors to account for the Trust's achievements and performance. The Board receives an Integrated Performance Report (IPR) covering patient safety and quality, finance and workforce. This enables the Board to monitor the Trust's financial, operational, quality and workforce performance against national and contractual standards. This is supported through a series of dashboards giving more detailed analysis of performance. During 2019/20, the NHS Improvement analytics team met with the Board of Directors to undertake a development session entitled "Making Data Count". The purpose of the session was to introduce a different approach to looking at data and integrated performance reporting. Statistical Process Control (SPC) is a technique that is underpinned by science. Viewing data over time as SPC charts:

- enables unusual patterns (which may indicate improvement or decline) to easily be identified;
- enables Boards to understand whether a target or standard can be consistently met; and
- reduces the amount of time spent unnecessarily investigating changes in data which are due to normal variation.

The Board of Directors agreed to undertake a review of the format and construct of the IPR and approved a revised IPR based on SPC charts. SPC charts are recognised as good practice by the CQC and by building the Integrated Performance Report using SPC charts, the Trust can demonstrate an improved approach to performance management.

There is a clear division of responsibilities between the Chair and the Chief Executive.

The Chair has overall responsibility for the leadership of the Board. The Chair facilitates the contribution of the Non-Executive Directors and constructive relationships between Executive and Non-Executive Directors. To that end the Chair routinely holds meetings with the Non-Executive Directors without the Executive Directors present to co-ordinate the Non-Executive Directors' contribution.

The Chair also leads the Council of Governors and facilitates its effective working. The effectiveness of both the Board and the Council, and the relationships between the Board and Council, are the subject of regular review, led by the Chair. In the event of a dispute between the Board of Directors and the Council of Governors the Trust has adopted a procedure which is set out in Annex 8 of the Constitution.

The Chief Executive, in conjunction with the Board of Directors and the Council of Governors, is responsible for creating, developing and promoting the Trust's strategy which delivers a service which meets and exceeds the expectations of our patients and the wider population and an executive team with the ability to execute the strategy.

The Chief Executive manages and leads the business and is responsible for executing the Board's strategy for the Trust and the delivery of key targets, for allocating resources and management decision making. The Chief Executive is also responsible for the effective running of the hospital on a day to day basis. The Chief Executive is the Accounting Officer and must operate in accordance with the "NHS Foundation Trust Accounting Officers Memorandum April 2008". Specific responsibilities are delegated by the Chief Executive to the Executive Directors comprising the Director of Finance & Deputy Chief Executive, the Medical Director, the Executive Chief Nurse & Deputy Chief Executive, the Chief Operating Officer and the Director of People and Organisational Development. The Constitution and the Corporate Governance Framework provide additional information on the types of decisions that are taken by the Board and its Committees and which are delegated to the Executive Directors.

## Composition of the Board

The Executive Directors are appointed by the Non-Executive Directors. The Non-Executive Directors are appointed by the Council of Governors' Nomination Committee.

The Board is of sufficient size and the balance of skills and experience is appropriate for the requirements of the business and the future direction of the Trust. Arrangements are in place to enable appropriate review of the Board's balance, completeness and appropriateness to the requirements of the Trust.

The backgrounds, experiences and qualifications of the Non-Executive Directors are varied. They include public and private sector backgrounds, financial, legal, project management and clinical knowledge and expertise.

The balance and composition of the Board of Directors is regularly reviewed by the Chair. During 2020/21, the composition of the Board of Directors has been reviewed through the Remuneration Committee of the Board and the Nominations Committee of the Council of Governors. The review sought to ensure that the Board retained the necessary skills, competencies and experience to fulfil its obligations.

During 2020/21, Foluke Ajayi, Chief Operating Officer resigned with effect from 30 April 2020. Kate Maynard was appointed Chief Operating Officer from 16 September 2020, having fulfilled the role as Interim Chief Operating Officer from 1 May 2020. Keith Griffiths, Director of Finance, resigned with effect from 1 November 2020. Chris Adcock was appointed as Director of Finance and Deputy Chief Executive (a role jointly shared with the Executive Chief Nurse) from 17 February 2021. Tim Povall, Operational Director of Finance, fulfilled the role of Acting Director of Finance from 2 November 2020 to 16 February 2021.

At the end of 2019/20, there was a Non-Executive Director vacancy. The Council of Governors approved the reappointments of Adrian Leather and Liz Sedgley for a further Term of Office having served one term respectively and the appointments of Rachel Isba and Hugh Reeve with effect from September 2020 and February 2021 respectively. The term of office of Neil Johnson expired in August 2020. The terms of office of two Non-Executive Directors are due to expire in 2021/22.

The Terms of Office of the Non-Executive Directors are set out below:-

Name	Post	Appointment Date	Term of Office	End Date
Professor Mike Thomas	Chair	2 January 2020	3 years	1 January 2023
Professor Rachel Isba	Non-Executive Director	1 September 2020	3 years	31 August 2023
Mr M Jassi (known as Bruce Jassi)	Non-Executive-Director	24 February 2015	3 years ( +3 year extension+1 year extension)	23 February 2022
Mr Adrian Leather	Non-Executive Director	1 May 2018	3 years (+3 year extension)	30 April 2024
Dr Hugh Reeve	Non-Executive Director	3 February 2021	3 years	2 February 2024
Ms Elizabeth Sedgley	Non-Executive Director	4 September 2017	3 years (+3 year extension)	3 September 2023
Ms Jill Stannard	Non-Executive Director	1 September 2018	3 years	31 August 2021
Mr Stephen Ward	Non-Executive Director	1 July 2019	3 years	30 June 2022
<b>Non-Executive Directors who have resigned / term of office ended during 2020/21</b>				
Professor Neil Johnson	Non-Executive-Director	1 July 2016	3 years (+1 extension)	31 August 2020

The Council of Governors at a general meeting of the Council of Governors shall appoint or remove the Chair of the Trust and the other Non-Executive Directors in accordance with the provisions in Annex 5 of the Constitution.

## Board Diversity

Board Diversity - Trust Board - Voting Members					
Ethnicity	Number	%	Sex	Number	%
White - British	12	86	Male	9	65
BME	2	14	Female	5	35
Total	14	100	Total	14	100

## Board Development and Review of Effectiveness

At the start of 2020/21, the Board's Assurance Committees produced Annual Reports and reviewed their effectiveness. The Chair and Chief Executive have kept under review effectiveness of the Board and its structures. In 2018 Deloitte LLP were commissioned to undertake a Board Development Programme; the purpose of which was to help the Board enhance its capacity and skills to lead a complex health organisation in the current context of the NHS.

The Board Development Programme continued during 2019/20 and in 2019 Deloitte LLP were commissioned to undertake a governance review to focus on processes for managing risk, issues and performance, roles, responsibilities and systems for accountability and effective use of information. Deloitte found a number of examples of good governance practice in relation to the work that had been undertaken to refresh and revise the organisational strategy; a clear Committee structure which aligned with the strategic priorities and was comparable to that in place in other Foundation Trusts and a broad range of activities in place to support Governors to undertake their statutory roles and responsibilities. A number of improvements were also being undertaken by the Trust in order to refine the effectiveness of arrangements. These included improving the format of the Board Assurance Framework and its use in practice and updating the format of the Integrated Performance Report to include greater use of statistical process control and forecast performance information. The Review did not find any area of weakness in the governance arrangements of the Trust. The review identified how the system of governance could be strengthened to ensure that it was more effective and recommended the following 7 key areas were reviewed:

- Strengthening the Annual Planning process;
- Ensure the Board focuses on key priorities and areas of greatest risk;
- Improving the effectiveness of the Board Committees;
- Improving the effectiveness of the Council of Governors;
- Strengthening the approach to performance management including data quality;
- Ensure risk drives the business of the Trust; and
- Streamlining the clinical and corporate governance architecture.

As well as meeting the NHS Improvement analytics team to undertake the development session entitled "Making Data Count" during 2019/20, the Board of Directors met with the Rubis.QI team. Rubis.QI, on behalf of NHS Improvement, developed a programme to help organisations increase the knowledge and skills they required to lead and embed quality improvement at an organisational level.

During 2020/21, the Board of Directors commissioned the Good Governance Institute (GGI) to work with the Trust to build on the actions following the CQC report, Deloitte Well-Led Review, and initial feedback from Niche Consulting regarding the urology review. All these reviews contained similar themes. The Board noted that this was not a capability or capacity issue as the Trust had a structure in place which was positively reflected in all audit reports, but rather the quality and consistency of approach and the culture to manage risk in the right way

It was agreed GGI would conduct a review of the governance structures and processes across the Trust in three phases. The first phase was a comprehensive governance review, the second phase involved a

targeted development programme to secure better governance and assurance and the third phase would focus on supporting and maintaining the pace of implementation over the summer of 2021. The purpose of the review was to provide a clear, independent and unbiased view of how the governance system added value to the Trust, and support with identifying any gaps and inform practical solutions as to how these can be addressed.

Phase 1 of the review was conducted between October 2020 and January 2021. Phase 1 identified areas of good practice at the Trust regarding the way the Trust related with stakeholders, communications, digital innovation, visibility of the Chief Executive and clinical executive colleagues, the Trust's approach to inclusion and diversity and a commitment to resolving some long-standing issues. Several recommendations were made in relation to risk management and how the Board Assurance Framework was used consistently in meetings management from Board to Ward – with fewer meetings that were focused on fewer priorities. Opportunities to review governor and Non-Executive Director support featured alongside aligning the work underway with the governance consultant so that it was all aligned to one single improvement plan.

Phase 2 of the review was conducted between January 2021 and April 2021 with the aim of this phase to work with Trust and the clinical and leadership teams in order to further the improvement work. This will serve to:

- Improve the line of sight from Board to Ward through clarification and simplification of assurance reporting;
- Improve the quality of assurance through more cohesive reporting and better triangulation;
- Rationalise the number of standing assurance groups through applying lean principles to assurance activity, releasing colleague time for service improvement and delivery;
- Build insight into those leading governance as to their level of governance maturity;
- Ensure assurance operating model is up to date, including standard performance reporting and alignment to key objectives; and
- Updating the Board Assurance Framework; and
- Ensure the unique contribution of independent assurance of the risk and assurance system through focussing board committee activity to the governance role.

The Board has approved a further programme of work with the GGI to maintain the pace of implementation through 2021/22. The proposed programme is supported by the new Improvement Director and NHSI have agreed to underwrite the additional costs involved.

Each Assurance Committee produces an annual report which gives an overview of the work of the Committee and its performance. These are received by the Board of Directors and contribute to improving the effectiveness of the Board and the Assurance Framework. In addition, every member of the Board has an annual appraisal and a six monthly review. The outcomes of the executive team appraisals are shared with the Remuneration Committee and the outcomes of the Non-Executive Directors are shared with the Council of Governors' Nominations Committee. Following the mandated directions from NHS England and Improvement, the Chair's appraisal is carried out by the Senior Independent Director and Head Governor, supported by the Company Secretary; the outcomes of which are shared with NHS England and Improvement and the Council of Governors. In 2021, no members of the Board were assessed as under-performing and all were working to achieve their objectives.

## Board Activity

There have been 13 Board of Directors' meetings in 2020/21:

There were five Committees of the Board as follows:

- Finance Committee;
- Quality and Performance Committee;
- Audit Committee;
- Remuneration Committee; and
- Workforce Committee.

The Board of Directors also acts as Trustees for the Charity Corporate Trustees Committee.

## Independence of Non-Executive Directors

The Trust undertakes an annual review of the independence of its Non-Executive Directors. It determines whether each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The Trust considers all Non-Executive Directors to be independent on the grounds that they meet the independence requirements set out in the NHS Improvement Code of Governance. Each of the Non-Executive Directors has passed the Trust's Fit and Proper Persons Test.

## Code of Conduct

The Board of Directors operates a Code of Conduct that reflects high standards of probity and responsibility in discharging their duties. All Directors have read and signed the Trust's Code of Conduct which includes a commitment to actively support the NHS Foundation Trust's Vision and Values and to uphold the Seven Principles of Public Life, determined by the Nolan Committee.

## Material Interests and the Register of Directors

During 2018/19, to improve the process for declaring and publishing the Conflicts of Interest and to ensure the Trust complied with the 'Managing Conflicts of Interest in the NHS' guidance, which came into force on 1 June 2017, the Trust deployed a digital solution called Civica (*formerly MES Declare*) to provide a digital platform for declaring and managing conflicts of interests across the Trust.

Building on the work undertaken to adopt the guidance from NHS England and to further improve the process for declaring and publishing Conflicts of Interest during 2018/19, the Trust's Managing Conflicts of Interest Policy was updated to include details of Civica in April 2019. The Policy remained consistent with the national requirements and followed the Model Policy provided by NHS England. To strengthen the assurance process for recording Conflicts of Interest, a report is presented at the start of each meeting of the Board of Directors and its Assurance Committees with details of members' declarations. This provides an opportunity to make known any interest in relation to the agenda, and any changes to their declared interests. The Board of Directors and Assurance Committee Terms of Reference had been updated to reflect this. The Terms of Reference also set out the actions required if there were any conflicts of interest declared.

## Board of Directors' Declarations of Interest

At the commencement of each Board meeting, the following report is presented detailing the members' declarations:

Date of Declaration	Name	Role	Nature of Interest	Do you envisage a conflict of interest between outside employment and your NHS employment?	Nil Declaration
17/02/2021	Chris Adcock	Director of Finance / Deputy Chief Executive			✓
11/02/2020	Shahedal Bari	Medical Director			✓
11/06/2020	Aaron Cummins	Chief Executive	Trustee of South Cumbria Multi Academy Trust	A material conflict of interest does not exist. However, Aaron may wish to make a declaration and withdraw from	



				any meetings where either Furness College or South Cumbria Multi Academy Trust is being discussed.	
24/01/2020	Kate Maynard	Chief Operating Officer			✓
02/08/2019	Sue Smith	Executive Chief Nurse / Deputy Chief Executive	<ol style="list-style-type: none"> <li>1. Transform Healthcare Cambodia – Chair of the Charity Board of Directors / Trustee on the Charity Board of Directors (registered charity); and</li> <li>2. St. John's Hospice – Trustee on the Charity Board of Directors</li> </ol>	A material conflict of interest does not exist. However Sue may wish to make a declaration and withdraw from any meetings where either the Charity or the Hospice were being discussed.	
03/06/2020	David Wilkinson	Director of People and OD	Family relative is employed on the bank.	Potentially a material conflict of interest may arise from his role as Director of People and OD. However David would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the family members employment is being discussed.	
25/03/2021	Rachel Isba	Non-Executive Director	Employed by Lancaster University and the role includes consultancy work on behalf of the University in the health care sector.	Potentially a material conflict of interest may arise from her role at the University. However, Rachel would have to consider the circumstances. If appropriate Rachel, make a declaration and consider withdrawing from	



				any meetings where organisations for which consultancy work has been or is planned to be undertaken is being discussed.	
22/04/2020	Bruce Jassi	Non-Executive Director			✓
02/08/2019	Adrian Leather	Non-Executive Director	Chief Executive Officer of Active Lancashire	Potentially a material conflict of interest may arise from his role as Chief Executive Officer of Active Lancashire. However Adrian would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where Active Lancashire is being discussed.	
04/03/2021	Hugh Reeve	Non-Executive Director	<ol style="list-style-type: none"> <li>1. Non-Executive Director – Morecambe Bay Primary Care Collaborative</li> <li>2. Non-Executive Director – Nutwood Medical Practice</li> </ol>	Potentially a material conflict of interest may arise from the role of Non-Executive Director with other Health Bodies. However, Hugh would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the matter being discussed relates to the Morecambe Bay Primary Care Collaborative or the Nutwood Medical Practice or activities, they are	

				accountable for.	
21/04/2020	Elizabeth Sedgley	Non-Executive Director	<ol style="list-style-type: none"> <li>1. A self-employed accountant.</li> <li>2. Family Member employed as financial controller at Select Medical Ltd.</li> <li>3. Governor of Nelson &amp; Colne College Group</li> </ol>	A material conflict does not exist. However Elizabeth may wish to make a declaration and consider withdrawing from any meeting where Select Medical is being discussed.	
06/08/2019	Jill Stannard	Non-Executive Director	A non-remunerated Board Director for the University of Cumbria	Potentially a material conflict of interest may arise from Jill's role at the University. However Jill would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the University is being discussed.	
15/01/2020	Mike Thomas	Chair	<ol style="list-style-type: none"> <li>1. College for Military Veterans and Emergency Services: Co-founder and member of Steering Group since 2010;</li> <li>2. Lancashire County Council Veterans Assurance Board: Member of Committee;</li> <li>3. Stockport MBC: Consultant on Service Assurance Adult Safeguarding;</li> <li>4. Family member employed by UHMB; and</li> <li>5. Family member employed by South Cumbria and Lancashire Care NHS Trust.</li> </ol>	Potentially a material conflict of interest may arise from the employment of a family member by UHMB and South Cumbria and Lancashire Care NHS Trust. However Mike would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the matter being discussed relates to the area of responsibility that the family member is accountable for.	

19/07/2019	Stephen Ward	Non-Executive Director	Family member employed by NHS England	Potentially a material conflict of interest may arise from the employment of a family member by NHS England. However Steve would have to consider the circumstances; make a declaration and consider withdrawing from any meetings where the matter being discussed relates to the area of responsibility that the family member is accountable for.	
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### Contacting the Board of Directors



Any member of the public wishing to make contact with a member of the Board should, in the first instance, contact Paul Jones, the Company Secretary.


Address: Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG


Telephone: 01539 715314

Email: [paul.jones4@mbht.nhs.uk](mailto:paul.jones4@mbht.nhs.uk)

## Profile of the Board

	<p><b>Mike Thomas (Chair)</b> <b>Appointed – 2 January 2020</b></p> <p>Professor Mike Thomas, PhD, MA(Law), BN, PGCert Ed, FHEA, MBPsS, FRSA, ROA.</p> <p>Mike has worked in academia and the health sector for nearly forty years in a variety of senior academic roles, including Vice-Chancellor, and holding various professional chairs across four universities. He remains research active and a practising clinical psychotherapist. For many years he carried out clinical research to enhance mental health support for individuals who experience severe and enduring eating disorders whilst, simultaneously, over the last fifteen years he has been working with research colleagues across the UK investigating issues that impact on compassionate leadership in both the public and private sectors. He has written three books and numerous articles and chapters on these two subjects.</p> <p>More recently he has been providing an advisory service to public and commercial sector organisations supporting staff engagement projects, cultural change programmes and strategies for enhancing good governance.</p> <p>Mike is committed to the voluntary, charity and public sector and has been continuously involved in charitable work for his whole working life. He is currently serving on the Lancashire County Council Veterans board and the College for Military Veterans and the Emergency Services which he co-founded. Prior to entering academia, he served in the Royal Navy, working for five years in HM Submarines before employment in the engineering sector and then qualifying as a mental health nurse and later a psychological therapist.</p>
	<p><b>Elizabeth Sedgley (Non-Executive Director and Deputy Chair)</b> <b>Re-appointed – 4 September 2020</b></p> <p>Liz is a qualified certified accountant who trained in general practice and then moved to what was in 1994 the fastest growing accountancy practise in the U.K. as an audit Manager. This role provided her with an insight into providing excellent customer service alongside exposure to the workings of multi-national organisations and rapidly expanding entrepreneurial businesses.</p> <p>After starting a family, Liz set up her own business providing accountancy services to OMBs across the North West where she acts as accountant, Finance Director and counsellor.</p> <p>She was a Non-Executive Director at East Lancashire Hospitals Trust for 8 years where she developed an interest in understanding and improving the patient's experience and helping to develop seamless care between hospital and community settings for the benefit of patients.</p> <p>Liz is also the Chair of the Audit Committee and Deputy Chair of the Trust Board.</p>

	<b>Bruce Jassi (Non-Executive Director and Senior Independent Director)</b> <b>Re-appointed – 24 February 2021</b>
	<p>Bruce is a former Assistant Police and Crime Commissioner for Lancashire and previous to that was Chair of the Lancashire Police Authority.</p> <p>He has also been Strategic Director of Salford City Council, and he joined our Trust Board as a Non-Executive Director in March 2015.</p> <p>Bruce's extensive experience in public sector leadership, which has included the delivery of major change programmes and multi-million pound efficiency projects, is brought to his key roles in overseeing safety, quality and finance as part of our Trust Board.</p> <p>He has previously held Board positions for Salford's Healthy City Executive Forum, Crime and Disorder Executive and Urban Vision Partnership, and has pledged to focus on patients in everything he does here at University Hospitals of Morecambe Bay.</p> <p>Bruce is also Chair of the Emergency Preparedness Meeting, and Deputy Chair of the Finance Committee. Bruce was appointed as Senior Independent Director during 2019/20.</p>

	<b>Adrian Leather (Non-Executive Director)</b> <b>Appointed – 1 May 2018</b>
	<p>Adrian joined the Trust in May 2018, while also working as the Chief Executive of Active Lancashire.</p> <p>Adrian has developed Active Lancashire to become an innovative and transformational change organisation; developing ground breaking partnerships and programmes which contribute to health and economic outcomes using sport and active lifestyles as the tool of choice.</p> <p>His recent activities include work to promote and test digital health technologies and the development of a £7M European funding bid focused on the economic benefits of getting deprived communities active.</p> <p>Adrian is committed to ensuring that charities and voluntary sector organisations have the opportunity to step up and work creatively with public services to deliver better outcomes to our communities.</p> <p>Adrian is also Chair of the Workforce Assurance Committee.</p>



**Jill Stannard (Non-Executive Director)**  
**Appointed – 1 September 2018**

After graduating from Southampton University, Jill worked for the voluntary sector with homeless people before qualifying as a social worker in 1982.

Jill worked for Hampshire Social Services for 20 years, taking a secondment to America in 1993 to study mental health services. After returning she became Area Director of the New Forest responsible for Children and Adult Social Services and then Assistant Director for Disability Services across Hampshire.

In 2005 Jill moved to Cumbria to become Director of Adult Social Care and in 2009 Chief Executive of Cumbria County Council. Jill led the recovery from the Cumbria floods in 2009 and the rebuilding of infrastructure over the following three years.

Jill retired from the council in 2013 and from 2014 she served for four years as Chair of the Quality Committee and Senior Independent for Cumbria Partnership NHS Foundation trust. She is currently a Director of Cumbria University chairing the Employment Policy Committee.

Jill is also Chair of SIRI and Chair of the Quality Committee.



**Stephen Ward (Non-Executive Director)**  
**Appointed – 1 July 2019**

Stephen joined the Trust in July 2019.

He is a chartered accountant with a wide experience of financial management, consultancy and audit.

After qualifying with a major accounting firm in the Midlands, Steve moved into a role which combined internal audit and performance improvement at a multi-site business.

This provided the platform to develop a career as a finance and IT consultant providing services to banks, insurance and investment companies.

His most recent role was as Finance Director of a marine mutual insurance business where he led the finance, investment and pension scheme functions reporting to a large international Board of Directors.

He was heavily involved in developing governance, risk and capital management systems to meet the requirements of regulators and rating agencies.

Stephen is also Chair of the Finance Committee meeting.



**Rachel Isba (Non-Executive Director)**  
**Appointed – 1 September 2020**

Professor Rachel Isba graduated from Oxford Medical School in 2003 and then moved back to the North West, where she completed her house jobs before entering paediatric training.

In 2009, she received her PhD from the University of Manchester and in 2010 commenced her postgraduate training in public health, but continued to see patients in the Paediatric Emergency Department (PED) at North Manchester General Hospital.

On completion of her training scheme in 2015, she took up a post as a clinically active Consultant in Paediatric Public Health Medicine, in the PED at North Manchester, part of The Pennine Acute Hospitals NHS Trust.

In 2017 Rachel became Head of Lancaster Medical School and in 2019 was promoted to Associate Dean for Engagement, for the Faculty of Health Medicine at Lancaster University. She continues her work in the NHS, imbedding public health in the Emergency Department, and with a particular focus on dental health and vaccination for children. She also has honorary appointments at Yale, the Liverpool School of Tropical Medicine, and the University of California.



**Hugh Reeve (Non-Executive Director)**  
**Appointed – 3 February 2021**

Hugh was appointed a Non-Executive Director at UHMBT in February 2021.

Hugh is a GP at Nutwood Medical Practice in Grange-over-Sands in Cumbria which has been rated as 'Outstanding' by the Care Quality Commission. He is also a Director of the Morecambe Bay Primary Care Collaborative, a Federation of GP practices from across the Morecambe Bay area, where he leads the Health Foundation funded project on improving continuity of care in general practice.

Previously Hugh was Clinical Chair of Cumbria Clinical Commissioning Group (CCG), during which time he played a key role in establishing the Bay Health and Care Partnership.

Until recently, Hugh was a Visiting Fellow at The King's Fund, where he co-authored the Fund's 2018 report on Innovative Models of General Practice.

Having worked in Manchester and Stockport, Hugh moved to South Cumbria in 2001 to take on the role of Medical Director at Morecambe Bay Primary Care Trust and he also worked as a part-time GP in Windermere.

Over the past 20 years he has worked to promote high standards across primary care and to foster collaborative working within general practice and across the wider health and care system.

Hugh studied Medicine at the University of Manchester, graduating in 1981, and gaining a Master's Degree in Management Learning and Leadership from Lancaster University in 2005.

In 2015 he received an Outstanding Alumni award from Lancaster University in recognition of his substantial contribution to the health service both locally and nationally.



**Aaron Cummins (Chief Executive)**  
**Appointed – 1 April 2018**

Aaron was appointed Chief Executive of the Trust in March 2018 after first joining us in January 2014 as Director of Finance / Deputy Chief Executive.

Most recently, Aaron was the Director of Finance / Deputy Chief Executive of Mid-Staffordshire NHS Foundation Trust – a role he was appointed to in June 2012. Prior to that, he was Director of Finance at Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH).

Aaron started his career in the NHS as a National Graduate Trainee in 2000 and held a number of senior management positions in the finance function before being appointed as Director of Finance at LHCH in August 2009.

Aaron has also held a number of national roles including chair of the Foundation Trust Network Finance Directors' Forum and the Government Procurement Services (GPS) Customer Board, as well as being a member of the National Procurement Council.



**Sue Smith OBE (Executive Chief Nurse and Deputy Chief Executive)**  
**Appointed – 2 December 2013**

Sue took up her role as Executive Chief Nurse in December 2013.

Sue 'came home' to Morecambe Bay after starting her career here as a Registered General Nurse. Sue has held a number of posts on the wards, as well as specialist roles in diabetes and recruitment.

She has also operated at Board level in a number of very well respected Trusts, with specific responsibility for patient safety and infection prevention.

Sue was awarded an OBE in the New Year's Honours List 2019 for services to the NHS and patient safety.





**Chris Adcock (Director of Finance and Deputy Chief Executive)**  
**Appointed – 17 February 2021**

Chris joined the Trust in February 2021. Prior to joining the Trust, Chris was Chief Finance Officer at the Sussex NHS Clinical Commissioners; the three Sussex Clinical Commissioning Groups and Finance lead for the Sussex Health and Care Partnership Integrated Care System.

Chris brings a wealth of experience to UHMBT, having worked in the NHS for 23 years. Prior to his current role, he was Chief Financial Officer at Portsmouth Hospitals NHS Trust for just under four years, following his roles as Director of Finance for the University Hospitals of North Midlands NHS Trust, and Chief Financial Officer for Brighton and Sussex University Hospitals NHS Trust.

Chris' most recent system leadership role means that he also has in-depth experience and understanding of how individual parts of the health and care system can truly work together for the benefits of local communities, and that is exactly what we are trying to achieve with Bay Health and Care Partners.

Alongside the Director of Finance role, Chris will also be splitting the Deputy Chief Executive role with Sue Smith, Executive Chief Nurse; with Chris focusing on system reform and integrated partnership work.



**Shahedal Bari (Medical Director)**  
**Appointed – 1 September 2019**

Shahedal is our Medical Director, and started in post in September 2019.

Shahedal joined the Trust in 2010 as Consultant for Respiratory Medicine and General Internal Medicine.

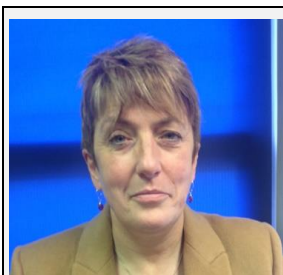
Shahedal brings a wealth of experience to the role of Medical Director after working as Deputy Medical Director at UHMBT from 2016 and Director of Medical Education since 2014.

He was awarded Doctor of the Year at the Trust's 2015 Health Hero awards.

Through his role as Deputy Medical Director, Shahedal led significant changes to improve mortality and safety, as well as supporting cancer care across the three main hospitals.

Shahedal continues to do respiratory clinical work at the Trust alongside his Director role. This has so far included the creation of one stop clinics for patients with symptoms indicating lung cancer, and introducing an endobronchial ultrasound meaning patients received their results within three days.

Shahedal is committed to focussing on improving safety, mortality, quality and performance to continue to aid a positive culture at the Trust; support colleagues; treat colleagues and patients fairly and honestly and provide compassionate leadership.



**Kate Maynard (Chief Operating Officer)**  
**Appointed – 16 September 2020**

Kate Maynard was appointed as Chief Operating Officer of UHMBT in September 2020. Kate was previously the Trust's Deputy Chief Operating Officer and Interim Chief Operating Officer from April 2020, guiding the Trust through the coronavirus (COVID-19) pandemic.

She joined the Trust in 2013 after working as a Locality Director for the NHS in Devon. In her new role as Chief Operating Officer, Kate has a crucial role to play in redesigning the delivery of hospital and community services for people living in the Morecambe Bay area and will manage all of the Care Groups which run the clinical services provided by the Trust.

As part of her new role, Kate is now also the Lead Director for the Trust's Estates and Facilities teams which includes capital planning and investment. She will continue to oversee the Trust's response to COVID-19, working closely with local health and care partners as well as planning and implementing the Trust's recovery phases.

Kate will lead service improvement and transformation and will be instrumental in redesigning service delivery, drawing on the learning from COVID-19.

As a member of the Senior Leadership Team, Kate will also be pivotal in overseeing improvement in the Trust's Care Quality Commission rating.





**David Wilkinson (Director of People and Organisational Development)**  
**Appointed – 1 July 2013**

David is our Director of People and Organisational Development, and started in post in July 2013.

David has over 20 years HR experience in the NHS, working in acute, mental health and community settings in London and the North West. He was a member of the national project group that introduced the annual NHS Staff Survey, was involved in the piloting and testing phases of both the Consultant Contract and the Job Evaluation system, and is currently a member of the North West Regional Clinical Excellence Awards Subcommittee.

He is committed to embedding the NHS Constitution's Staff Pledges into every aspect of employees' working lives and in creating the right conditions for staff to flourish and give their best for patient care.

In addition the following members also served on the Board of Directors during 2020/21:

	<p><b>Foluke Ajayi (Chief Operating Officer)</b> <b>Appointed – 30 March 2015</b></p> <p>Foluke is the Chief Operating Officer and started in post in April 2015. She provides strategic leadership to the operational teams and is instrumental in driving and leading improvements in clinical care and performance right across the Trust.</p> <p>Foluke, a former clinical scientist joined the Trust from Leeds Teaching Hospitals, where she began work in 2008, first as a Directorate Manager, then progressing to lead the Trust's internationally-renowned cancer centre as General Manager.</p> <p>Before working in Leeds, Foluke held senior positions with NHS Employers and the Department of Health, where she was deputy to the Chief Scientific Officer. (Note: Foluke left the Trust on 30 April 2020.)</p>
	<p><b>Keith Griffiths (Director of Finance)</b> <b>Appointed – 1 April 2018</b></p> <p>Keith Griffiths joined the Trust in April 2018 having previously worked as Director of Sustainability for East Lancashire Hospitals NHS Trust.</p> <p>Keith has worked as a Director of Finance in specialist and acute NHS providers for over 20 years across the north of England, and in his previous role provided support to the Chief Executive and Chairman to ensure the long term sustainability of the organisation.</p> <p>Keith has significant experience of working across complex political health systems and has ensured Trusts deliver financial surpluses.</p> <p>He also has experience of working towards transformation programmes and ensuring their sustainability financially, clinically and in terms of the workforce. (Note: Keith left the Trust on 1 November 2020.)</p>



**Neil Johnson (Non-Executive Director)**  
**Appointed – 1 July 2016**

Professor Neil Johnson completed his initial medical education at Cambridge and Oxford and trained as a General Practitioner. Alongside work as a GP he also took on a series of academic roles, starting as a Research Fellow in Oxford in 1990. Over time his research focused increasingly on medical education and in 1997 he moved into the leadership and management of medical training - initially as Director of GP Education in Oxford and then as Postgraduate Medical Dean in Leicester.

After a period as a Director of NHSU he moved to Warwick in 2006 where he became Professor of Medical Education in 2008 and Pro Dean in 2010. He then moved to Lancaster as Dean of the Faculty of Health and Medicine and Professor of Medical Education in 2014. His research focuses on aspects of medical education. Recent work includes the measurement of teaching and the use of role modelling.

He has served on a wide range of health-related committees at regional and national level. He is also currently Chair of the General Medical Council's Medical Licensing Assessment Expert Reference Group, Chair of the Medical School's Council Assessment Alliance Board, and a member of the GMC's Assessment Advisory Board, the UK Health Education Advisory Council and the Academy of Medical Royal Colleges Specialty Training Consultative Committee. He is also a member of the Council of Lancaster University.

Neil is also Chair of the Workforce Assurance Committee. (Note: Neil left the Trust on 31 August 2020.)

## Board Attendance 2020/21

MEMBERS	29/04/20	27/05/20	24/06/20	29/07/20	26/08/20	30/09/20	28/10/20	25/11/20	09/12/20	27/01/21	24/02/21	31/03/21
Mike Thomas, Chair												
Aaron Cummins, Chief Executive												
Chris Adcock, Director of Finance / Deputy Chief Executive (wef 17/02/2021)												
Shahedal Bari, Medical Director												
Rachel Isba, Non-Executive Director (wef 01/09 2020)												
Bruce Jassi, Non-Executive Director												
Adrian Leather, Non-Executive Director												
Kate Maynard, Acting Chief Operating Officer (wef 01/05/2020) / Chief Operating Officer (wef 16/09/2020)												
Hugh Reeve, Non-Executive Director (wef 03/02/2021)												
Liz Sedgley, Non-Executive Director												
Sue Smith, Executive Chief Nurse / Deputy Chief Executive												
Jill Stannard, Non-Executive Director												
Stephen Ward, Non-Executive Director												
David Wilkinson, Director of People and OD												
<b>Members who have resigned / term of office ended during 2020/21</b>												
Foluke Ajayi, Chief Operating Officer (resigned wef 30/04/2020)												
Neil Johnson, Non-Executive Director (Term of Office ended 31/08/2020)												
Keith Griffiths, Director of Finance (resigned wef 01/11/2020)												
Tim Povall, Acting Director of Finance (02/11/2020-16/02/2021)												

Attended	Apologies	Deputy	Not commenced in post
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## Enhanced Quality Governance Reporting and the NHS Oversight Framework

In this part of the annual report the Trust must report on its arrangements for having robust systems of governance to assure itself of the quality of care it provides.

It is requirement of the NHS Improvement (NHSI) licence under which the Trust operates that it must have strong governance – this is how a Foundation Trust oversees care for patients, delivers national standards, and remains efficient, effective and economic.

In 2016, NHS Improvement changed the way it assessed these criteria. It introduced the Single Oversight Framework. The Single Oversight Framework is the approach that NHS England and NHS Improvement use to monitor the Trust's performance and make decisions around the level of support a provider may need. The framework was updated with a refreshed publication in 2019.

The NHS Oversight Framework replaced the Single Oversight Framework in 2019/20. NHS England and NHS Improvement's NHS Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of Care;

- Finance and use of resources;
- Operational performance;
- Strategic change; and
- Leadership and Improvement capability (well-led.)

During 2020/21, the Audit Committee has reviewed UHMB compliance against the NHS Oversight Framework.

The Trust has used the NHS Oversight Framework to assess quality governance systems and help in the preparation of the Annual Report and Accounts, the Annual Governance Statement and the Corporate Governance Statement.

### Freedom to Speak Up Guardian

The Freedom to Speak up (FTSU) service started in 2015 and Guardians for the Trust are Wesley Blondel and Heather Bruce. They are supported by Bruce Jassi, lead Non-Executive Director, and Shahedal Bari, Medical Director and Executive Lead for FTSU.

Wesley Blondel was appointed as a FTSU Guardian to work alongside Heather Bruce in August 2020, and this has strengthened the robustness and resilience of the FTSU service. We continue to closely follow the recommendations from Robert Francis' FTSU report (2015) while now being supported by the National Guardian's Office (NGO), who collect and publish speaking up data from Trusts across the country on a quarterly basis.

Many changes to working practices have been necessitated by the COVID-19 pandemic and both Guardians currently work from home, engaging with colleagues via Microsoft Teams meetings, emails, apps and phone contacts.

Our FTSU Guardians are proactive within the North West region and between them attend the regional meetings. Peer support is accessible via TEAMS which is invaluable to the Trust Guardians.

During the pressures of the pandemic, colleagues have continued to raise concerns relating to patient safety and employee well-being including BAME colleagues– the FTSU work is supported by the Behavioural Standards Framework (BSF) and this has proved to be an invaluable tool which empowers colleagues to call out any patient safety issue, staff safety issue, behaviours that fall outside that framework. The guiding influence of the BSF, as a vital resource, is still felt 6 years after it was written by colleagues for colleagues through Listening into Action.

The FTSU Guardians are active participants on the Joint Working Party which is leading the work to tackle unacceptable behaviours at work.

Concerns have been raised, through FTSU, by many individuals who work in the Trust and from all groups – including volunteers, governors, students, clinical and non-clinical colleagues. Apart from a Board report we have also updated the Board.

The FTSU Guardians' work is intrinsically linked to the Equality, Diversity and Inclusion (E,D & I) agenda which underpins the culture at UHMBT. In March 2021, the NGO requested contributions from the Guardians about how FTSU is part of the E, D & I work at UHMBT and this will be a good opportunity to promote our speaking up culture.

In February 2021, the FTSU Non-Executive Lead requested a review of our speaking up processes by the NGO to ensure that we are in line with best practice and this work is in progress.

The FTSU Campaign will not stand still and we will continue to work on innovative ways to facilitate speaking up for our colleagues and make Raising Concerns business as usual at the Trust.

### Patient Relations

The Trust actively encourages feedback from our patients, relatives and visitors, both positive and negative as it provides an opportunity for the Trust to review services and make any appropriate changes and meet patients' needs.

The Patient Advice and Liaison Service (PALS) handle an average of 2500 concerns/enquiries per year across the three sites. PALS staff are available to provide resolution to concerns as they arise, on the spot advice and support patients and their relatives to navigate NHS services or signpost them to appropriate voluntary or public sector services. Early identification of concerns enables the Trust to respond to those enquiries in a timely and efficient manner which in turn reduces patients and relatives anxieties and formal complaints. The Patient Relations Case Officers handled 253 formal complaints in 2020/21.

Information on how to complain is now clearly advertised at the entrance to all wards and inpatient areas such as the Outpatient Departments. Information is also available on the Trust's website. We were commended for our forward thinking, patient focused approach when handling complaints. The Patient Relations team has been recognised nationally as a best practice site in the handling of complaints and incorporating the following:

- A staffed complaints helpline Monday to Friday, 9am to 5pm;
- A dedicated Case Officer informs each complainant at first contact of the complaints procedure, including how long it is likely to take and provide details of advocacy services available, if required;
- All complainants receive a dedicated Case Officer who assist the complainant in confirming what they think went wrong with their care and the questions they would like answering;
- Complainants are regularly updated with progress of their complaint;
- Response letters are written in a way that complainants can understand and avoid, where possible, clinical terminology; however, if used, a clear explanation in layman's terms is also given; and

Key Performance Indicators have been set to ensure Care Group staff (who provide information for the investigation) respond within the agreed timescales. Escalation processes are also in place with support from Directors to ensure the complaints function is supported at Board level.

Once local resolution has been exhausted, the complainant is informed of their right to contact the PHSO for a review of their complaint.

The number of complaints received in 2020/21 was 253 and the number of PALS cases was 2039.

#### Analysis of Number of Complaints

Year	Concerns/Comments PALS Received	Complaints Received
2016/17	2662	516
2017/18	2511	425
2018/19	2669	430
2019/20	2541	440
2020/21	2039	253

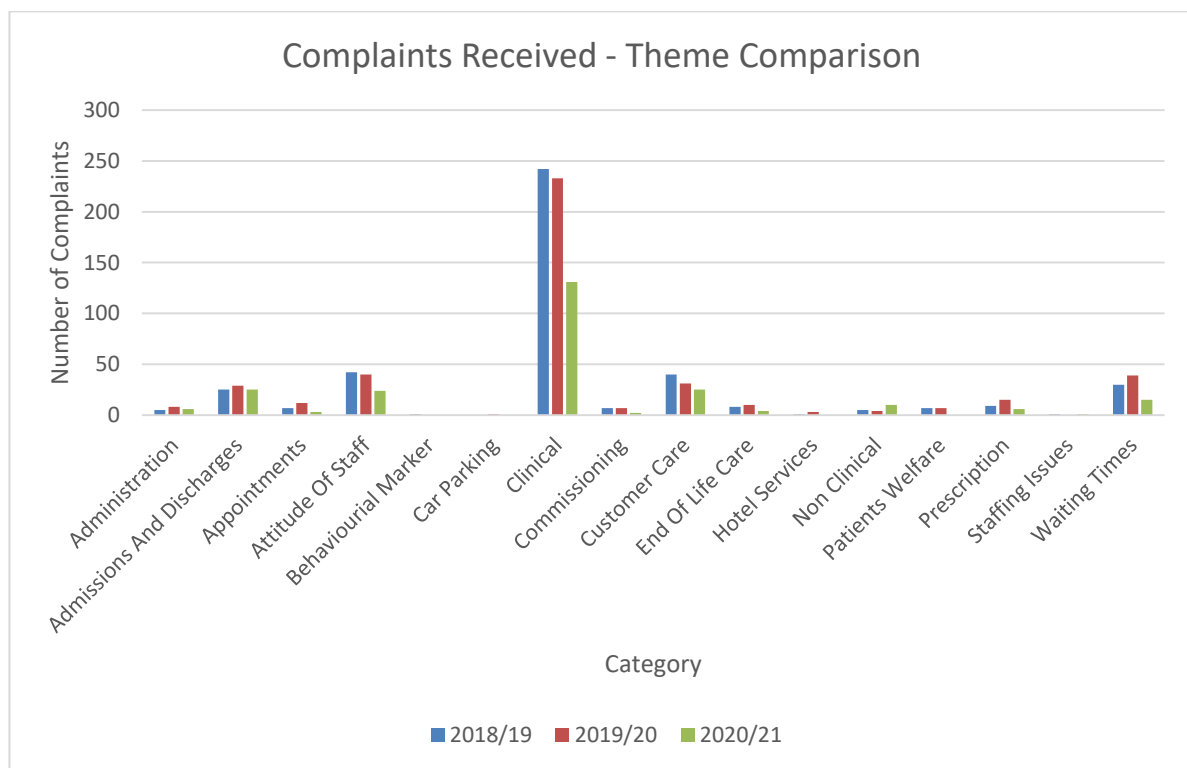
In 2020/21, 6 cases were accepted for second stage review by the PHSO with 2 cases resulting in further investigation of which the Trust is awaiting the outcome, 3 cases are still at stage 2 review and 1 case the PHSO concluded that they would not carry out a formal investigation and the case was therefore closed.



## Parliamentary Health Service Ombudsman Complaints – Analysis of Number of Complaints

Subject	2017/2018	2018/2019	2019/20	2020/21
Number of Complaints referred to the PHSO and reaching Stage 3	16	5	1	2
Currently being investigated by PHSO.	10*	10***	0	3
Upheld or Partially Upheld	7	4	5	0
Not upheld	6	2	3	0
Complaints referred back to the Trust for local resolution	1	1	1	0
Assisted in possible PHSO Cases	n/a	13	10	6

## Themes of Complaint



## Patient Experience and Patient-Led Work

The delivery of our Patient Experience Strategy relies on us listening and acting on what patients, their families and carers want and need while in our care.



From April 2020, the Patient Experience team has formally moved into the Corporate Nursing structure. This was an opportunity to bring together the colleagues and resources associated with experience, engagement, inclusion, diversity, and volunteering.

We continued to make sure that we engage with people as patients who also live and work in our communities so that our first contact is increasing with people outside of the hospital.

Colleagues working in the trust want to give their patients the best care they




can. The Patient Experience and Inclusion team enable people to provide feedback on their health and care experiences. Using digital technology, we have made it easy for as many people to offer their input. The Patient Experience team has a system for this information to be accessible for colleagues within the Care Groups.

Due to COVID-19, we stopped collecting Friends and Family Test (FFT) feedback using paper forms, we have continued to use many other methods to collect feedback from patients, their families, and carers. These include questionnaires (via telephone, text, and web platforms).

The Friends and Family Test (FFT) is an important feedback tool that supports the fundamental principle that people who use UHMBT services have the opportunity to provide feedback on their experience. Listening to patients and colleagues' views helps identify what is working well, what can be improved and how. The FFT question set asks people if they would recommend the services they have used and offer various responses.

From April 2020, a new question has replaced the original FFT question about whether people would recommend the service to their friends and family. The replacement question invites feedback on the overall experience of using the UHMBT services.

 The Friends and Family Test	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	New question set in place from the 1 <sup>st</sup> of April 2020	2020/21
Number of reviews	37,005	55,423	61,346	74,263	88,068	84,418	Number of reviews	62,162
% Likely to recommend	91.59%	93.65%	93.91%	94.19%	94.29%	94.21%	% Very good / good	93.27
% Not likely to recommend	3.21%	2.24%	2.37%	2.46%	2.66%	2.94%	% Very poor / poor	2.84%

### The Patient Experience Strategy Work Plan

During 2020/21, we reviewed feedback from patients, local and national reports to understand how we should prioritise our experience and engagement work plan. We collected patient stories and delivered citizen listening events such as autism matters and deaf citizen experience.

We have recently moved to online engagement using a system called "let's talk, Bay Health and Care Partners" <https://letstalkmorecambebay.uk/> the platform is our new online space to talk, and listen, to communities across Morecambe Bay about the health and care issues that affect their lives. We are starting off by asking citizens and patients for their experience of using health and care services during the coronavirus (COVID-19) pandemic.

Our patients tell us that their experience links to a range of interactions they have with our colleagues and services. The timeliness and quality of clinical care are vitally important to them; however, just as important are the interactions with colleagues before, during and after their treatment.

### Patients are looking for:

- Kindness;
- Compassion;
- Simple, effective communication; and
- Respectful and responsive care.

There have been several engagement events across the Morecambe Bay footprint ensuring patients, their families and carers voices are heard; these events including breast screening services, video appointment review, equality of access and hidden disabilities, to name a few.

More recently, we have started working in partnership with Healthier Lancashire and South Cumbria (5 Trusts); our first event included a virtual coffee morning organised to provide a space for carers to talk about their experiences linked to the Johns Campaign.

We continue to be committed to integrating “Always Events” and experienced Based Design methodologies in our approach to engagement and involvement.

**Improving the patient Journey** – these events focused on people with Learning Disability and Autism. More information here <https://www.uhmb.nhs.uk/get-involved/patient-experience/supporting-people-learning-disabilities-autism-and-hidden-disabilities>

**Improving Communication** – these events focused on our provision to support people with hearing loss or those patients who are profoundly deaf. We work with patient representatives from Lancashire and Cumbria Deaf clubs. We were also invited to monitor the deaf community's social media platforms, which provided insight into what matters to those born deaf and those who experience deafness over a period of time.

We learnt that our British Sign Languages services, particularly in Barrow in Furness, were lacking. Cumbria Deaf Association has recommended the Trust investigate the use of an App called SignLive, we have now secured this APP, and it has enabled deaf citizens to access online interpretation themselves, giving them the confidence that they will have an interpreter at the touch of a button 24 hours per day while in the hospital or while accessing our community services, the App also enables deaf citizens to telephone into the Trust using the SignLive App.

## Surveys

Despite the challenges COVID-19 has brought to us all during this past year, we have worked hard to continue to measure patient satisfaction, listen to views, share them and act on them. Face to face interactions may have been deterred this year; however, the Friends and Family Test has continued (by using SMS text messages to mobile telephones and Interactive Voice messages on landlines to reach out to our patients), as well as the implementation of the National Patient Survey Programme Questionnaires.

Besides, there have been more and more requests from colleagues asking for support and guidance in measuring and assessing their revised methods of working – operational changes that have been made in light of COVID-19.

## National Inpatient Survey 2019 (published in July 2020)

The survey looks at the experiences of people discharged from an NHS acute hospital after spending at least one night in the hospital during July 2019. Overall, 8.3 out of 10 respondents said they had a very good experience whilst being cared for in one of UHMBT's hospitals. The Trust also ranked higher than most trusts in two questions – whether members of colleagues answered questions so that patients could understand and whether colleagues explained how an operation or procedure had gone in a way patient could understand.

Compared with our results in the 2018 survey, we ranked significantly higher for five questions and markedly lower for none of the questions. There were no significant differences between last year's and this year's results for the remaining 56 questions. Areas that the Trust has performed better compared to the previous year's survey include:

- Patients having confidence and Trust in doctors and other clinical colleagues (e.g. physiotherapists, speech therapists, psychologists);
- Patients felt that different members of colleagues worked well together;
- Patients felt involved in decisions about their care and treatment and in their discharge from the hospital;
- Patients felt that their privacy was maintained throughout examinations or treatment; and
- Patients felt that they were treated with respect and dignity.

## National Cancer Patient Experience Survey 2019 (published in June 2020)

The survey sample included all adult (aged 16 and over) NHS patients, with a confirmed primary diagnosis of cancer, discharged from an NHS Trust after an inpatient episode or day-case attendance for cancer-related treatment in April, May, and June 2019.

Locally 63% (560) patients responded to the cancer patient experience survey, the national response rate was 61%.

Local surveys were designed and conducted to look at the impact of telephone clinics and video consultations which have replaced so many traditional face to face appointments. Another extensive survey undertaken was to reach out to nearly 6,000 former surgical patients to ask for their valuable input in designing a "Fit for Surgery Charter" for future surgical patients.

## Our Equality Standards and Inclusion and Diversity

The Trust's Equality Objectives are:

- To eliminate unlawful discrimination, harassment and victimisation;
- To improve year on year the reported patient experience for protected groups;
- To improve year on year the reported employee experience for protected groups; and
- To reduce health inequalities for protected groups by improving access to all services.

The Trust's Inclusion and Diversity Strategy sets out the organisation's approach to becoming a truly inclusive employer and service provider in creating an environment and culture that celebrates inclusion and diversity, dignity and respect, and which values, nurtures, and harnesses difference for the benefit of patients, service users, their families, carers, members of the public and our employees. The Trust has demonstrated an unprecedented level of focus and action on the inclusion agenda over the last 5 years. The Trust is now regarded as a leader in the field of inclusion and diversity, being placed number 1 in the Top 50 Inclusive Employer awards 2020.

Delivery of the final year of the 2016 - 2021 strategy is underway - work which has continued despite the pandemic. Indeed, the Trust's existing approach and infrastructure for inclusion has enabled support to be provided to different groups throughout the pandemic responding to different needs. One example of which includes the support to Black, Asian and minority ethnic colleagues in response to the disproportionate impact of covid on these communities and healthcare workers. The Trust has maintained reporting of progress and improvement plans related to the National NHS Workforce Race Equality Standard (WRES), National NHS Workforce Disability Equality Standard (WRES), Gender Pay Reporting and a locally developed Sexual Orientation Equality Standard.

The Trust has established networks for protected groups with executive sponsorship including lesbian, gay, bisexual and transgender, disability, Black, Asian and minority ethnic, forces, and carers' networks.

Skills development is a key element of the Trust's Towards Inclusion Strategy. In partnership with CETAD at Lancaster University, the Trust has developed a half day Inclusive Behaviours workshop with a 5 year plan for all colleagues to complete. Over 1600 colleagues have participated in the programme. A new Inclusive and Compassionate Leadership programme for senior leaders launched in 2020.

The Trust follows the Equality Delivery System 2 (EDS2) performance framework to aid the delivery of personal, fair and diverse services. It demonstrates compliance with the statutory Public Sector Equality Duty - Equality Act 2010 which expanded to cover 9 protected characteristics. EDS2 focuses on these groups. The framework is mapped to Care Quality Commission regulations, the NHS Constitution, and the NHS outcomes framework.

The Trust is hugely privileged to be an Alumni partner of NHS Employers Equality and Diversity Partners programme. This continues to be a fantastic opportunity for the Trust to work with NHS Employers, other partners as well as national stakeholders to support the Trust to embed and integrate inclusion and diversity into the culture and structure at the Trust

### Supporting People with Hidden Disabilities

In September 2020 we successfully launched our sunflower lanyard scheme, this is a national programme for people who have a hidden disability. Not all disabilities are visible. Sunflower lanyards have been made available across the UHMBT as a discrete way of indicating that a wearer has a hidden disability – which could be autism, dementia, chronic pain, or anything else where they may need additional help or support.



Work continues to ensure our web-based information is accessible to all our patients and their relatives and carers.

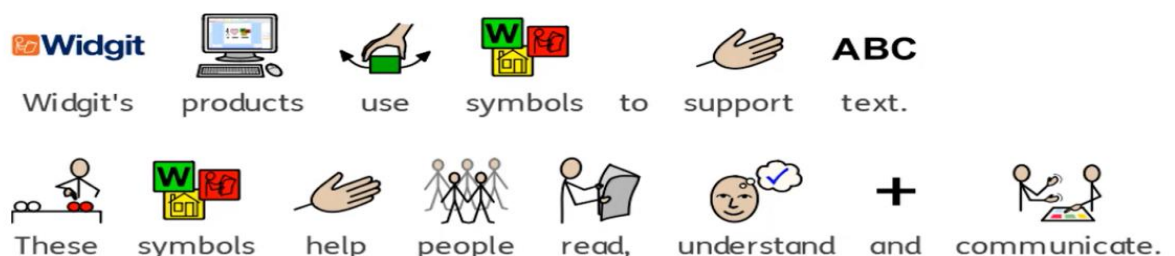
We have also updated our Trust website with new computer software, which converts information into formats that meet differing needs. Based on citizen feedback, we have selected the Browsealoud service again, which provides easy-to-use tools such as text-to-speech, translation for people who use English as a second language, text highlighting (including making fonts larger), and audio file creation.

### Care Environment

The #thisisme project has been successfully implemented across our acute hospital wards. The idea was developed by a UHMBT colleague who had a family member admitted to Furness General Hospital. This is me project is an initiative to help bring a personal and comforting touch to patients care, and their families experience while in hospital.

### Accessibility

Following citizen feedback from our Learning Disability and Autism Listening and Always Events, we have secured Widget Software for the Trust website, Widget software creates pictures from words making our Trust information even more accessible.



### Patient Feedback Following the New Telephone Appointments Service

The use of telephone consultation with patients is growing, this modern way of meeting the patient is proving popular, the patient experience team are closely monitoring patient feedback, we have and continue to encourage feedback from patients and colleagues, see below a sample of our patients' feedback:

- *"Phone call was punctual, and consultation was as expected. The lady I spoke with was efficient and courteous and there were no negative aspects to this experience Thank you"*
- *"My appointment was a telephone call from the consultant because of self-isolating with the Virus and the call was on time and the doctor took his time to explain my results to me and was helpful and professional. Thank you"*

- *“The phone call was at exactly the same time as my appt - which was great. Thank you. It is a little thing, but as most people have iPhone a video conference would have been a good option. The consultant was clear about next steps and immensely helpful. You are all doing a great job in these difficult times. Thank you so much”*

## Equality Impact Assessments (EIA)

The Equality Impact Assessment methodology is now well established. Our standard EIA templates consider the nine protective characteristics. We know there are specific health issues associated with age, for example, linked to Dementia and Parkinson's disease. The Experience and Inclusion team now offer a one-stop EIA development and checking service.

## Hospital Passports

The hospital passport aims to assist people with learning disabilities to provide hospital colleagues with important information about them and their health when admitted to the hospital.

The hospital passport can be completed and kept at home in case of an emergency admission, deterioration in the individual's health or can be completed before a planned admission when it may also be used to aid assessment and planning.

The Patient Experience team have made the passports more accessible, the Adult, Autism and Children's passports.

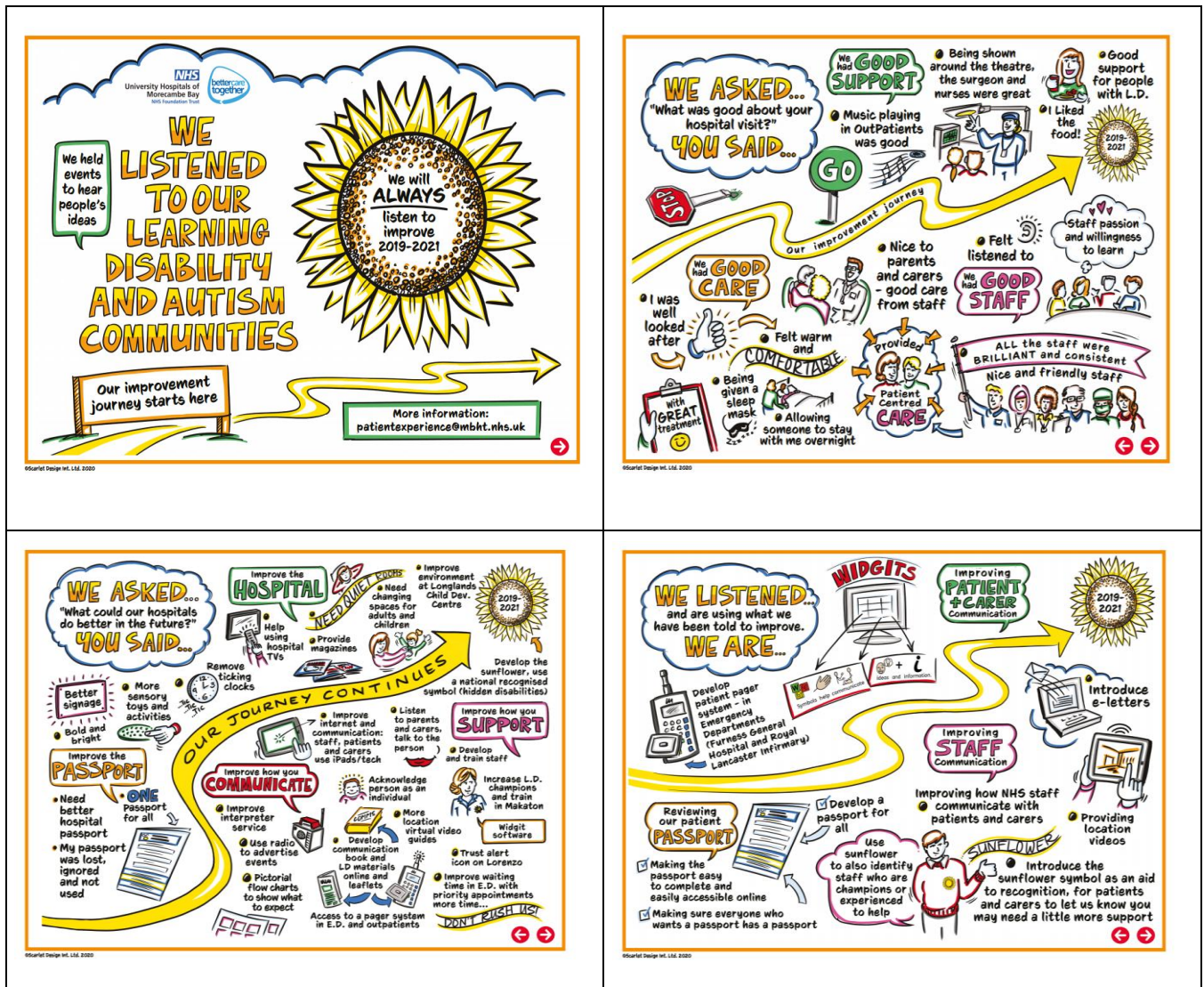
**The Patient Experience Network (PEN)** was formally developed in 2020; the group comprises public members supported by the Patient Experience team. The network offers independent views and advice from a patient, carer, or visitor perspective on many aspects of the patient experience while using our services.

**UHMBT's Youth Forum** has been created to give 11-18-year-olds the opportunity for their voices to be heard. Working together with healthcare professionals, we want to improve other children and young people's experiences who access our services in hospital and the community.

## Key Achievements and Successes for 2020/21:

- Implementation of the revised and updated FFT national guidance, which was issued in September 2019 and effective from 1 April 2020;
- Improved systems for obtaining feedback regarding patients and families experience through a restructured Patient Experience team which now included experience, engagement, inclusion, volunteer management and 3rd sector partnerships;
- Developed carer's charter and COVID Johns campaign bundle, coproduced with Carers and local carers' groups;
- Ongoing delivery of a combined patient experience and engagement strategy, coproduced with our patients, families, and carers;
- Developed a patient experience newsletter to share learning from feedback Trust wide;
- Incorporating patient experience feedback within ward level presentation boards, co-production with Care Groups and I3 - information business analysis team;
- Created new modern and safe ways to link our patients with their family and friends through e-messages, video call during COVID-19;
- Continued to collect and act on patient, family, and carers feedback during the pandemic, see live feedback link here <https://feedback.ratemynhs.co.uk/53f279bc-7d71-4ad8-9305-8c28200efd86>; and
- Developed a one-stop Equality Impact Assessment service and an EIA trust register.





## Looking Forward 2020/21

We will:

- Development of a patient story library;
- Introduce new techniques and technology to enable more people to give feedback, such as iPads and age-appropriate apps and programmes, face to face volunteers and audio including easy read formats;
- Develop a process that supports the analysis and triangulation of patient feedback with other quality measures e.g. complaints, PALS, clinical incidents, linked to the Trust's Patient Safety Strategy;
- Display live patient experience feedback on wards and clinic/ department areas so all service users can view it easily;
- Develop and launch Carers Strategy;
- Through organisational development ensure that staff have the capabilities and skills to consistently ask for and include patient feedback on their care and experience ongoing;
- Engage and involve "patients as partners", supporting the development of diverse recruitment panels, project teams and health advocates;
- Continue with our 'What matters to you' programme;
- Deploy methods that support citizen interactions supporting, gathering, and acting on feedback from events such as 'Conversation Cafes', focus groups and internal Quality Assurance visits;
- Every patient who has an interpreting or communication need will receive the required support; and

- Continue to support services to develop innovative ways to streamline out-patient appointments so that people can receive e-letters and have their consultation and diagnostics completed via a 'one stop shop' approach and where more appointments are undertaken through 'virtual' clinics' or closer to home minimising people's need to come to the main hospital sites.

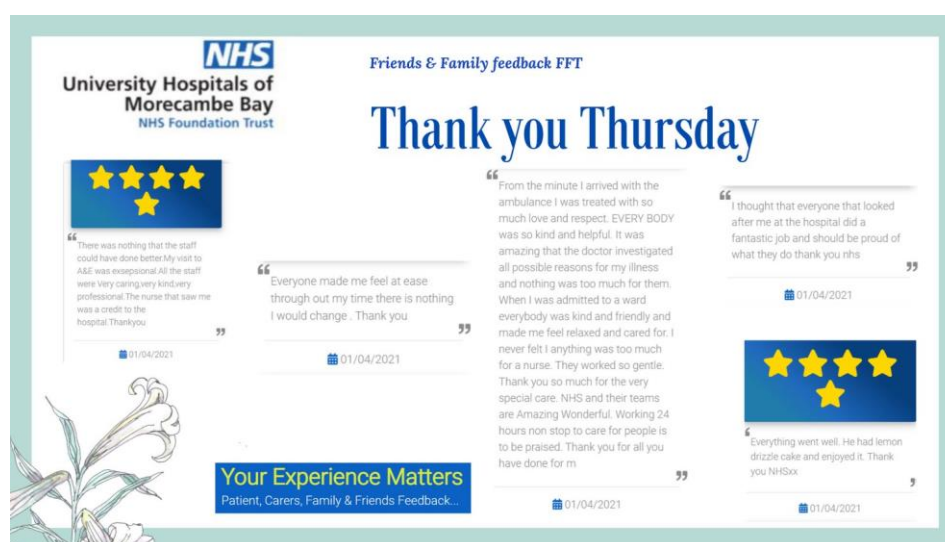
*The golden thread throughout our work includes deploying the Equality, Diversity and Inclusion Strategy and associated work plan, patient pledges and priorities.*



*We will ensure that equality, diversity, and inclusion are embedded in our community engagement, consultations, service design delivery and decision making.*

**The Patient Experience Team**  
Twitter @PUHMBT

To keep up to date with our project work, please visit our new Patient Experience webpage <https://www.UHMBT.nhs.uk/get-involved/patient-experience>



## Patient-Led Assessments of the Care Environment (PLACE)

PLACE inspections were undertaken at Westmorland General Hospital (WGH), Royal Lancaster Hospital (RLI) and Furness General Hospital (FGH) through September and October 2019. This section provides a description of the PLACE process and summarises the scores for each site achieved against the national averages. A number of actions have already been identified following the inspections, primarily in condition, appearance and maintenance.

## PLACE Process and Changes Introduced in 2018/19

The PLACE collection underwent a national review, which started in 2018 and concluded in the summer of 2019. This review was undertaken to ensure the inspection process remains relevant and delivers its aims. Due to the significant changes made, the 2019 assessment results are not comparable on a like for like basis, to previous year collections. A summary of the changes is outlined below:

- Changes to the documentation, making the questions less open to interpretation for assessors;
- Streamlined documentation and a reduction in the number of questionnaires to complete, making the process more user friendly;
- Introduction of a mobile App for collection of electronic data (this is a voluntary requirement and paper questionnaires are still available);
- Changes to the period within which inspections should be held. Previously this was between May to June. Inspections are now held between September and November. This is due to the period that the NHS Digital collection site is open for inputting Trust data results; and
- Changes to the publication data of results, now January, rather than August.

Inspections were patient-led by their nature and cannot take place without 50% patient representation. A number of patient assessors and managers were representative across all the PLACE inspections and ensured consistency in approach and opportunity to compare environment standards across the three sites.

Trusts are given around six weeks' notice prior to PLACE inspection being required. Within this period updated guidance and questionnaires are issued to Trusts for use in the inspections. This period also enables patient representatives to be invited to participate and trained in relation to the process and familiarisation with site orientation.

Sixteen patient assessors inspected 47 wards and clinics at the 3 sites over 5 separate days. Four teams inspected the RLI over 2 days covering day and evening services. Four teams inspected FGH over 2 days covering day and evening services and 2 teams inspected WGH and covered the day service.

The number of wards inspected is determined by the number of beds the site has. Patient representatives can choose which wards to inspect on the day. Guidance advises patient representatives to choose different wards from those inspected in previous years, wherever possible. We inspected more than the requirement covering 9 wards at WGH, 16 wards at FGH and 22 wards at RLI

The teams on each site comprised patient representative, senior nurse / matron, infection control, estates and facilities management. The patient representatives included former patients, Governors and Health Watch organisations.

There were several compulsory areas that were assessed which included Accident & Emergency, outpatient areas, common areas and external areas, plus food tasting for lunch and dinner at ward level.

The number of wards on site pre-determined the number of food tastings to be completed. Detailed questionnaires were provided by NHS England to be completed at the end of each ward inspection by the team undertaking the inspection. The key domains included:

- Cleanliness and Hygiene;
- Food score (Menu range, hot & cold food choices);
- Organisation food (Food strategy);
- Ward food (actual taste, texture & temperature of food at ward level);
- Privacy, Dignity & Wellbeing;
- Condition, Appearance & Maintenance;
- Dementia; and
- Disability.

### **PLACE Inspection 2019**

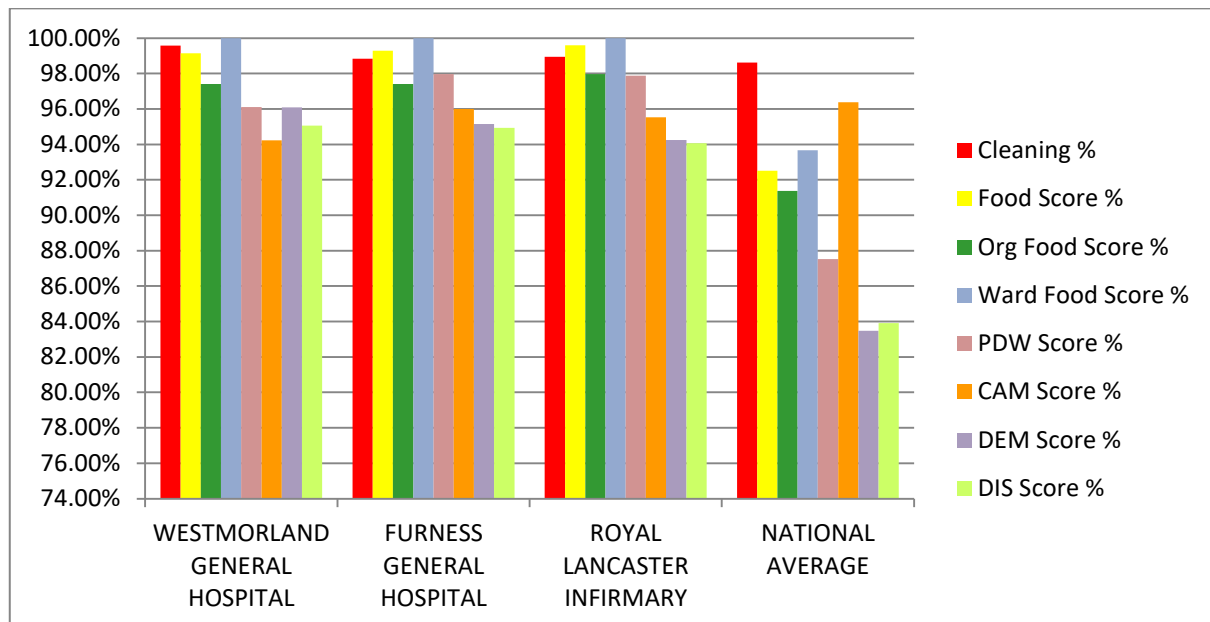
Actions identified from the inspections were either:

- minor in their nature and shared with the relevant manager; or
- more significant rectification plans were sent to the relevant managers as well as site estate managers for their action as a programme of works or capital bid.

### **PLACE Scores 2019**

The national PLACE scores were recently published and the Trust achieved scores well above the national average against all the domains apart from condition, appearance & condition. This was not a surprise to the Trust as it is recognised that significant investment is required into the backlog maintenance budget.





Of particular note were the increased standards on cleanliness achieved at WGH and the 100% scores for all three sites of the quality, taste, temperature and texture of the food tasted at the end of food service at ward level for lunch and dinner. The scores achieved at all three sites demonstrate the continued hard work that Estates & Facilities Care Group added to the patient experience and to their perception of patient care regarding the environment.

The results can be found here:

<https://www.uhmb.nhs.uk/our-trust/key-publications-information/navigate/6072/71#ccm-block-document-library-6072>

## PLACE Inspection 2020

During 2020/21, the Trust was informed that all PLACE inspections would be stood down. This was a national directive due to the impact of COVID-19. PLACE inspectors were unable to access areas of the hospital to carry out their assessments due to the restrictions put in place to manage the pandemic.

## Volunteers

The Trust continues its commitment to support and encourage voluntary activity, enhancing the care offered to patients, their families, and carers and helps colleagues across our health care services.

Volunteers are extremely well received by colleagues, patients, carers, and visitors and reflect the strength of feeling and support for the Trust by many local community members. Our volunteers continue to give assistance in two ways: either directly or indirectly, as members of a voluntary group or local branch of a national voluntary organisation.

Due to the pandemic (COVID-19), the Trust temporarily stood down a number of our volunteers. It redirected other volunteer efforts towards the national effort required to tackle the spread of COVID-19. In spring 2020 we paused, listened, and identified the voices from local people commenting that they wanted to help others who are already ill or at particular risk. We wholeheartedly welcome such efforts and diverted our efforts in assist volunteers with personal COVID-19 risk assessment and additional training, ensuring that volunteer help, particularly within our planned community recovery centres, was provided safely.

Local businesses offered their skills, and citizens on furlough made themselves known and offered support. With the help of The British Red Cross (BRC), we quickly developed a temporary crisis management system that included skill scanning the offers of service and support. The BRC helped develop our COVID volunteer rota management, which was welcomed as be as the pandemic unfolded.

A number of our current and new volunteers signed up for the national NHS Volunteer Responders scheme to help people in England stay safe during COVID-19. The programme was set up by NHS England and NHS Improvement, working with Royal Voluntary Service and the Good SAM app.

We welcomed the NHS Volunteer Responder programme, which helped local people avoid busy places by collecting their shopping, medicines, and other essential items have regular contact with other people by making regular friendly telephone calls and providing access to medical appointments.



Volunteers from the North West Ambulance Service (NWAS) and other local volunteers joined forces to install special screens as part of the COVID-19 response.

A total of 239 Kwick Screens were installed over three weeks to maximise patients' privacy, dignity, and comfort.

In December 2020, the Trust was selected to take part in the NHS England and NHS Improvement's Winter Volunteering Programme; we utilised the additional funds to link volunteers into our work in reducing inequalities in access to healthcare and to bridge the gap as a result of the pause in patients receiving visitors, we now have:

- Music therapist support one-on-one and groups at Furness General Hospital. Citizens, patients, and colleagues listen to relaxing music, play a simple beat on a drum, sing songs. People with dementia and young patients and their families and carers particularly find music therapy of benefit.

Hospital radio connect the outside and bring local elements inside; we helped fund equipment for our volunteer radio station, which has created further opportunities for a volunteer to support their local hospitals and health service from home; this was partially helpful for the shielding hospital radio volunteers. Evidence suggests that hospital radio station can have an impact on psychosocial health outcomes in reducing:

- boredom reduced by entertainment
- loneliness reduced by social interaction
- disorientation by creating a sense of belonging

During COVID-19, we found more patients accessed the hospital radio via the TV heads sets and the additional 30+ tablet devices. The tablet devices also provided a secure video link to the patient's family and friends while visiting was paused.

Hospital Chapel services were played out over the hospital radio station allowing patients to engage in faith and no-faith services at their bedside, especially when patient movement around the hospital was paused due to COVID-19 transmission.

As we start to unload and in line with the government roadmap, we will return more volunteers to support many different areas across the Trust in roles such as meet and greets, reception information desk, patient support, gardening, Macmillan information, meals on wheels, charity, breastfeeding support, arts and crafts, chaplaincy, and Pets as Therapy activities.

During the pandemic, volunteers played an essential part in delivering nourishing and high-quality food to colleagues working in COVID-19 RED areas.

More than 2,000 packages per day were distributed across the Trust sites as part of the Salute the NHS campaign.

We have a further 200 partner volunteers who support our organisation externally in Blood Bikers, Hospital Equipment shops and gardening clubs and the Royal Voluntary Service.

Our North West Volunteer Blood Bikes provide a voluntary out of hours transport service to our Trust by carrying urgent emergency blood, platelets, samples, donor breast milk, patient notes, theatre equipment, in fact, anything that can be taken by motorcycle, between the hospital, the volunteers travel approximately 49,111 miles and have completed over 1800 product movements in the last year.

The Voluntary Services continues to work alongside the Trust Employment Services Department, keeping up to date regarding changes to recruitment and governance procedures. Demand for volunteering opportunities has never been higher. Volunteers bring a wealth of experience, time, and commitment to our hospital and health services.

Volunteers make a unique contribution to patients, carers, and colleagues at the Trust. We recognise that volunteers are an essential resource that helps the Trust achieve our vision while supporting and enhancing our hospitals' patient and public experience and perception.

We recognise that our volunteers are an essential resource that helps us achieve our vision while supporting and enhancing the patient's and shared experience and perception of our hospitals and community services."

Through the coronavirus (COVID-19) pandemic, the Trust has received a staggering amount of support from the local community and ex-members of colleagues who have gone above and beyond to help our colleagues and patients.

The Trust's Meals on Wheels service is supported by volunteers who help deliver fresh, home-cooked food to some of the most vulnerable and isolated people in the Barrow area. In January 2021, this service was extended to the Kendal locality.



Sandra Lively, a retired midwife, wanted to do her bit during the pandemic by making a few pairs of scrubs and donating them to the staff at the Trust. Sandra enquired about purchasing fabric from Standfast, Lancaster, sufficient to make two to three pairs and was 'stunned' when offered a donation of 1,000 metres of fabric, enough to make 300 pairs of scrubs.

Within seven days of advertising for volunteer help via Facebook, the new 'Morecambe Bay Scrubs' group was formed.



Over 60 volunteers came together to make hospital scrubs for The Royal Lancaster Infirmary.

The Trust's two hospital radio stations Bay Trust Radio and Radio Lonsdale, are run entirely by volunteers. Thanks to a kind donation from Lancashire Fire and Rescue Service of 15 iPads, Bay Trust Radio volunteers have set up the iPads to allow patients to listen to the radio, access the latest news and keep in touch with friends and

family during the pandemic.

The project to provide patients with iPads was also recognised by the High Sheriff of Cumbria, with tablets being set up for patients to keep in touch with loved ones over the internet whilst in hospital as well as providing access to health and wellbeing information from the hospital radio.

During 2020 we welcomed many more highly experienced and caring volunteers into the Chaplaincy Team.

## Key Achievements

The voluntary services achieved the delivery of our 2019/20 priorities. These include:

- securing volunteer winter funding from NHS England;
- developing the role of volunteers during COVID-19;

- improved volunteer management by merging the Trust Volunteer Services department with the Patient Experience, Engagement, and Inclusion function;
- invest in volunteer support; and
- establishing new partnerships to benefit from national volunteering expertise.

### Looking Forward

Looking ahead, volunteering in the NHS is a keyway in which citizens can join forces to support local people and services. People in need, volunteer growth and development are an essential contributor to delivering integrated care.

Volunteers support person-centred care well. They are vital to the achievement of prescribing social ambitions. Volunteers can help with the delivery of our services.

We will continue to encourage and embed volunteers into the way we do business over the next 12 months, and our priorities will be to:

- return volunteers into new or established voluntary positions in a COVID-19 secure way;
- develop volunteer partnerships across the Integrated Care System;
- demonstrate the value and impact that volunteers make to patient experience within the Trust; and
- ensure our volunteer service is inclusive, offering volunteering opportunities for all.



Aaron Cummins  
Chief Executive

Date: 28 June 2021

## Remuneration Report

### The Role of the Remuneration Committee

The Committee establishes pay ranges, progression and pay uplifts for the Chief Executive, Executive Directors and other Senior Manager posts including their terms of employment.

### Membership of the Remuneration Committee

The membership of the Trust's Remuneration Committee comprises all Non-Executive Directors including the Chair.

The membership of the Committee during the 2020/21 financial year was as follows:

Membership of the Remuneration Committee 2020/21	
Mike Thomas, Chair (Chair of Committee)	Chair
Rachel Isba (wef 01/09/2020)	Non-Executive Director
Bruce Jassi	Non-Executive Director
Neil Johnson (Term of Office ended 31/08/2020)	Non-Executive Director
Adrian Leather	Non-Executive Director
Hugh Reeve (joined the Committee in February 2021)	Non-Executive Director
Liz Sedgley	Non-Executive Director
Jill Stannard	Non-Executive Director
Stephen Ward	Non-Executive Director

The Chief Executive and the Director of People and OD shall be invited to attend Committee meetings, although may not be present for discussion relating to their own appointment, remuneration, terms of service or other such matters.

### Committee Attendance 2020/21

MEMBERS	16/04/20	26/08/20	15/10/20	09/12/20	21/01/21
Mike Thomas, Chair (Chair)					
Rachel Isba, Non-Executive Director (01/09/2020)					
Bruce Jassi, Non-Executive Director					
Adrian Leather, Non-Executive Director					
Hugh Reeve, Non-Executive Director (joined the Committee in February 2021)					
Liz Sedgley, Non-Executive Director					
Jill Stannard, Non-Executive Director					
Stephen Ward, Non-Executive Director					
<b>Members who have resigned / term of office ended during 2020/21</b>					
Neil Johnson, Non-Executive Director (Term of Office ended 31/08/2020)					

Attended	Apologies	Deputy	Not commenced in post
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## Annual Statement on Remuneration from the Chair of the Remuneration Committee

During the course of 2020/21 the Committee:

- Reviewed Executive Team remuneration;
- Reviewed levels of remuneration across the highest earning staff;
- Received reports on quarterly settlement agreements;
- Received reports on the recruitment process of the Chief Operating Officer and Director of Finance;
- Ratified the appointment of the Chief Operating Officer and Director of Finance; and
- Received the Fit and Proper Persons Annual Report.

### Senior Managers Remuneration Policy

Senior Managers Remuneration is determined by the Remuneration Committee with reference to national guidance, pay awards made to other staff groups through national awards and by obtaining intelligence from independent specialists in pay and labour market research. The Committee also have regard to the Trust's policies and procedures for diversity and inclusion when determining senior managers' remuneration.

Following the direction from the Secretary of State for Health relating to the level of the remuneration and benefits packages of Executive Directors (£142,500) the Committee has taken appropriate measures to ensure such salaries are publically justifiable. All appointments in excess of this level are made taking into account the importance of ensuring the Board retains the skills, knowledge and capacity for the efficient running of the Trust and the safety and care of patients. The appropriate consent from NHS Improvement are sought.

All Executive Directors are on permanent contracts. Notice and termination payments are made in accordance with the provisions set out in the standard NHS conditions of service and NHS pension scheme as applied to all staff in accordance with Agenda for Change.

A new Chief Operating Officer and Director of Finance were appointed in 2020/21. There were no early termination payments made in the year. When the Committee undertakes the recruitment and appointment of the Executive Team it uses external recruitment companies to support the recruitment process; it reviews the structure, size and composition of the Board making recommendations for changes where appropriate.

During 2020/21, the Committee agreed to establish a revised executive remuneration package for the three year period beginning 2021/22. This package was to include:

- Basic Pay – Application of NHS England and NHS Improvement Pay Framework;
- Benchmarking remuneration;
- Annual Cost of Living Increase;
- Performance related pay; and
- Pay Flexibility.

The Committee approved the following recommendations:

- Executives to be paid in the median to upper quartile range of the NHS England and NHS Improvement scales, recognising the unique challenges of Morecambe Bay in terms of finance, quality, geography and legacy;
- For the duration of the current arrangement for next 3 years, the payment model is Agenda for Change; and
- The Remuneration Committee introduce flexibility to recognise specific individual circumstances through payment of additional allowances.

The following disclosures in respect of Executive and Non-Executive remuneration are made in accordance with the Annual Reporting Manual for Foundation Trusts. In light of the General Data

Protection Regulation, we sought Board members' consent to publish their remuneration details within this report. All Board members have consented.

Executive Directors' Remuneration 2019/20 Subject to Audit Review	Salary	Benefits in Kind	Pension Benefits	Total
	Bands of £5000	Rounded to nearest £100	Bands of £2500	Bands of £5000
Name and Title	£000	£	£000	£000
Mr A Cummins – Chief Executive	210-215	0	n/a	210-215
Dr S Bari – Medical Director (from 1 September 2019)	95-100	0	72.5-75	165-170
Mr D Walker – Medical Director (to 31 August 2019)	90-95	0	n/a	90-95
Ms S Smith – Executive Chief Nurse and Deputy Chief Executive	155-160	9,900	20-22.5	190-195
Mr K Griffiths – Director of Finance	155-160	0	40-42.5	195-200
Ms F Ajayi – Chief Operating Officer	135-140	11,400	35-37.5	185-190
Mr D Wilkinson – Director of People and Organisational Development	115-120	9,300	20-22.5	145-150

Dr D Walker left the post of Medical Director with effect from 31 August 2019 and Dr S Bari was appointed to this post with effect from 1 September 2019, from within the Trust.

Pension related benefits represents the benefit in year from participating in the NHS Pension Scheme. The amount is calculated by taking the full pension due to the Director upon retirement if they were to retire at 31 March 2020 and deducting the equivalent value from the amount due at 31 March 2019. This includes lump sum and annual pension entitlement and uses a factor of 20 for grossing up purposes in accordance with the HMRC method (derived from section 229 of the Finance Act 2004). Where no figures are calculated for 2019/20 the Director was not a member of the NHS Pension Scheme or has retired in year.



Executive Directors' Remuneration 2020/21 Subject to Audit Review	Salary	Benefits in Kind	Pension Benefits	Total
	Bands of £5000	Rounded to nearest £100	Bands of £2500	Bands of £5000
Name and Title	£000	£	£000	£000
Mr A Cummins – Chief Executive	215-220	700	n/a	220-225
Dr S Bari – Medical Director	200-205	3,500	0	200-205
Ms S Smith – Executive Chief Nurse and Deputy Chief Executive	160-165	4,200	0	165-170
Mr K Griffiths – Director of Finance (to 1 November 2020)	95-100	0	0	95-100
Mr T Povall, Interim Director of Finance (from 2 November 2020 to 16 February 2021)	15-20	0	30-32.5	45-50
Mr C Adcock, Director of Finance (from 17 February 2021)	15-20	0	47.5-50	65-70
Ms F Ajayi – Chief Operating Officer (to 30 April 2020)	10-15	2,700	10-12.5	25-30
Ms K Maynard, Chief Operating Officer (Interim from 1 May 2020, appointed 16 September 2020)	130-135	0	n/a	130-135
Mr D Wilkinson – Director of People and Organisational Development	120-125	3,800	17.5-20	140-145

Mr K Griffiths left his role as Director of Finance on 1 November 2020 and Mr T Povall was seconded into the role of Interim Director of Finance from within the Trust with effect from 2 November 2020. He stepped down from this role on 16 February 2021 when Mr C Adcock was appointed to the role of Director of Finance with effect from 17 February 2021. Ms F Ajayi left her role of Chief Operating Officer at the end of April 2020 and Ms K Maynard was appointed in an interim capacity from 1 May 2020. Ms Maynard was subsequently appointed to the role of Chief Operating Officer on 16 September 2020.

Pension related benefits represents the benefit in year from participating in the NHS Pension Scheme. The amount is calculated by taking the full pension due to the Director upon retirement if they were to retire at 31 March 2021 and deducting the equivalent value from the amount due at 31 March 2020. This includes lump sum and annual pension entitlement and uses a factor of 20 for grossing up purposes in accordance with the HMRC method (derived from section 229 of the Finance Act 2004). Where no figures are calculated for 2020/21 the Director was not a member of the NHS Pension Scheme or has taken their retirement benefit in year. Where zero values are shown their participation in the Scheme has not resulted in a real increase in benefits during the year.

Pension Benefits Values Subject to Audit Review	Real increase in pension at pension age	Real increase in lump sum at pension age	Total accrued pension at pension age at 31 March 2021	Total accrued lump sum at pension age at 31 March 2021	Cash Equivalent Transfer Value at 31 March 2021	Cash Equivalent Transfer Value at 31 March 2020	Real increase in Cash Equivalent Transfer Value *
	(bands of £2500)	(bands of £2500)	(bands of £5000)	(bands of £5000)			
Name and Title	£000	£000	£000	£000	£000	£000	£000
Mr A Cummins – Chief Executive	0	0	20-25	65-70	316	310	0
Dr S Bari – Medical Director	0	0	40-45	85-90	770	823	0
Ms S Smith – Executive Chief Nurse & Deputy Chief Executive	0-2.5	0-2.5	60-65	180-185	1,462	1,403	13
Mr K Griffiths – Director of Finance	0-2.5	0	70-75	180-185	1,532	1,471	5
Mr T Povall – Interim Director of Finance	0-2.5	0	0-5	0	21	0	6
Mr C Adcock – Director of Finance	0-2.5	0	55-60	105-110	962	895	3
Ms F Ajayi – Chief Operating Officer	0-2.5	0	55-60	70-75	844	804	0
Mr D Wilkinson – Director of People and Organisational Development	0-2.5	0	45-50	100-105	897	844	22

Trust employees are covered by the provisions of the NHS Pension Scheme which is a defined contribution scheme and provides pensions related to final salary. Details of the scheme are included in note 1.6 of the Trust's Accounts. No payments are made to any other pension scheme on behalf of Executive Directors.

The table above details the current pension benefits of the Trust's senior managers. As Non-Executive Directors do not receive pensionable remuneration, there are no entries in respect of Non Executives. Where the Executive Director in post at 31 March 2021 is not a member of the NHS Pension Scheme, there are no pension benefits to be disclosed.

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 NHS Pension Scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the Scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

\* The Real Increase in CETV does not include the effects of inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Non-Executive Directors' Remuneration 2019/20 and 2020/21	2020/21	2019/20
	Salary Bands of £5000	Salary Bands of £5000
Name and Title	£000	£000
Professor M Thomas – Chair (from 2 January 2020)	45-50	10-15
Mr I Johnson – Chair (to 30 November 2019)	n/a	25-30
Ms E Sedgley – Non-Executive Director	10-15	10-15
Mr M Jassi – Non-Executive Director	10-15	10-15
Prof N Johnson – Non-Executive Director (to 31 August 2020)	5-10	10-15
Prof R Isba – Non-Executive Director (from 1 September 2020)	5-10	n/a
Mr A Leather – Non-Executive Director	10-15	10-15
Ms J Stannard – Non-Executive Director	10-15	10-15
Mr S Ward – Non-Executive Director	10-15	5-10
Dr H Reeve – Non-Executive Director (from 3 February 2021)	0-5	n/a
Ms H Bingley – Non-Executive Director (to 31 December 2019)	n/a	5-10
Mr D Lidstone – Non-Executive Director (to 24 June 2019)	n/a	0-5

There are no benefits in kind or pension related benefits in respect of Non-Executive Directors.

#### Director Expenses 2020/21

Name and Title	2020/21
Non-Executive Directors	(£)
Professor M Thomas – Chair	1255.03
Mr M Jassi – Non-Executive Director	317.47
Professor Rachel Isba – Non-Executive Director	0
Mr A Leather – Non-Executive Director	0
Dr H Reeve – Non-Executive Director	0
Mrs E Sedgley – Non-Executive Director	0
Ms J Stannard – Non-Executive Director	0
Mr S Ward – Non-Executive Director	433.56
Executive Directors	(£)
Mr A Cummins – Chief Executive	2576.36

Mr C Adcock – Director of Finance / Deputy Chief Executive	1095.80
Mrs F Ajayi – Chief Operating Officer (resigned wef 30/04/2020)	825.02
Dr S Bari – Medical Director	5773.00
Mrs K Maynard – Chief Operating Officer (wef 01/05/2020)	4250.43
Ms S Smith – Executive Chief Nurse and Deputy Chief Executive	223.60
Mr D Wilkinson – Director of People and Organisational Development	506.87
<b>Total Sum of Expenses</b>	<b>17,257.14</b>

#### Director Expenses 2020/21

Total number of Directors in office	Number of Directors receiving expenses	Total Sum of Expenses
15	10	£17,257.14

#### Fair Pay Multiples

The Trust is required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of the workforce.

The mid-point of the banded remuneration of the highest paid director in the financial year 2020/21 was £217,500. This was 7.3 times the median remuneration of the workforce, which was £29,600. In 2019/20 the mid-point was £212,500 which was 7.5 times the median remuneration of £28,400.

Calculations are based on the full time equivalent of all staff in post at 31 March and salaries have been annualised. Total remuneration of the highest paid director includes salary and benefits in kind. It does not include employer pension contributions or the cash equivalent transfer value of pensions and also excludes any severance payments.

During the year 8 employees received remuneration in excess of the highest paid director. A total of 10 employees received higher remuneration during 2019/20.

Remuneration ranged from £17,000 to £275,000 for 2020/21. The range of remuneration for 2019/20 was between £17,000 and £292,000.



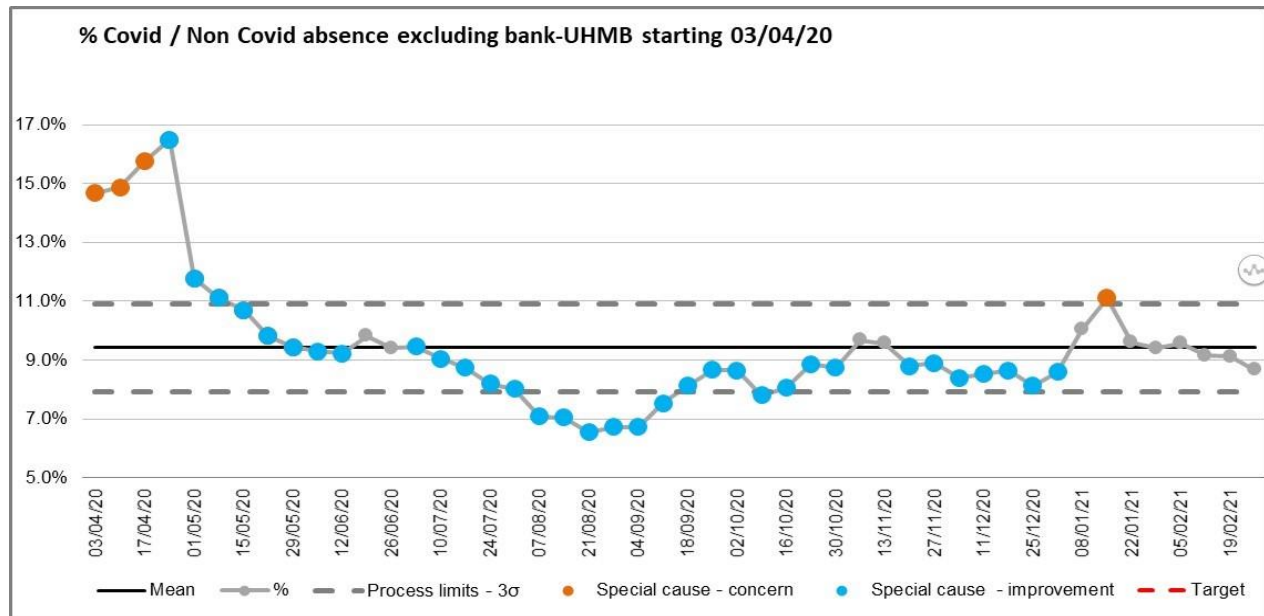
Aaron Cummins  
Chief Executive

Date: 28 June 2021

## Staff Report

### Sickness Absence and Attendance

Sickness absence and attendance at the Trust has varied widely during the course of the pandemic. Due to the high numbers of colleagues self-isolating, shielding, or ill with COVID-19, the % absence reached a high point of 16.7% in May 2020, but decreasing through the summer months to 6.3%. The second wave of COVID-19 saw further increases but continued to decline through February and March, closing the year at 7.7%. Around 40% of absence during the year was COVID-19 related.



The Trust redoubled efforts to augment its already supportive ethos. By ensuring that all staff were required to have a COVID-19 check-in conversation with their manager conversations about health and wellbeing were heard in time. The occupational health team provided significant additional support for stress related concerns, mitigating some of the absence cost and risk.

A Central Absence Team (CAT) was established to reduce the burden on managers for entering ESR details for sickness absence. Employees now register their sickness absence themselves with CAT after speaking with their manager. This has enhanced the quality of sickness absence data and has improved the Trust's ability to spot risks and deploy resources accordingly.

A 7-day coaching service was provided; 24-hour counselling services; and mental health first aiders deployed. Over 8000 booklets on health and well-being tips were circulated, and videos were published showing the benefits of nutrition, sleep and exercise.

Work continues in order to build health, well-being and resilience, particularly in the area of psychological well-being and mental health.

Full sickness absence data is published on an annual basis by NHS Digital and can be found on the following website:

<https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates>.

### Improving the Experience of Colleagues with a Disability

University Hospitals of Morecambe Bay NHS Foundation Trust was awarded first place in the top 50 of the UK's most inclusive employers, being recognised as the most inclusive employer out of the 110-member companies. The award recognises all of the Trust's inclusion work and our work in partnership with an active Disability Staff Network (previously finalists in the Inclusive Employers Network of the Year Award).

The Trust has in place policies and procedures that support colleagues with a disability. All policies undergo an equality impact assessment, and the Trust continues to maintain its status as a Disability Confident Employer with a guaranteed interview scheme for people with a disability.

The Disability Staff Networks were invited to share their journey at the first NHS Disability Summit where they presented a short film which can be accessed via:

[https://www.youtube.com/watch?v=\\_8wpFJJRx6E](https://www.youtube.com/watch?v=_8wpFJJRx6E).

With a locally developed disability equality standard now replaced by the National NHS Disability Equality Standard, the Trust's progress is measured annually in relation to a wide range of colleague experience metrics. Annual improvement plans are agreed by the Trust Board and key developments include:

- the launch of a Disability Leave Policy;
- the launch of a Colleague Health Passport;
- Widening participation pre-employment programmes, including supported internships for students with learning disabilities, and graduate placement through the Leonard Cheshire Change 100 internship programme; and
- Developing managerial confidence, through resources and advice, in making reasonable adjustment.

#### **Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees**

The Trust communicates regularly to staff on matters that concern them through multiple channels:

- Daily COVID-19 Response emails in the early part of the pandemic;
- Weekly Trust news eBulletin;
- Chief Executive's Weekly Message (daily during early part of COVID-19);
- Internal website- overhauled during COVID-19 to provide direct access from home and provide COVID-19 information and updates;
- Specific emails on urgent matters;
- Staff management briefings and cascades via managers;
- Increased meeting frequency in most areas to keep staff informed of changes due to COVID-19;
- Posters and notices in staff areas;
- Health and well-being information, tips and guidance for managers for COVID-19;
- Health and well-being information videos; and
- Regular Union and HR meetings.

#### **Actions taken in the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests**

- Monthly PNCC (Partnership Negotiating and Consultative Committee) between Union representatives and HR leadership;
- Joint Working Group between staff-side and management also meets monthly to discuss issues arising from either side;
- Inclusion of the staff side chair in daily COVID-19 Update calls with Workforce; and
- Joint listening clinics with the staff side chair and the deputy director of People and OD with colleagues across sites.

#### **Actions taken in the financial year to encourage the involvement of employees in the NHS foundation trust's performance**

- The Trust's leadership development programmes all aim to improve levels of management and colleague collaboration that contributes to performance and engagement;
- The Trust has carried out Inclusive and Compassionate Leadership development workshops for all senior managers. Over 200 leaders attended a half day masterclass aimed at driving inclusion and engagement;

- Annual staff appraisals set clear objectives for teams and individuals and colleagues are asked to reflect with their manager on their contribution toward performance and quality; and
- Senior manager appraisals were conducted, albeit in abbreviated format as COVID-19 Check -in Appraisals. This requirement was outside of the NHS national standing down of appraisal during COVID-19. Appraisal objective setting provides clearer direction and team performance objective setting for all staff.

### Occupational Health and Wellbeing

The occupational health and wellbeing team have played a huge role in supporting colleagues across the Trust to remain well during COVID-19. As well as providing the normal services of an occupational health team, they have carried out significant additional activity.

COVID-19 related additional activity has been as follows:

- The Trust was an early adopter of COVID-19 testing regimes and had tested thousands of colleagues before other areas had even begun;
- The occupational health team conducted internal COVID-19 vaccination at pace and scale. 89% of UHMBT colleagues have received 1<sup>st</sup> doses and over 18,000 doses have been administered in total. The total includes other front-line services from the health, care and emergency sectors;
- A seven day a week hotline for concerned staff was set up within days of the outbreak of COVID-19;
- Visits to wards were carried out immediately to make staff aware of the psychological support available to them during the pandemic;
- Over 8000 booklets were shared with colleagues sharing tips and advice for physical and mental health, for both staff and their families;
- A coaching service was established and provided seven days a week for concerned managers and staff;
- Trauma Risk Management visits were made to areas where there were deaths in service caused by COVID-19, as well as when colleagues died in service during the pandemic of other causes;
- Mental health first aider information was provided and promoted through multiple channels
- Rest and recuperation rooms were set up on each site for staff to be able to take a break away from the COVID-19 wards;
- Additional restaurant areas and coffee break marquees were set up to ensure all colleagues could sit and have lunch in a socially distanced manner;
- Additional changing facilities were provided;
- Hotel accommodation was provided for colleagues that had family members self-isolating in order that they could continue to work in essential areas;
- Gift bags and toiletries were provided thanks to the local community rallying around. These were shared out amongst front line staff; and
- The Trust immediately amended its policy to include extra death in service benefits to cover the risk of death from COVID-19; this occurred before the national position had been made clear.

As mentioned above in the section on absence, the Trust has an Attendance Management at Work Policy that focuses on supporting individual colleagues who are absent from work, with the emphasis on individualising their support to enable their return to work. This was republicised during the pandemic and the Ask SAMI team responded to hundreds of queries related to the exceptional circumstances

The occupational health and wellbeing service is a multi-disciplinary team with a consultant physician and nurse led service. The service includes physician interventions, specialist occupational health nurses / advisers, physiotherapist who specialise in musculoskeletal (MSK) conditions, therapist that specialise in person centred counselling / hypnotherapy, cognitive behaviours therapy. The service is offered to the Trust to support colleagues across all 3 sites.

The services offered in normal circumstances have continued. These range from pre-employment screening and assessment of fitness to work following illness or injury; healthy lifestyle checks to supportive therapeutic interventions and physiotherapy. This enables the Trust to respond to, and support, colleagues with health and wellbeing concerns and assists in reducing the current absence rates. Key areas of focus for the occupational health and wellbeing service are normally the two main



drivers of absence, namely musculoskeletal and stress related absences in addition to supporting colleagues with other absences and providing preventative interventions (for example menopause courses, blood pressure initiatives, Man-Sheds men's health courses).

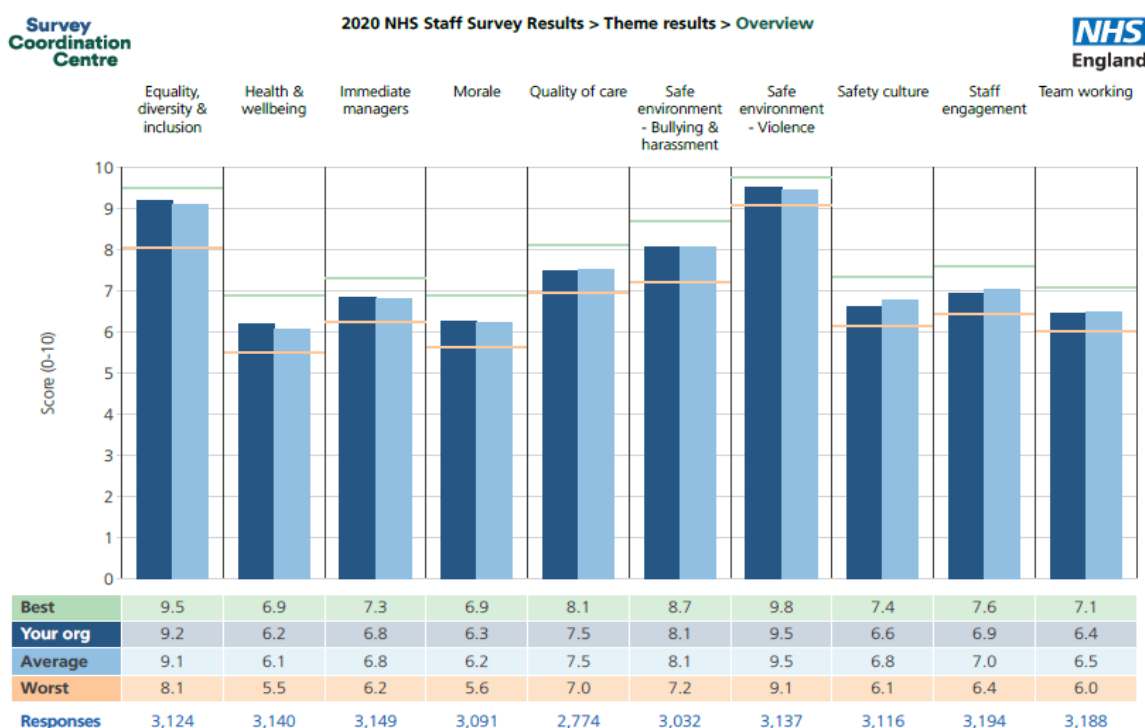
The Trust has also for the 7th year running achieved the national target for front line staff to be vaccinated against flu.

## NHS Staff Survey 2020

Despite the pandemic, the Trust achieved 49% response rate with over 3200 employees responding – this was a slight decrease from 2019, but nevertheless provides a comprehensive view of colleague experience at UHMB.

The national report provides a benchmarked analysis of UHMB to other acute and community NHS Trusts against 10 themes.

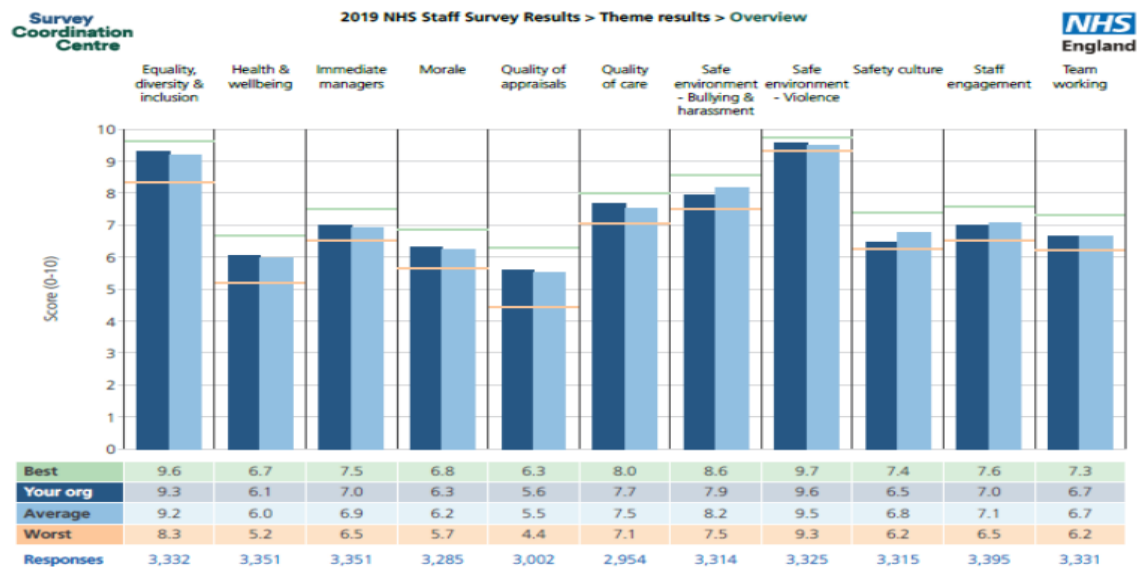
This diagram below shows how UHMB performed against the national average. 3 themes marginally above average (all by 0.1 on a scale of 0-10), 3 themes below average (two by 0.1, one by 0.2) and 4 themes at average.



Before 2019 the Trust was in the Acute Provider category but since the integration of community services and acute services in 2018 it is now benchmarked in the Acute and Community Trust category. Therefore, we can only provide benchmark comparisons for the previous year:

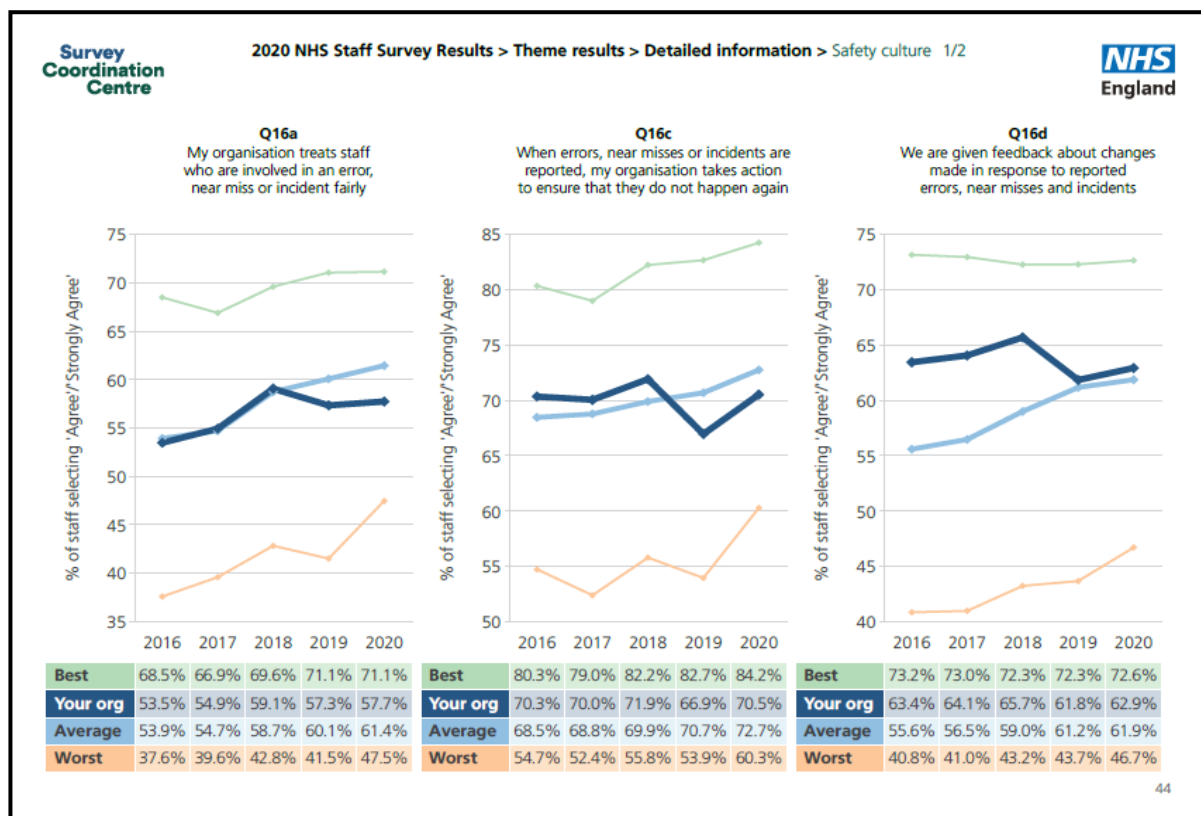


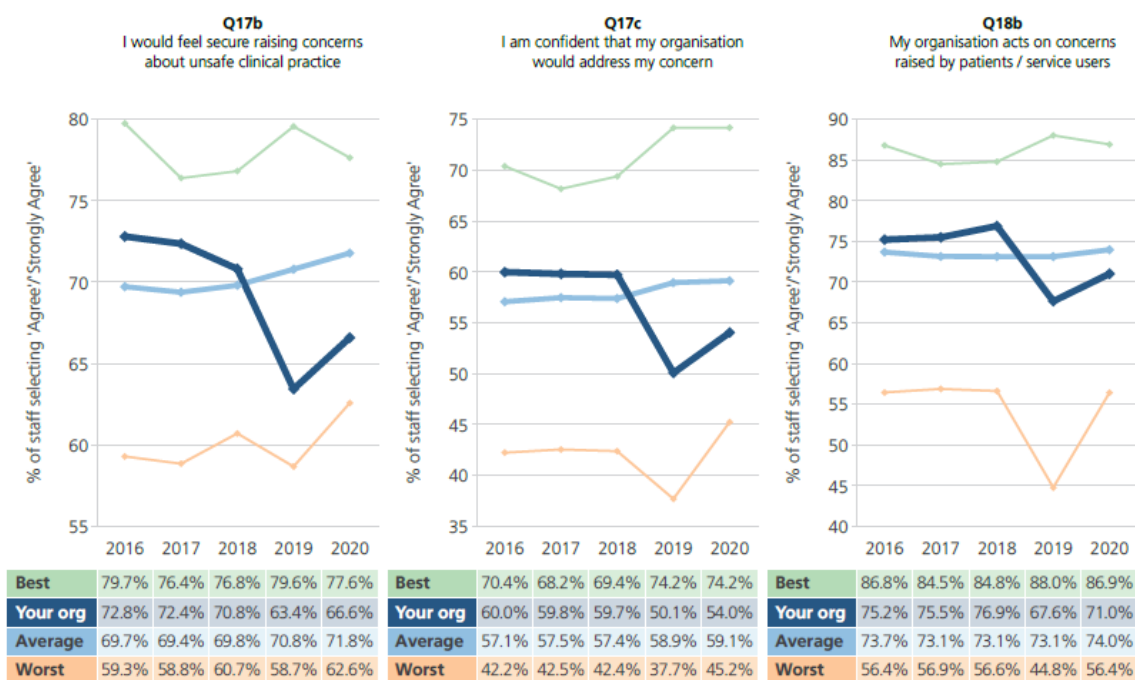
## 2019 Results



## Areas of Improvement

A significant improvement has been in the area of safety culture, which although still behind the national average has seen an improvement since the dip in 2019:





45

These were the group of questions that saw a dramatic deterioration in 2019 after a period of sustained improvement previously. The Trust speculated that this may have been due to the publicity surrounding both urology and breast screening although did not know this to be the case. What we have seen in 2020 is a bounce-back from those lows. Whilst some questions have returned to the levels seen in 2018, not all have and further work continues to repair significant reputational damage and restore staff confidence.

The Trust has invested time and energy over the previous two years looking at bullying harassment and abuse question scores. The Trust is now at the national average for the majority of these questions but efforts will continue into 2021/22 with the implementation of a Just and Learning Culture approach. The approach will respond to additional staff feedback from inclusion networks and interviews with teams experiencing relational issues.

### Improving Safety Culture

The Just and Learning approach and the appointment of a Culture Transformation Lead will also help address the incident reporting process that has been at the heart of allegations of poor treatment of whistle-blowers. The approach will ensure that incidents and errors are treated fairly, whilst holding unacceptable behaviours and malpractice to account.

### Improving Relationships at Work

Organisational development work at the Trust and analysis of employee relations cases reveals that in some departments, a small number of interpersonal clashes can upset the harmonious working atmosphere of the whole team. Analysis of the staff survey shows a small group of teams (11) that have outlying poor scores (>for question 6C "Relationships at work are not strained". This confirms that rather than a culture of endemic poor relationships, there are pockets of over strained interpersonal dynamics.

Question 6C also correlates with poor scores in those teams for bullying, harassment and abuse; involvement in decisions; managerial feedback; improvement; respect and recognition. We have therefore set all senior managers an annual objective to take direct action to improve the scores for question 6c. In addition, all staff have been assigned an objective to strive to improve relationships at work through their personal professionalism and the behavioural standards framework.

## Leadership Development

- Development programme completed for 30 clinical leads and aspirant leads;
- Leadership Framework drafted and utilised in annual succession planning process;
- Leadership apprenticeships at Level 3, 5 and 7;
- Remote leadership modules launched and well received; and
- Extensive on-line guidance resources on dealing with staff stress and team dynamics during COVID-19.

Impact in Year: Despite best efforts, along with peer Trusts the scores for immediate manager approval have declined. Feedback from Pulse Survey on COVID-19 show that colleagues feel a more directive leadership style has been adopted in order to make and implement decisions quickly, along with displacement of many individuals to new teams.



## Talent management and succession planning

Progress prior to COVID-19 had established:

- Succession planning matrices in place for Executive Directors, Care Group Leadership Teams, Corporate Leadership Teams and critical roles;
- Revised band 8a and above manager appraisal now collects development needs and readiness to progress based on a leadership framework;
- 98% Appraisal completion for Bands 8a+ with management responsibilities;
- Succession plans used to identify cohort for NHS High Potential Scheme; and
- Full utilisation for allocation of NWLA Leadership development opportunities.

Plans were put on hold for talent management roll-out for all staff during 2020/21 but are resuming in 2021/22.

## Organisational Development for teams and departments and individuals

Over 25 teams have been supported this year by learning and organisational development (L&OD) colleagues. Interventions have ranged from one to one coaching for senior leaders so that they can improve team climate and culture themselves, though to larger scale interventions involving whole departments such as urology. A number of teams and departments have also been supported through the Enhanced Support Programme (ESP). ESP covers all areas of operational, quality, safety, and culture. Urology is the first of these to complete and has seen dramatic improvements in relationships across the medical team and amongst secretarial and administrative functions.

Coaching support has been provided for numerous individuals. From January the 1<sup>st</sup> to the end of the year 90 hours of coaching were delivered by the L&OD team

## Employee Relations (ER) Cases

A number of complex ER cases have successfully concluded during the year. These have led to significant improvements in team dynamics within two of the areas that are part of the ESP programme. The Trust has demonstrated through these actions its willingness to tackle unacceptable behaviours. Whilst some high-profile cases continue, the Trust has set up and led work to address these areas through task and finish groups involving the Executive Directors. A monthly ER report is shared with the Board.

## Health and Safety

The Trust's health and safety management system is integral to the governance processes across the organisation and health and safety assurance is provided to the Trust Board via the Health and Safety Committee which is a sub-committee of the Quality Committee.

There is a high level of staff engagement which is driven through 227 Health and Safety, Representatives and Champions across all Care Groups.

In addition to business as usual, main areas of focus for 2020/21 have been:

- The implementation and maintenance of a COVID secure workplace risk assessment process supported by training and onsite advice, to ensure a safe environment for our colleagues and patients through the development of 465 assessments which are reviewed on a either 3 or 6 monthly frequency;
- Working alongside Clinical Quality Assurance colleagues undertaking approximately 30 quality assurance visits under COVID conditions to support the practical implementation of the COVID-secure workplace requirements and address any health and safety related concerns;
- Closely working with Infection Prevention and Occupational Health Teams with regards to Personal Protective Equipment required in response to COVID-19, providing advice and finding solutions for colleagues;

- Undertaking and completing a refresh of the Health and Safety Intranet giving easy access to up-to-date health and safety information, risk assessments and support;
- Establishing sound principles, providing advice and monitoring compliance with safety requirements for colleagues who transitioned to working from home. Creating a means of supporting up to 1500 colleagues with the capacity to work at home, to identify their equipment and ergonomic needs and provide a level of assurance on compliance with the regulations relating to Display Screen Equipment;
- Completing the Health and Safety Audit plan for 2020/21 to address any areas of concern identified from previous audits, incidents or inspections; and
- Development and progression of a manual handling training recovery plan to ensure 330 colleagues commencing in post during the pandemic, and under restricted arrangements for practical training, received the essential skills to protect our patients and colleagues.

#### Trade Union Facility Time and Trade Union Time Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
50	8

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	14
1-50%	32
51%-99%	1
100%	3

#### Percentage of pay bill spent on facility time and trade union activity

Total cost of facility time	£145,617
Total pay bill (including agency and bank)	£302,554,000
Percentage of the total pay bill spent on facility time	0.05%
Percentage of Facility Time spent on trade union activity	Data unavailable

## Staff Costs

Subject to audit

2020/21			
	Permanent £000	Other £000	Total £000
Salaries and wages	248,955	12,042	260,997
Social security costs	21,711	1,104	22,815
Apprenticeship levy	1,078	142	1,220
Employer contributions to NHS Pension Scheme	38,831	1,974	40,805
Temporary staff – agency	0	13,913	13,913
Total staff costs of which	310,575	29,175	339,750
Cost capitalised as part of assets	1,424	80	1,504
2019/20			
	Permanent £000	Other £000	Total £000
Salaries and wages	223,137	9,758	232,895
Social security costs	20,053	921	20,974
Apprenticeship levy	1,019	112	1,131
Employer contributions to NHS Pension Scheme	36,630	1,683	38,313
Temporary staff – agency	0	10,588	10,588
Total staff costs of which	280,839	23,062	303,901
Cost capitalised as part of assets	1,342	5	1,347

## Average number of Colleagues Employed

Average number of people employed	2020/21		
	Permanently Employed	Other	Total
	Number	Number	Number
Medical and dental	610	50	660
Administration and estates	1,275	31	1,306
Healthcare assistants and other support staff	1,238	185	1,423
Nursing, midwifery and health visiting staff	1,891	119	2,010
Scientific, therapeutic and technical staff	659	34	693
Healthcare science staff	223	2	225
Total	5,896	421	6,317
Average number of people employed	2019/20		
	Permanently Employed	Other	Total
	Number	Number	Number
Medical and dental	585	39	624
Administration and estates	1,295	30	1,325
Healthcare assistants and other support staff	1,213	161	1,374
Nursing, midwifery and health visiting staff	1,823	105	1,928
Scientific, therapeutic and technical staff	627	30	657

Healthcare science staff	216	3	219
Total	5,759	368	6,127
Of the above there were 27 staff (Whole Time Equivalent) engaged on capital projects during 2020/21 (26 WTE staff engaged on capital projects during 2019/20).			
The Trust employs bank staff and engages agency staff for temporary assignments and these are shown within the appropriate staff categories under the other staff heading. A total of 334 bank staff and 87 agency staff (2019/20 290 and 78 respectively) were employed on average during the year.			

### Staff Turnover

Annual Turnover, all staff by FTE: Joiners= 628 (10.9%. Leavers= 380 (6.6%). Stability Index= 93.3%.

### Gender split

	Male	Female
Directors	6	3
Other senior managers (8a+)	43	149
Employees (permanent)	1161	5270

As part of the Staff Report in the Annual Report the Trust is required by the Annual Reporting Manual to report on:-

- Off Pay Roll Engagements;
- Exit packages; and
- Consultancy Expenses.

### Gender Pay Gap

Gender pay gap information is reported nationally and is available by accessing [University Hospitals Of Morecambe Bay Nhs Foundation Trust gender pay gap data for 2020-21 reporting year - GOV.UK - GOV.UK \(gender-pay-gap.service.gov.uk\)](https://gov.uk/gender-pay-gap/service.gov.uk)

### Off-Payroll Engagements

As part of the annual review of tax arrangements of public sector appointees published by the Chief Secretary to the Treasury on 23 May 2012, Foundation Trusts are required to publish information in relation to the number of off-payroll engagements. There were no off payroll engagements during 2019/20.

Off-Payroll Engagements	
The table below covers for all off-payroll engagements as of 31 March 2021 for more than £245 per day:	
Number of existing engagements as at 31 March 2021	8
Of which...	
Number. that have existed for less than one year at time of reporting	8
Number that have existed between one and two years at time of reporting	0
The table covers the number of temporary off-payroll workers engaged between 1 April 2020 and 31 March 2021	
Number of temporary off-payroll workers engaged between 1 April 2020 and 31 March 2021	8

Number not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	7
Number subject to off-payroll legislation and determined as out of scope of IR35	1
Number of engagements where the status was disputed	0
Number of engagements that saw a change to IR35 status following a review	0
The table below covers for any off-payroll engagements of Board members during the period 1 April 2020 and 31 March 2021	
Number of Board members during the period 1 April 2020 and 31 March 2021 off-payroll	0
Total number of Board members during the period.	18



## Exit Packages

Subject to audit

Exit packages	2020/21		2019/20	
	Number	Costs	Number	Costs
		£000		£000
Exit package cost band <£10,000	0	0	0	0
Exit package cost band £10,001 to £25,000	0	0	0	0
Exit package cost band £25,001 to £50,000	0	0	0	0
Exit package cost band £50,001 to £100,000	0	0	0	0
Exit package cost band £100,001 to £150,000	0	0	0	0
Exit package cost band £150,001 to £200,000	0	0	1	192
	<b>0</b>	<b>0</b>	<b>1</b>	<b>192</b>
Non-contractual payments requiring HMT approval (special severance payments)	0	0	1	192
			<b>1</b>	<b>192</b>
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their salary	0	0	1	192
			<b>1</b>	<b>192</b>
<p>There were no termination benefits paid to employees or Directors during 2020/21.</p> <p>During 2019/20 the Trust agreed a departure of 1 employee. This departure was paid as a special severance payment which was agreed with HM Treasury.</p> <p>NOTE: This is an amendment to the disclosure for 2019/20 as we should have reported this exit package as a special severance payment. We have been advised to amend the comparatives for 2020/21 by NHS Improvement / HM Treasury.</p>				

## Consultancy Expenditure

Consultancy Services Expenditure	Value
Support for COVID-19 Out-of-Hospital Command Centre	£120,000
Support for transformational work on operational services	£86,000
Support for enquiries	£37,000
Total	£243,000

## Audit Committee Report

### The Role of the Audit Committee

It is a requirement for every NHS Board to establish an Audit Committee which reflects not only established best practice in the public and private sectors, but also the constant principle that the existence of an independent Audit Committee is a central means by which a Board of Directors ensures effective internal control arrangements are in place. In addition the Audit Committee provides a form of independent check upon the executive arm of the Board.

The Audit Committee of the Foundation Trust operates in accordance with the Terms of Reference set for it by the Board which were reviewed in March 2019 to reflect the latest edition of the NHS Audit Committee handbook and again in January 2020 following the external governance review carried out by Deloitte during 2019/20. Due to the Good Governance Institute review, the Committee Terms of Reference will be reviewed during quarter 1 of 2021/22 to reflect the recommendations of the review.

The key responsibilities are set out in the Terms of Reference, but the main priorities of the Committee are:

- Governance, Risk Management and Internal Control;
- Oversight of the work of Internal Audit;
- Oversight of the work of External Audit;
- Financial reporting;
- Oversight of the work of the Anti-Fraud Service; and
- Other functions delegated by the Board.

### Membership of the Committee

The Audit Committee membership includes a Non-Executive Director as the Chair; and all other Non-Executive Directors on the Board of Directors (excluding the Chair of the Board of Directors). All members have full voting rights at the Committee.

The membership of the Committee during the 2020/21 financial year was as follows:

Membership of the Audit Committee	
Liz Sedgley	Non-Executive Director (Chair)
Rachel Isba	Non-Executive Director (wef 01/09/2020)
Bruce Jassi	Non-Executive Director
Neil Johnson	Non-Executive Director (Term of Office ended 31/08/2020)
Adrian Leather	Non-Executive Director
Hugh Reeve	Non-Executive Director (joined the Committee in February 2021)
Jill Stannard	Non-Executive Director
Stephen Ward	Non-Executive Director

Standing invitations to attend Audit Committee meetings have been extended to the:

- Executive Chief Nurse / Deputy Chief Executive;
- Director of Finance;
- Head of Financial Services;
- Internal Audit representatives;
- Local Anti-Fraud Specialist;
- External Audit representatives;
- Head of Finance Services;
- Company Secretary; and
- Trust Board Administrator.

## Overview of the Work of the Committee

The work of the Committee during the year has covered a wide range of areas and topics in order that it can provide assurance to the Board of Directors. The main aspects of this work are outlined in the following paragraphs.

In the course of 2020/21 there were no significant issues that the Committee had to consider in relation to operations and compliance.

In respect of the financial statements consideration was given to the value for money conclusion and the going concern position. The Committee took advice and assurances from the Director of Finance regarding the financial position of the Trust and the ongoing work he was sponsoring with NHS Improvement / England.

The Committee developed its internal and external audit programme following a risk based approach and the Committee has considered several key issues through the presentation of the external audit plan and discussions with the Trust's internal and external auditors. Further information is given below.

## Annual Accounts and Annual Report 2019/20

Through the NHS Foundation Trust Annual Reporting Manual 2019/20, NHS Improvement advised that the submission deadline for the production of NHS Foundation Trust Annual Accounts and Report for 2019/20 was 25 June 2020 due to the impact of COVID-19.

In light of the pressures caused by the public sector response to COVID-19, some Annual Report requirements were changed for 2019/20. These revisions were made in April 2020, mirroring changes made to The Government Financial Reporting Manual by HM Treasury. The changes were:

- The Annual Report is no longer required to include a performance analysis section within the performance report. This is optional. The Trust's Annual Report for 2019/20 included a performance section.
- The Annual Report is no longer required to include a quality report. This is optional. The Trust's Annual Report for 2019/20 included a quality statement.
- The model Annual Governance Statement is updated to reflect the change to preparation of quality reports.

The Audit Committee and Board of Directors' meeting took place on 24 June 2020 to allow the Annual Report and Accounts to be presented and approved before the submission deadline of 25 June 2020. The Board of Directors considered the Annual Report and Accounts and was satisfied with the content and formally recommended the Board of Directors adopted them.

## Internal Control & Risk Management Systems

At each meeting the Audit Committee considered reports from its internal and external auditors, and the Anti-Fraud Specialist.

The Deputy Chief Executive and the Company Secretary provided regular updates on corporate governance and risk management.

## External Audit

The Audit Committee reviewed and considered the work and findings of internal audit by:

- discussing and agreeing the nature and scope of the Annual Plan;
- receiving and considering progress reports throughout the year from the internal auditor at each Audit Committee meeting;
- receiving and considering reports derived from the Annual Plan; and
- receiving the Head of Internal Audit's annual opinion on the Trust's system of internal control.

The External Audit contract was due to expire in 2020/21. In July 2020, following the recommendation of the Audit Committee and agreement by the Governor's Auditor Appointment Committee, Grant Thornton's contract was extended for a period of 12 months until the end of August 2021. As the contract will expire in less than 6 months there is a need to undertake an exercise to determine the next steps and process to appoint an external auditor.

Chapter 7 of the NHSI Reference Guide for NHS Foundation Trust Governors sets out further guidance for Governors on the appointment of external auditors. The award of the contract and the appointment of the External Auditor is made by the Council of Governors on the basis of the recommendations of both this Committee and the Governors' Auditor Appointments Committee.

The procurement of an external auditor is underway using NHS Shared Business Services Procurement Framework for Internal/External Audit, Counter Fraud & Financial Assurance Services. The Auditor Appointment Committee is using the SBS framework to undertake a Mini-Competition. The Procurement Team together with the Paul Jones, Company Secretary and Bruce Jassi as the Senior Independent Director are supporting Governors.

The Audit Committee will be kept informed of progress following the completion of the procurement exercise.

Auditor's remuneration amounted to £108,000 during the year all of which relates to the statutory audit function. Due to COVID-19, audit work on the Trust's Quality Accounts has been removed from the audit requirements for 2020/21.

Grant Thornton UK LLP is also engaged to provide external audit for Bay Hospitals Charity. Fees of £2,000 will be paid by the Charity in relation to this service for 2020/21.

## Internal Audit

The Audit Committee reviewed and considered the work and findings of internal audit by:

- discussing and agreeing the nature and scope of the Annual Plan;
- receiving and considering progress reports throughout the year from the internal auditor at each Audit Committee meeting;
- receiving and considering reports derived from the Annual Plan; and
- receiving the Head of Internal Audit's annual opinion on the Trust's system of internal control.

Set out below is the 2020/21 work programme delivered by Internal Audit:

Review Title	Assurance Level
	High/Substantial/Moderate/Limited/No
Key Financial Systems (general ledger, budgetary control and financial reporting and treasury management)	High
Key Financial Systems (accounts payable and accounts receivable)	Substantial
IT E Outcomes System	Substantial
Quality Assurance Accreditation Scheme	Moderate
Recruitment Controls (Medical Consultants) (2019)	Moderate
Cost Improvement Programme (2019)	Moderate
Bullying and harassment processes	Moderate
Records Management	Moderate
Risk Management	Limited
Radiology Referrals (2019)	Limited
Business Continuity (2019)	Limited

## Anti-Fraud

The Trust's anti-fraud service is provided by the Mersey Internal Audit Agency. The Anti-Fraud Specialist is required to attend the Committee and during the year the Committee received regular progress reports.

## Managing Conflicts of Interest in the NHS

During 2019/20, the Committee considered reports on how the Trust had adopted guidance from NHS England on managing conflicts of interest in the NHS which came into force from 1 June 2017 which included:

- The publication of national guidance and a model policy and the action taken to implement the new policy including the approval of Conflicts of Interest Policy for the Trust;
- Feedback from audits undertaken by Mersey Internal Audit Agency (MIAA) including a review from the Anti-Fraud Specialist; and
- Implementation of Civica Declare (previously named MES Declare), a digital solution for managing conflicts of interest.

During 2020/21, the Committee considered a report which provided an overview of the progress made against the recommendations from part 1 of the audit by Mersey Internal Audit Agency (MIAA), reflection on the part 2 audit of conflicts of interest by MIAA, an update on the management of donations throughout COVID-19, an update on the breaches process and the Association of British Pharmaceutical Industry Register.

## External Governance Review

At the Board of Directors' meeting in September 2019, the Board approved the 7 key areas of focus which would be led by the executive team with oversight from the Audit Committee:

- 
- Strengthening the Annual Planning Process;
- Ensure the Board focuses on key priorities and areas of greatest risk;
- Improving the effectiveness of the Board Committees;
- Improving the effectiveness of the Council of Governors;
- Strengthening the approach to Performance Management including data quality;
- Ensure risk drives the business of the Trust; and
- Streamlining the clinical and corporate governance architecture

During 2019/20, the Committee received regular reports on the work programmes that had been developed.

During 2020/21, the Board of Directors commissioned the Good Governance Institute (GGI) to work with the Trust to build on the actions following the CQC report, Deloitte Well-Led Review, and initial feedback from Niche Consulting regarding the urology review. All these reviews contained similar themes. The Board noted that this was not a capability or capacity issue as the Trust had a structure in place which was positively reflected in all audit reports, but rather the quality and consistency of approach and the culture to manage risk in the right way.

It was agreed GGI would conduct a review of the governance structures and processes across the Trust. The review comprised two overlapping phases: The first phase was a comprehensive governance review completed in quarter 3 of 2020/21; and the second, a targeted development programme to secure better governance and assurance, completed in quarter 4 of 2020/21. The purpose of the review was to provide a clear, independent and unbiased view of how the governance system added value to the Trust, and support with identifying any gaps and inform practical solutions as to how these can be addressed.

Phase 1 of the review was conducted between October 2020 and January 2021. Phase 1 identified areas of good practice at the Trust regarding the way the Trust related with stakeholders, communications, digital innovation, visibility of the Chief Executive and clinical executive colleagues, the Trust's approach to inclusion and diversity and a commitment to resolving some long-standing

issues. Several recommendations were made in relation to risk management and how the Board Assurance Framework was used consistency in meetings management from Board to Ward – with fewer meetings that were focused on fewer priorities. Opportunities to review governor and Non-Executive Director support featured alongside aligning the work underway with the governance consultant so that it was all aligned to one single improvement plan.

Phase 2 of the review was conducted between January 2021 and April 2021 with the aim of this phase to work with Trust and the clinical and leadership teams in order to further the improvement work. This will serve to:

- Improve the line of sight from Board to Ward through clarification and simplification of assurance reporting;
- Improve the quality of assurance through more cohesive reporting and better triangulation;
- Rationalise the number of standing assurance groups through applying lean principles to assurance activity, releasing colleague time for service improvement and delivery;
- Build insight into those leading governance as to their level of governance maturity;
- Ensure assurance operating model is up to date, including standard performance reporting and alignment to key objectives; and
- Updating the Board Assurance Framework; and
- Ensure the unique contribution of independent assurance of the risk and assurance system through focusing Board Committee activity to the governance role.

The Board of Directors, at their meeting on 31 March 2021, approved the extension of the Trust's arrangement with GGI to maintain the pace of implementation over the summer months of 2020/21. The purpose of the extension is to mobilise the work plan from April 2021. The work plan will continue to be overseen by the Executive Directors' Group and the Trust Board, as per current arrangements.

### **Anonymous Complaints**

The Committee considered a report regarding the process for managing anonymous complaints which the Trust received occasionally.

The Committee noted that whilst these were challenging to deal with and investigate, a policy was introduced in 2020 to confirm that they would all be investigated as far as they could be, with the outcome of the investigation recorded within complaints and PALs. By formally recording the outcomes of the investigation this might be helpful for any formal complaints which were submitted or were then received at a later date. In accordance with the requirements of the policy, the Committee would continue to receive regular reports on the most recent anonymous complaints received during 2021/22.

### **Review of Standing Financial Instructions and Scheme of Delegation**

The Committee considered reports on the review of Standing Financial Instructions (SFIs) and Scheme of Delegations. The Committee noted that the SFIs and Scheme of Delegation would be reviewed by Internal Audit and following feedback they will be finalised. They would also reflect any proposals from phase 1 of the Good Governance Institute (GGI) review. During 2021/22, the Committee will receive further reports following the Internal Audit and GGI review.

### **Trust Governance and Assurance Framework**

The Committee considered a report which set out the work that was underway to produce a Trust Governance and Assurance Framework to document the governance and assurance changes that would be made following the recommendations of the Good Governance Institute (GGI) review. During 2021/22, the Committee will receive further reports following the GGI review.

### **Board Assurance Framework, Risk Appetite and Risk Management**

During 2020/21, as part of the Good Governance Institute (GGI) review, it was agreed GGI would review the Board Assurance Framework, the Trust's Risk Appetite and the Trust's approach to risk management.

The Committee considered a report and noted the actions taken to undertake comprehensive reviews, consider current risk rating, identify new risks and review the delivery of mitigating actions. An Executive Risk Oversight Group was established to enable the executive team the opportunity to have oversight of operational risk management and to review operational risk exposure and the mitigating actions in place for areas of risk identified by the executive team as needing executive oversight.

The Committee noted that the Mersey Internal Audit Agency would review the Trust's approach to risk management. The findings of this review and that of the GGI review would contribute to a new Board Assurance Framework and Risk Management Strategy for the Trust.

During 2021/22, the Committee will receive further reports on the development of the Trust's new Risk Management Strategy.

### **NHS Oversight Framework: Ensuring Good Governance and Assurance**

The Committee received a report on the NHS Oversight Framework (SOF). The SOF is the approach that NHS England and NHS Improvement use to monitor the Trust's performance and make decisions around the level of support a provider may need. The framework was updated with a refreshed publication in 2019.

The SOF was expanded in addition to the five themes / areas the Trust were monitored against by NHS England / Improvement which included:

- Quality of Care;
- Finance and use of resources;
- Operational performance;
- Strategic change; and
- Leadership and Improvement capability (well-led.)

The Committee considered the actions taken to develop the Trust's SOF in response to the guidance published by NHS England / Improvement. During 2021/22, the Committee would continue to receive further update reports.

### **Working with Other Committees**

The Audit Committee works closely with the Assurance Committees. This approach has ensured that the Audit Committee obtains assurance on key clinical and safety issues.

### **Committee Effectiveness and Looking Ahead to 2020/21**

As the Integrated Care Partnership in Morecambe Bay progresses during 2020/21 in response to the Government's white paper *Integration and Innovation: working together to improve health and social care for all*, the Audit Committee will play a significant role in supporting the governance arrangements of partnership working.

Looking ahead into 2021/22, the Committee will continue to carry out its duties to provide the necessary assurance to the Board of Directors.



## Other Statements and Notes

### Compliance with UK Corporate Governance Code and Disclosure Set Out in the NHS Foundation Trust Code of Governance

The creation of Foundation Trusts led to the introduction of a framework for corporate governance, applicable across the Foundation Trust Network.

To ensure compliance NHS Improvement has produced the NHS Foundation Trust Code of Governance. This code consists of a set of principles and provisions to ensure that Boards operate to the highest levels of corporate governance.

The Board of Directors has taken actions to comply with the Code, and where appropriate established governance policies that support the delivery of corporate governance.

Further information is contained in the Constitution of the Trust and throughout this Annual Report

Foundation Trusts are required to report against this Code each year in their Annual Report on the basis of either comply with the Code provisions or an explanation where there is non-compliance.

The Board of Directors considers that, throughout the 2020/21 reporting year, the Trust has applied the principles and met the provisions and the requirements of the NHS Foundation Trust Code of Governance with no exceptions. 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.

Full details can be found at Annex I

### NHS England and NHS Improvement's (NHSE/I) Oversight Framework

#### Performance against NHSE/I Oversight Framework

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

- Quality of Care;
- Finance and use of resources;
- Operational performance;
- Strategic change; and
- Leadership and Improvement capability (well-led.)

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

Each Trust is segmented into one of the following four categories:

Segment	Description
1	<i>Providers with maximum autonomy:</i> no actual support needs identified across the five themes. Maximum autonomy and lowest level of oversight appropriate. Expectation that provider supports providers in other segments.
2	<i>Providers offered targeted support:</i> support needed in one or more of the five themes, but not in breach of licence and / or formal action is not considered. Targeted support as agreed with the provider to address issues identified and help move the provider to segment 1.
3	<i>Providers receiving mandated support:</i> significant support needs and is in actual or suspected breach of the licence, but is not in special measures. Mandated support as determined by the regional team to address specific issues and help move the provider to segment 2 or 1.
4	<i>Providers in special measures:</i> the provider is in actual or suspected breach of its licence with very serious/complex issues that mean it is in special measures. Mandated support as determined to minimise the time the provider is in special measures.

The Trust has an oversight framework segmentation of 3 which means the Trust is receiving mandated support for significant areas identified. Further information regarding this can be found in the Trust's Annual Governance Statement. This segmentation information is the Trust's position as at 31 March 2021. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website which can be accessed via <https://improvement.nhs.uk/resources/nhs-oversight-framework-201920>

## Care Quality Commission Hospital Inspection

UHMB is assessed as “Requires Improvement” and “Inadequate” for Use of Resources. It should be noted that both Furness General Hospital and Westmorland General Hospital have been rated as Good. For full details of the latest CQC reports and ratings please use the following link [www.cqc.org.uk](http://www.cqc.org.uk).

## NHS Improvement Provider Licence

One enforcement undertaking is now attached to the Provider Licence by NHS Improvement. This relates to finance and sustainability. A revised enforcement notice in respect of financial sustainability was received in May 2018. The notice required the Trust to take all reasonable steps to deliver its services on a financially sustainable basis and set out a number of key actions; one of which required the Trust to present to NHS Improvement a summary of a Board of Directors approved Sustainability Plan. The Board of Directors approved the Bay Health and Care Partners’ five year financial recovery plan at their meeting in October 2018, which will address the enforcement notice. The plan was co-produced by the Trust and Morecambe Bay Clinical Commissioning Group. It took into account the geography, health inequalities, ageing demographic, GP and hospital and community workforce constraints and the poor and ageing estate. The plan set out the actions Bay Health and Care Partners intended to make to transform patient pathways, reduce variation, digitally connect patients, primary care and secondary care and reshape workforce. The Better Care Together 2.0 Strategy sets out the BHACP response to the NHS long term plan commitments and supports the Lancashire and South Cumbria Integrated Care System Plan as well as national planning guidance and the Trust’s overall system 2019/20 financial out-turn.

## External Auditors

During 2020/21 the Trust’s audit contract was undertaken by Grant Thornton UK LLP.

During 2020/21, the Trust’s audit contract was undertaken by Grant Thornton UK LLP who were reappointed as the Trust’s auditors with effect from 2017/18. Auditor’s remuneration amounted to £108,000 during the year all of which relates to the statutory audit function. Due to COVID-19, audit work on the Trust’s Quality Accounts has been removed from the audit requirements for 2020/21.

Grant Thornton UK LLP is also engaged to provide external audit for Bay Hospitals Charity. Fees of £2,000 will be paid by the Charity in relation to this service for 2020/21.

The items that are audited by the External Auditor in this Annual Report are:

- salary single total figure table for each director (audited);
- pension benefits table (CETV disclosures) (audited);
- payments for loss of office (if relevant) (audited);
- payments to past directors (if relevant) (audited);
- fair pay disclosures (audited);
- exit packages (if relevant) (audited); and
- the analysis of staff numbers and staff cost (audited).

## Counter Fraud

NHS Counter Fraud Authority (NHSCFA) has set out the framework within the NHS plans to minimise losses through fraud. The Trust is required to comply with the requirements set out in the NHSCFA’s Standards for Providers. The Trust’s local policy compliments the national and regional initiatives and sets out the arguments for the reporting and the elimination of fraud.

The Deputy Chief Executive is nominated to make sure that the Trust’s requirements are discharged and is aided by a Local Counter Fraud Specialist (LCFS). The LCFS developed a plan that aimed to proactively reduce fraud and create an anti-fraud culture supported by appropriate deterrence and prevention measures. Progress against the plan is regularly reported to the Audit Committee.

The Company Secretary is the Trust’s inaugural Fraud Champion. The NHSCFA advocated for NHS organisations to nominate new Fraud Champions to join the NHS counter fraud community. It is also a core requirement promoted by the UK Government’s Counter Fraud Function, which works across all Government departments and agencies.

The role and duties of the Fraud Champion include:

- promoting awareness of fraud, bribery and corruption within the Trust;
- understanding the threat posed by fraud, bribery and corruption;
- understanding best practice on counter fraud; and,

- committing to promoting a zero-tolerance approach to fraud within the Trust.

Responsibility for investigating allegations of fraud, bribery and corruption, as well as accountability for delivering the organisation's annual anti-fraud plan, remain firmly with the nominated LCFS. The Fraud Champion will work closely with the LCFS to ensure that the Trust remains fully committed to the maintenance of a counter-fraud, bribery and corruption culture, preventing and deterring it wherever possible, and holding to account those who are found to have committed offences, by pursuing the full range of available sanctions against them.

### **Bribery Act 2010**

UHMB has a zero tolerance to bribery. The Trust does not and will not pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements. This approach applies to everyone who works for us or with us. To use a third party as a conduit to channel bribes to others is a criminal offence. We do not and we will not engage indirectly in or otherwise encourage bribery.

Proactively combating bribery has clear benefits for the Trust and the wider NHS. It helps prevent:

- Adverse damage or criticism of the organisation's reputation and funding;
- The potential diversion and / or loss of resources from the NHS;
- Unforeseen and unbudgeted costs of investigations and / or defence of any legal action; and
- A negative impact on patient / stakeholder perceptions.

We are committed to the prevention, deterrence and detection of bribery, just as we are to combating fraud in the NHS.

### **Principal Risks and Uncertainties**

NHS is changing rapidly and for the Trust this gives many opportunities as well as risk and uncertainty. The Board of Directors has identified the strategic risks facing the Trust. These risks are formally reviewed on a quarterly basis by the Board of Directors. Current strategic risks are identified in the Annual Governance Statement (Annex F) and appropriate risk management and mitigation plans are in place for each.

### **Insurance Cover**

The Trust has a contract in place with Royal & Sun Alliance Insurance Plc to provide appropriate insurance to cover the risk of Director's and Officer's Liability.

### **Political Donations**

No Political donations have been made.

### **Human Rights and Modern Slavery**

The Trust supports NHS England and NHS Improvement and the Government's objectives to promote human rights and eradicate modern slavery and human trafficking.

### **Modern Slavery Act 2015 – Statutory Statement**

In accordance with the Modern Slavery Act 2015, the University Hospitals of Morecambe Bay offers the following statement regarding its efforts to prevent modern slavery and human trafficking in any part of its own business or its supply chain for the financial year end 2020/21.

It demonstrates that the Trust has reviewed and met its requirements in line with Section 54 of the Modern Slavery Act 2015 which can be found at [www.legislation.gov.uk/ukpga/2015/30/contents/enacted](http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted)

### **Structure of the Trust**

University Hospitals of Morecambe Bay NHS Foundation Trust provides community and hospital services across the Morecambe Bay area, an area covering a thousand square miles across south Cumbria and north Lancashire.

It operates the three hospital sites - Furness General Hospital in Barrow, the Royal Lancaster Infirmary and Westmorland General Hospital in Kendal, as well as a number of community healthcare premises including Millom Hospital and GP Practice, Queen Victoria Hospital in Morecambe and Ulverston Community Health Centre.

Furness General Hospital and the Royal Lancaster Infirmary have a range of General Hospital services, with full Emergency Departments, Critical/Coronary Care units and Consultant led services.

Westmorland General Hospital provides a range of General Hospital services, together with an Urgent Treatment Centre, that can help with a range of non-life threatening conditions such as broken bones and minor illnesses.

All three hospital sites provide a range of planned care including outpatients, diagnostics, therapies, day case and inpatient surgery. In addition, a range of local outreach services and diagnostics are provided from community facilities across Morecambe Bay.

The community services for adults within the community across Cumbria are provided in people's homes, community centres, clinics, GP practices, community hospitals and the main hospitals. The aim is to work with people to help them remain independent, improve their health and manage their conditions through high quality care, advice and support.

### **Trust's Compliance Requirements with the Modern Slavery Statement**

- Comply with legislation and regulatory requirements;
- Make suppliers and service providers aware that we promote the requirements of legislation;
- Develop an awareness of human trafficking and modern slavery within our workforce; and
- Consider human trafficking and modern slavery issues when making procurement decisions.

### **Trust's Policies on Modern Slavery**

We are committed to ensuring that there is no modern slavery or human trafficking in any part of our business and, in so far as is possible, to requiring our suppliers hold a corresponding ethos.

Modern Slavery is incorporated within the Trust's Adult at Risk and Safeguarding Children policies, advising staff on the protocol to follow should modern slavery / human trafficking be suspected. Modern slavery is also included in training delivered by the Trust, with briefings issued from both Lancashire and Cumbria Local Safeguarding Adults Boards in relation to this. The Trust has recently appointed a new Named Nurse for Safeguarding Adults who will take this forward as part of the Trust's Safeguarding Strategy in 2020/21.

Further advice and training about slavery and human trafficking is available to staff through the Trust's Safeguarding Team.

### **Working with Suppliers**

The Trust's procurement team will ensure its supplier base and associated supply chain, which provides goods and / or services to the Trust has taken the necessary steps to ensure modern slavery is not taking place.

To date we have:

- Reviewed our supply chain and identified general potential areas of risk including:
  - Provision of Food
  - Construction
  - Cleaning
  - Clothing (work wear)
- We have contacted the suppliers within these Supply Chains and have asked them to confirm that they are compliant with the Act;
- Contacted our key suppliers and requested confirmation from them that they too are compliant with the Act.
- Introduced a 'Supplier Code of Conduct' and asking all existing and new suppliers to confirm their compliance;
- Added evidence gathering questions into our tendering procedures; and
- Ensured that procurement staff have received training with regard to Modern Slavery.

### **Statement of Chief Executive's Responsibilities as the Accounting Officer**

The Statement of the Chief Executive's Responsibilities as the Accounting Officer of University Hospitals of Morecambe NHS Foundation Trust is given in Annexe D.

### **Annual Governance Statement**

The Annual Governance Statement is given in Annexe F.

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## Council of Governors' Report

Throughout the COVID-19 pandemic, governors continued to undertake their statutory roles. The number of meetings was reduced in line with national guidance and those meetings that did take place were held electronically.

Under the National Health Service Act 2006 Foundation Trusts must make arrangements to establish a Council of Governors. The Council of Governors is responsible for representing the interests of NHS Foundation Trust members, partner organisations and the public in the local health economy.

The Council has the following three main roles:-

- i) **Advisory** – to communicate with the Board of Directors the wishes of members of the Trust and the wider community;
- ii) **Guardianship** – to ensure that the Trust is operating in accordance with its Constitution and is compliant with its authorisation; and
- iii) **Strategic** – to advise on a longer-term direction to help the Board effectively determine its policies.

The essence of these roles is elaborated on within NHS Improvement's document entitled "*Your Statutory Duties – A reference guide for NHS Foundation Trusts Governors*". This document is provided to all Governors.

The specific statutory powers and duties of the Council of Governors, which are to be carried out in accordance with the Trust's Constitution and the Foundation Trust's Provider Licence, are as follows:-

To agree with the Nominations Committee a clear process for the appointment of a new Chair and Non-Executive Directors:

- To appoint or remove the Chair and other Non-Executive Directors;
- When considering the appointment of a Non-Executive Director the Council takes into account the views of the Board and the Nominations Committee on the qualifications, skills and experience required for each position;
- To approve the appointment (by the Non-Executive Directors) of the Chief Executive;
- To decide the remuneration and allowances, and the other terms and conditions of office, of the Non-Executive Directors;
- To appoint or remove the Foundation Trust's External Auditor;
- To appoint or remove any other External Auditor appointed to review and publish a report on any other aspect of the Foundation Trust's affairs;
- To be presented with the Annual Accounts, any report of the External Auditor on the Annual Accounts and the Annual Report;
- To provide their views to the Board of Directors when the Directors are preparing the documents containing information about the Foundation Trust's forward planning;
- To respond as appropriate when consulted by the Board of Directors in accordance with the Constitution;
- To undertake such functions as the Board of Directors shall from time to time request;
- To prepare and, from time to time, review the Foundation Trust's Membership Strategy and its policy for the composition of the Council of Governors and of the Non-Executive Directors and, when appropriate, to make recommendations for the revision of the Trust's Constitution;
- Hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors;
- Represent the interests of the members of the Trust as a whole along with the interests of the public;
- Approve "significant transactions", (as defined in the current Constitution);
- Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions;
- Approve amendments to the Trust's Constitution; and
- Periodically assess the collective performance of the council and communicate to members and the public how their responsibilities have been discharged.

The Council of Governors and the Board of Directors continue to work together to develop an appropriate and effective working relationship. Board members regularly attend Council of Governors' meetings to ensure that the Board achieves an understanding of the governors' and members' views about the Trust and the Head Governor provides a Head Governor Update of Governor Recommendations and/or other activities at each meeting of the Public Board of Directors.

The Council of Governors comprises a total of 32 Governors as follows:-

Elected Governors Constituency / Class to be elected	Number of Governors to be elected
<b>Public Constituency</b>	
Area 1 – Barrow and West Cumbria	5
Area 2 – Lancashire and North West of England and North Yorkshire	7
Area 3 – South Lakeland and North Cumbria	5
<b>Staff Constituency</b>	
Class 1 – Registered medical practitioners and dentists	1
Class 2 – Registered nurses, midwives and operating department practitioners	2
Class 3 – Allied Health Professionals	1
Class 4 – Estates and Ancillary	1
Class 5 – Management and administration	1
Class 6 – Community Services	1
<b>Total Elected Governors</b>	<b>24</b>
Appointed/Partner Governors Sponsoring Organisation	Number of Governors to be appointed
<b>Local Authority</b>	
Cumbria County Council	1
Lancashire County Council	1
North Yorkshire County Council	1
<b>Partnership Organisations</b>	
<b>Local Universities</b>	
Lancaster University	1
University of Cumbria	1
<b>Community Organisations</b>	
Cancer Care	1
Cumbria Volunteer Service	1
Mental Health Organisation (to be agreed)	1
<b>Total Appointed/Partner Governors</b>	<b>8</b>



<b>Total Membership of Council of Governors</b>
Appointed/Partner Governors – 4 (currently four vacancies)
Staff Governors (elected) – 6 (currently one vacancy)
Public Governors (elected) – 14 (currently three vacancies)
Total membership of Council of Governors – 24 (currently eight vacancies)

Membership of the Trust's Council of Governors is set out below:

Name	Constituency/Organisation	Date of Appointment and Term of Office
<b>Public Governors</b>		
Deborah Brownson	Barrow & West Cumbria	1 October 2018 for 3 Years
Amanda Carswell	Barrow & West Cumbria	1 October 2019 for 3 Years
Hazel Edwards	Barrow & West Cumbria	1 October 2019 for 3 years
Lynne Slavin	Barrow & West Cumbria	1 October 2018 for 3 Years
Peter Taylor	Barrow & West Cumbria	23 February 2019 for 3 Years
Lorraine Crossley Close	Lancashire & North Yorkshire	26 March 2018 for 3 Years (extended until 30 September 2021)
Ameer Hakim	Lancashire & North Yorkshire	1 October 2019 for 3 Years
Janet Hamid	Lancashire & North Yorkshire	26 March 2018 for 2 Years 7 months (extended until 30-September 2021)
Mary Ann Hargreave	Lancashire & North Yorkshire	1 October 2019 for 3 Years
Arthur Jones	Lancashire & North Yorkshire	3 November 2019 for 3 Years
Tor McLaren	South Lakeland & North Cumbria	4 November 2019 for 3 Years
Colin Ranshaw	South Lakeland & North Cumbria	26 March 2018 for 2 Years 7 months (extended until 30-September 2021)
Jim Ring	South Lakeland & North Cumbria	1 October 2019 for 3 Years
Ian Soane	South Lakeland & North Cumbria	4 November 2019 for 3 Years
<b>Staff Governors</b>		
Sam Hubbard	Allied Health Practitioners	1 February 2019 for 3 Years
Ben Hignett	Management & Admin	1 October 2018 for 3 Years
Krishnaprasad Karnad	Medical Practitioner	26 March 2018 for 2 Years 7 months (extended until 30-September 2021)
Pauline Preston	Community Services	1 October 2019 for 3 Years
Sally Sagar	Registered Nurses, Midwives & Operating Department Practitioners	1 February 2019 for 3 Years
Gary Woof	Estates & Ancillary	1 October 2019 for 3 Years
<b>Appointed/Partner Governors</b>		
Cllr Anne Burns	Cumbria County Council	1 June 2019 for 3 Years
Cllr Shaun Turner	Lancashire County Council	12 July 2018 for 3 Years
Brian Webster-Henderson	University of Cumbria	3 November 2019 for 3 Years
Sarah Rees	Lancaster University	26 April 2018 for 3 Years

## Resignations

Appointed Governor: Alison Dixey, CancerCare

## Meetings of the Council of Governors

Meetings of the Council of Governors took place on the following dates in 2020/21:-

29 April 2020  
12 August 2020  
17 November 2020  
04 March 2021

## Attendance at Council of Governors' Meetings

Governor Attendance	
Governors	Number of Meetings (4)
Deborah Brownson	2
Cllr Anne Burns	2
Amanda Carswell	2
Lorraine Crossley-Close	4
Alison Dixey	1
Hazel Edwards	3
Ameer Hakim	4
Janet Hamid	0
Mary Ann Hargreave (start date October 2019 – leave of absence agreed)	0
Ben Hignett	4
Sam Hubbard	3
Arthur Jones	4
Dr Krishnaprasad Karnad	4
Tor McLaren	1
Pauline Preston	2
Colin Ranshaw	4
Jim Ring	4
Sally Sagar	2
Lynne Slavin	3
Ian Soane	4
Peter Taylor, Public Governor	4
Cllr Shaun Turner	2
Brian Webster-Henderson	2
Gary Woof	2
Sarah Rees	4

## Governor Expenses

The total expenses claimed by Governors are as follows:-

Year	Total number of Governors as at 31 March	Number of Governors receiving expenses	Total Sum of Expenses
2019/20	25	14	£4,992
2020/21	24	3	£764.09

## Overview of the Work of the Council of Governors

### Governors

The Head Governor is Colin Ranshaw. The Deputy Head Governor is Dr Krishnaprasad Karnad.

The Council of Governors met on a quarterly basis as well as holding two joint meetings with the Board of Directors, and extra meetings where required.

The Council of Governors would ordinarily be supported by a number of Sub Groups and Committees however, due to the COVID-19 pandemic, several of these meetings were postponed. The following committees continued to meet in 2020/21 to undertake statutory duties of the Council of Governors.

- Nominations Committee; and
- Auditor Appointments Committee

The Chief Executive, Deputy Chief Executive, other Executive Directors, Non-Executive Directors and Trust staff regularly attend meetings of the Council of Governors and its Sub Groups to present appropriate reports and provide information on the Trust's performance to enable the Council of Governors to discharge its duties effectively.

During 2020/21, the Council of Governors received and considered reports on a number of issues including:-

- The Operational Plan;
- Annual Report and Accounts;
- Quality Account and External Audit Report on the Quality Accounts;
- Budget and Financial Information;
- Performance Information;
- Bay Health and Care Partners;
- Staff Survey;
- Recruitment; and
- New Hospitals Programme.

Governors have also been involved in or attended the following meetings/events:-

- Annual Members' Meeting 2020;
- Public Trust Board as observers;
- Private Trust Board as observer (Head Governor Only);
- Constituency meetings;
- Infection Prevention and Control Committee;
- Quality Committee as observers;
- Finance Committee as observers;
- Workforce Committee as observers;
- Senior management recruitment focus groups;
- Appointment of Non-Executive Directors
- Estates and Facilities Committee;
- Patient Safety meeting;
- Behaviours at Work Joint Working Group;
- Outpatient Steering Group;
- Health Heroes Judging Panel and Celebration Event;
- Foundation Trust membership talk regarding the future of outpatients;
- Strategy and Transformation Board;
- Monthly meetings with the Chair;
- Anti-Racism Working Group;
- Briefings on the ICS/ICP/ICC proposals; and
- Bi-monthly meetings of the Chair, Head and Deputy Head Governor.

In addition, Governors have participated in external events as organised by the Foundation Trust Network and the North West Governors' Forum.

### **Representing Public Views**

The Trust has an active patient and public engagement programme. The Council of Governors contribute to this through their attendance at meetings and their membership work. They are able to act as advocates for the public and patients. This supports the connection between the Trust and its community especially the third sector.

### **Code of Conduct**

All Governors have read and signed the Trust's Code of Conduct which includes a commitment to actively support the NHS Foundation Trust's Vision and Values and to uphold the Seven Principles of Public Life, determined by the Nolan Committee.

### **Material Interests and the Register of Governors**

All Governors have declared their relevant and material interests and the Register of Interests is available for inspection by members of the public at [www.uhmb.mydeclarations.co.uk](http://www.uhmb.mydeclarations.co.uk) or via the Company Secretary at the following address:-

Address: Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG  
Telephone: 01539 715314  
Email: [paul.jones4@mbht.nhs.uk](mailto:paul.jones4@mbht.nhs.uk)

Any member of the public wishing to make contact with a member of the Council of Governors can do so by contacting the Company Secretary or via email at [governors@mbht.nhs.uk](mailto:governors@mbht.nhs.uk)

# Council of Governors' Nominations Committee

## Role of the Nominations Committee

The Nominations Committee has the following responsibilities:-

### Recruitment and Appointment of Non-Executive Directors:-

- To agree the skill mix and process for the appointment of Non-Executive Directors, in accordance with the Trust's Terms of Authorisation and NHS Improvement's requirements;
- To draw up person specifications for each of these posts to take account of general and specific requirements in terms of roles and responsibilities;
- To determine a schedule for advertising, shortlisting, interview and appointment of candidates with requisite skills and experience. This will include identification of appropriate independent assessors for appointment panels; and
- To recommend suitable people for appointments to be ratified by the Council of Governors.

### Terms and Conditions – Chair and Non-Executive Directors:-

- To recommend salary arrangements and related terms and conditions for the Chairman and Non-Executive Directors for agreement by the Council of Governors based upon the time commitments and responsibility of their role and having regard to external professional advice.

### Performance Management and Appraisal:-

- To agree a mechanism for Non-Executive Directors appraisal by the Trust Chairman and feedback to the Council of Governors; and
- To agree a mechanism for the evaluation of the Trust Chairman, led by the Senior Independent Director.

## Membership of the Nominations Committee

The membership of the Nominations Committee comprises the Chair, the Senior Independent Director and seven Governors:

Mike Thomas (Chair of the Committee)  
Bruce Jassi (Senior Independent Director)  
Lorraine Crossley-Close, Public Governor  
Janet Hamid, Public Governor  
Arthur Jones, Public Governor  
Pauline Preston, Staff Governor  
Colin Ranshaw, Head Governor  
Lynne Slavin, Public Governor  
Peter Taylor, Public Governor

### Meetings of the Nominations Committee:-

There have been several meetings of the Nominations Committee during 2021/21

The Committee undertook the appointments of Rachel Isba and Hugh Reeve, Non-Executive Directors, the re-appointment of Adrian Leather and Liz Sedgley, Non-Executive Directors and a review of Non-Executive Director and Chair Remuneration, in line with guidance published by NHSE/I.

### Chairman and Non-Executive Director Appraisals

The Committee has a mechanism for Non-Executive Directors appraisal by the Trust Chair and a mechanism for the evaluation of the Trust Chair, led by the Senior Independent Director and the Head Governor.

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## Membership Report

Due to the COVID-19 pandemic, membership activity and engagement was reduced in 2022/21 to ensure the safety of staff, governors, members and the public.

### Membership Strategy

The Trust is required under the Foundation Trust Code of Governance to keep under review its Membership Strategy to establish, develop and maintain an active membership. The Trust must also establish relations with stakeholders and create a dialogue with members, patients and the local community.

The specific requirements are:-

- The Board of Directors should appropriately consult and involve members, patients and the local community;
- The Council of Governors must represent the interests of Trust members and the public; and
- Notwithstanding the complementary role of the governors in this consultation, the Board of Directors as a whole has responsibility for ensuring that regular and open dialogue with its stakeholders takes place.

A new Membership Strategy was approved by the Council of Governors on 20 March 2019 and by the Board of Directors on 29 March 2019.

The revised Strategy sought to support the Council of Governors in achieving these requirements.

The delivery of the Strategy will be achieved through the integration of the specific actions into the core business of the Trust.

### Recruitment of Members

In order to maintain our membership level and in order to recruit new public members, we have various initiatives in place. To ensure COVID-19 guidance was adhered to, there was a reduction in engagement throughout 2020/21. The following continued:

- Membership information displayed at entrances to hospitals and in outpatient departments;
- Use of the Trust's Twitter and Facebook social network sites to engage and inform members and the wider public of developments and events at the Trust; and
- A Trust Membership Officer who acts as link between the members and the Trust.

### Retention of Members

The Trust recognises the importance and value of a representative membership and has continued to focus on and progress opportunities for the engagement and retention of existing members.

It is particularly important to the Trust to not only build its membership, but to ensure that the membership is being fully utilised.

Numerous and varied communications have taken place to retain our existing members.

- Electronic newsletter;
- All members were invited to the Annual Members' meeting in September 2020; and
- Keep members up-to-date with events at the hospital, such as the health seminars.

Over the next 12 months we will continue to look at new and fresh ways of promoting the benefits of membership in order to maintain and increase our total membership in accordance with the plans set out in the Membership Strategy.



## Public Members

The Public Constituency consists of the electoral wards that have been grouped into three areas as follows:-

Area 1 - Barrow and West Cumbria

Area 2 - Lancashire, North West of England and North Yorkshire

Area 3 - South Lakeland and North Cumbria.

Membership is open to all members of the public who are aged 16 or over and who live within these boundaries.

## Staff Members

An individual who is employed by the Trust under a contract of employment with the Trust will automatically become or continue as a member of the Trust, unless they choose to opt out.

Trust volunteers are eligible to become members under the public constituency.

## Further Information on Membership

The membership office can be contacted:

By email: [FTmembershipOffice@mbht.nhs.uk](mailto:FTmembershipOffice@mbht.nhs.uk)

By phone: 01229 404 473 (Please leave a voicemail message if the administrator is away)

By post: Foundation Trust Office, Admin Block, Furness General Hospital, Dalton Lane, Barrow-in-Furness, LA14 4LF

## Membership Profile

The membership of the Trust as at 29 March 2021 was as follows:-

Age	Public	Staff	Total
0-16	0	0	0
17-21	12	45	57
22+	3,991	7,860	11,851
Not stated	1,386	0	1,386
Total	<b>3,991</b>	<b>7,860</b>	<b>11,851</b>

The Trust is required to have a membership which is representative of the area which it serves.

Gender	Public	Staff	Total
Unspecified	77	0	77
Male	1,981	1,434	3,415
Female	3,331	6,471	9,802

Ethnicity	Public	Staff	Total
White - English, Welsh, Scottish, Northern Irish, British	3,827	3,682	7,509
White - Irish	18	9	27
White - Gypsy or Irish Traveller	0	0	0
White - Other	35	84	119
Mixed - White and Black Caribbean	1	3	4
Mixed - White and Black African	9	5	14
Mixed - White and Asian	12	21	33
Mixed - Other Mixed	17	9	26
Asian or Asian British - Indian	16	59	75
Asian or Asian British - Pakistani	7	14	21
Asian or Asian British - Bangladeshi	0	2	2
Asian or Asian British - Chinese	12	5	17
Asian or Asian British - Other Asian	15	14	29
Black or Black British - African	8	6	14
Black or Black British - Caribbean	0	1	1
Black or Black British - Other Black	1	3	4
Other Ethnic Group - Arab	0	0	0
Other Ethnic Group - Any Other Ethnic Group	12	16	28
Not stated	1,399	3,972	5,371

Acorn Socio-Economic Category	Public	Staff	Total
Lavish Lifestyles [A]	23	33	56
Executive Wealth [B]	684	844	1,528
Mature Money [C]	1,046	1,273	2,319
City Sophisticates [D]	17	18	35
Career Climbers [E]	82	215	297
Countryside Communities [F]	613	712	1,325
Successful Suburbs [G]	333	637	970
Steady Neighbourhoods [H]	438	858	1,296
Comfortable Seniors [I]	401	395	796
Starting Out [J]	134	411	545
Student Life [K]	45	84	129
Modest Means [L]	532	955	1,487
Striving Families [M]	247	420	667
Poorer Pensioners [N]	186	173	359
Young Hardship [O]	318	580	898
Struggling Estates [P]	77	126	203
Difficult Circumstances [Q]	97	117	214
Not Private Households [R]	31	42	73
Not available [NA]	85	12	97

Office for National Statistics NHSI Classifications	Public	Staff	Total
AB	1,486	2,128	3,614
C1	1,544	2,350	3,894
C2	1,143	1,730	2,873
DE	1,123	1,683	2,806

### Part 1: Statement on Quality from the Executive Chief Nurse



I am pleased to present to you our Quality Statement for 2020/21, which is a summary of the quality of NHS healthcare services provided by University Hospitals of Morecambe Bay NHS Foundation Trust (UHMBT) during 2020/21. It also outlines the key priorities for improvement to be undertaken in 2021/22.

In light of COVID-19, the Trust will publish a *Quality Account* later in the year. However, in the interest of providing information about the quality of services offered by the Trust we have this year decided to provide this Quality Statement. We believe that it is important for local NHS services to report on quality and show improvements in the services they deliver to local communities and stakeholders.

The quality of the services is measured by looking at patient safety, the effectiveness of treatments patients receive, and patient feedback about the care provided.

UHMBT aims to be one of the safest organisations within the NHS with our staff committed to providing safe, high quality care to patients all of the time. This statement highlights some of the work that has been undertaken in 2020/21. We do not always get this right, but we work hard to improve continually and this statement sets out our priorities for quality improvement for 2021/22.

The Trust takes the need to provide high quality and responsive care and services for all our patients very seriously and always takes the time to understand complaints and issues when they are raised and respond to them fully, learning lessons and making changes where that is appropriate. In response to safety concerns in some of our services we have provided support and developed recovery plans to ensure quality and safety are maintained.

2020/21 has been a challenging year as we responded to the COVID-19 pandemic. It is testament to the hard work and dedication of all our staff that we have continued to deliver safe, effective quality care. I cannot thank enough our fantastic staff for the commitment and the care they have given to our patients.

Our Quality Improvement Strategy reiterates the Board of Directors' commitment to delivering high standards of safe, quality care to our patients, as well as providing a working environment and culture which promotes and welcomes honesty, safety first, openness and compassion in everything we do.

2021/22 will be another challenging year for UHMBT as we continue to respond to the COVID-19 pandemic and continue with the roll out of the vaccination programme whilst focusing on the recovery of our services and delivering the best care possible and achieving outcome and access targets alongside an ever increasing demand for our services coupled with tighter financial constraints.

UHMBT will continue working with patients, citizens, staff, regulators, commissioners, healthcare providers to deliver further improvement to quality during 2021/22.



Sue Smith OBE  
Executive Chief Nurse

Date: 28 June 2021

## Part 2: Listening to our Patients and Meeting their Needs

The Board has approved a Patient Experience Strategy for 2019-2024

The Patient Experience Commitments are:

- Continuous improvement in patient quality, safety and outcomes as the foundation for improvement;
- Listening to patients, carers and families to ensure we focus on creating a great place to be cared for, including a particular focus on our environment;
- Feedback from our patients will be the most important measure of our progress; and
- Develop an approach of engagement, co-design and learning with our patients and communities that is truly inclusive and will become the way in which services are developed and improved in Morecambe Bay.

We are rightly proud of our patient experience programmes and use a range of approaches to actively engage with the people who use our services. This allows us to understand where we may need to improve care, and also design and deliver services that people really need.

We continue to be committed to integrating “Always Events” and experienced based design methodologies in the way we approach engagement and involvement. Using these approaches helps the Trust focus on aspects of patient experience that are so important to patients and families that we must perform for them consistently for every patient, every time. These can only be developed with the patient firmly being a partner and the co-production is key to ensuring we meet the patients’ needs and what matters to them.

The Patient Experience and Inclusion team enable people to provide feedback on their health and care experiences. Using digital technology, we have made it easy for as many people to offer their input. The Patient Experience team has a system for this information to be accessible for colleagues within the Care Groups.

Due to COVID-19, we stopped collecting Friends and Family Test (FFT) feedback using paper forms, we have continued to use many other methods to collect feedback from patients, their families, and carers. These include questionnaires (via telephone, text, and web platforms).

The Friends and Family Test (FFT) is an important feedback tool that supports the fundamental principle that people who use UHMBT services have the opportunity to provide feedback on their experience. Listening to patients and colleagues’ views helps identify what is working well, what can be improved and how. The FFT question set asks people if they would recommend the services they have used and offer various responses.

From April 2020, a new question has replaced the original FFT question about whether people would recommend the service to their friends and family. The replacement question invites feedback on the overall experience of using the UHMBT services.



<b>The Friends and Family Test</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>New question set in place from the 1<sup>st</sup> of April 2020</b>	<b>2020/21</b>
<b>Number of reviews</b>	37,005	55,423	61,346	74,263	88,068	84,418	<b>Number of reviews</b>	62,162
<b>% Likely to recommend</b>	91.59%	93.65%	93.91%	94.19%	94.29%	94.21%	<b>% Very good / good</b>	93.27
<b>% Not likely to recommend</b>	3.21%	2.24%	2.37%	2.46%	2.66%	2.94%	<b>% Very poor / poor</b>	2.84%

During 2020/21, we reviewed feedback from patients, local and national reports to understand how we should prioritise our experience and engagement work plan. We collected patient stories and delivered citizen listening events such as autism matters and deaf citizen experience.

We have recently moved to online engagement using a system called “let’s talk, Bay Health and Care Partners” <https://letstalkmorecambebay.uk/> the platform is our new online space to talk, and listen, to communities across Morecambe Bay about the health and care issues that affect their lives. We are starting off by asking citizens and patients for their experience of using health and care services during the coronavirus (COVID-19) pandemic.

Our patients tell us that their experience links to a range of interactions they have with our colleagues and services. The timeliness and quality of clinical care are vitally important to them; however, just as important are the interactions with colleagues before, during and after their treatment.

### Patients are looking for:

- Kindness;
- Compassion;
- Simple, effective communication; and
- Respectful and responsive care.

There have been several engagement events across the Morecambe Bay footprint ensuring patients, their families and carers voices are heard; these events including breast screening services, video appointment review, equality of access and hidden disabilities, to name a few.

More recently, we have started working in partnership with Healthier Lancashire and South Cumbria (5 Trusts); our first event included a virtual coffee morning organised to provide a space for carers to talk about their experiences linked to the Johns Campaign.

We continue to be committed to integrating “Always Events” and experienced Based Design methodologies in our approach to engagement and involvement.

**Improving the patient Journey** – these events focused on people with Learning Disability and Autism. More information here <https://www.uhmb.nhs.uk/get-involved/patient-experience/supporting-people-learning-disabilities-autism-and-hidden-disabilities>

**Improving Communication** – these events focused on our provision to support people with hearing loss or those patients who are profoundly deaf. We work with patient representatives from Lancashire and Cumbria Deaf clubs. We were also invited to monitor the deaf community’s social media platforms, which provided insight into what matters to those born deaf and those who experience deafness over a period of time.

We learnt that our British Sign Languages services, particularly in Barrow in Furness, were lacking. Cumbria Deaf Association has recommended the Trust investigate the use of an App called SignLive, we have now secured this APP, and it has enabled deaf citizens to access online interpretation themselves, giving them the confidence that they will have an interpreter at the touch of a button 24 hours per day while in the hospital or while accessing our community services, the App also enables deaf citizens to telephone into the Trust using the SignLive App.

### Surveys

Despite the challenges COVID-19 has brought to us all during this past year, we have worked hard to continue to measure patient satisfaction, listen to views, share them and act on them. Face to face interactions may have been deterred this year; however, the Friends and Family Test has continued (by using SMS text messages to mobile telephones and Interactive Voice messages on landlines to reach out to our patients), as well as the implementation of the National Patient Survey Programme Questionnaires.

Besides, there have been more and more requests from colleagues asking for support and guidance in measuring and assessing their revised methods of working – operational changes that have been made in light of COVID-19.

### National Inpatient Survey 2019 (published in July 2020)

The survey looks at the experiences of people discharged from an NHS acute hospital after spending at least one night in the hospital during July 2019. Overall, 8.3 out of 10 respondents said they had a very good experience whilst being cared for in one of UHMBT’s hospitals. The Trust also ranked higher than most trusts in two questions – whether members of colleagues answered questions so that patients could understand and whether colleagues explained how an operation or procedure had gone in a way patient could understand.

Compared with our results in the 2018 survey, we ranked significantly higher for five questions and markedly lower for none of the questions. There were no significant differences between last year's and this year's results for the remaining 56 questions. Areas that the Trust has performed better compared to the previous year's survey include:

- Patients having confidence and Trust in doctors and other clinical colleagues (e.g. physiotherapists, speech therapists, psychologists);
- Patients felt that different members of colleagues worked well together;
- Patients felt involved in decisions about their care and treatment and in their discharge from the hospital;
- Patients felt that their privacy was maintained throughout examinations or treatment; and
- Patients felt that they were treated with respect and dignity.

### Community engagement

Patient and citizen experience and involvement feedback sessions have benefited the Trust during the year and we have used a comprehensive range of opportunities and methods for local people to get involved, from information sharing, focus groups and public events to social media, town halls, table top involvements, patient panels, user groups, what matters to you and Always Events ® to name a few.

Tried and tested engagement and involvement approaches have proved popular. We have further embedded our involvement of patients and the public in co-production activities, and these include:

- The development of our Youth Forum;
- Learning Disabilities and Autism Network;
- Farmers' Health checks;
- Stroke Master class;
- Community Wellbeing Fair – Windermere;
- Foundation Trust Members' Annual meeting and local information events;
- Diabetic Engagement Day;
- Dementia Hubs;
- Critical Care patient and Carers event; and
- Health Screening promotional events.



## Part 3: Our Quality Improvements and Progress Against our Priorities

We are working towards embedding a culture of quality improvement across our Trust

In 2020/21 we focussed on a number of priorities to develop and embed a culture of quality improvement (QI) across the organisation with a continued emphasis on quality and safety of services. The key areas of focus were as follows:

<b>Continued emphasis on quality and safety of services</b>	<ul style="list-style-type: none"> <li>• Strengthen and demonstrate consistently strong levels of clinical engagement and ownership of key clinical governance, risk and assurance processes across all teams</li> <li>• Ensure post COVID engagement and clinical leadership to deliver transformation of clinical services</li> <li>• Deliver against Care Quality Commission and external/internal reviews, such as in Urology and Trauma and Orthopaedics, to support the delivery of clinically-led high standards of practice across every clinical team</li> </ul>
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The table below outline the key achievements against these priorities for 2020/21:

Continued emphasis on quality and safety of services	
<b>We said</b>	<b>We will:</b> <ul style="list-style-type: none"> <li>• Strengthen and demonstrate consistently strong levels of clinical engagement and ownership of key clinical governance, risk and assurance processes across all teams;</li> <li>• Ensure post COVID engagement and clinical leadership to deliver transformation of clinical services;</li> <li>• Deliver against Care Quality Commission and external/internal reviews, such as in Urology and Trauma and Orthopaedics, to support the delivery of clinically-led high standards of practice across every clinical team.</li> </ul>
<b>We did</b>	<ul style="list-style-type: none"> <li>• Approved our Continuous Quality Improvement Strategy;</li> <li>• Patient safety unit relaunched in September;</li> <li>• Maintained the Care Group review process in support of clinical validations. Harm reviews were identified. 104 day cancer breaches – deep dive – low levels of harms identified – all appropriately managed;</li> <li>• System level reviews undertaken working with commissioners;</li> <li>• M&amp;M reviews have been implemented in urology. Medical Director working with the Deputy MD to put in a sustainable model in place. Review of and alignment of policies relating to M&amp;M;</li> <li>• Balance score card approach has been implemented;</li> <li>• Training undertaken to support and develop staff to undertake best practice incident reviews and extract learning; and to implement an Independent Investigation team to oversee objective reviews;</li> <li>• Phase 1 (Diagnostic) work with the Good Governance Institute completed. Phase 2 commenced;</li> <li>• Significant work undertaken supporting the Niche review and responding to and supporting external regulatory requests;</li> <li>• Continued to monitor and assess the effectiveness of our systems of infection prevention and control and rates of nosocomial infections;</li> <li>• Undertaken a deep dive review of patients waiting over 52 weeks;</li> <li>• Data triangulation dashboard adopted;</li> <li>• Further review of the ESP programme to agree exit from the programme and how assurance of sustained improvements is sought;</li> <li>• Maintained effective relationships with CQC and external regulators.</li> </ul>

Set out below is additional information highlighting key programmes of work and activities to evidence the progress we have made in 2020/21.

In September 2020, the Patient Safety Unit (PSU) was refreshed following its launch in March 2016.

As a number of long standing members of the PSU had move into different positions and the publication of the National Patient Safety Strategy signalled a refresh of the PSU work programmes.

The Terms of Reference, membership and work programmes of the PSU were refreshed. The work plan focused on the key priority areas identified through the Quality Committee.

The key work programmes for the PSU for 2020-2022 included:

1. New patient safety incident response framework;
2. Mortality and Morbidity;
3. Enhanced Support Programme;
4. Hotspot Areas; and
5. Magnet4Europe.

In each work programme is a nominated lead with responsibility for ensuring that the work stream they lead can support clinical and non-clinical teams and trainees to improve care together and develop important clinical, leadership and communication skills that result in improvements in safety and quality of experience for patients and their families as well as a better working environment for staff wherever they work.

### **Mortality and Morbidity**

A key programme of the Patient Safety Unit is mortality and morbidity. Learning from deaths is a vital component of delivering high quality clinical care.

During 2020/21 the Trust established a process for reviewing mortality.

The number of reviews of deaths is relatively strong and the degree to which they are assured and reliably engage all relevant specialties is improving. Analysis of themes and systematic analysis of indices with appropriate links to coding and business intelligence are areas for particular development. Key roles have been described, funded and appointed to allow this programme of work to progress.

Table 1 shows a summary of our Hospital Standardised Mortality Ratio (HSMR) and Summary Hospital Level Mortality Indicator (SHMI) data for rolling twelve month periods March 2019-February 2020 until December 2019-November 2020 from December 2019 to present with the latest available data being for September for SHMI and November for HSMR.

HSMR data is based on the likelihood of a patient dying of the condition with which they were admitted to hospital (i.e. the patient's recorded primary diagnosis). This means this methodology depends on accurate diagnosis, good record-keeping, and appropriate data coding.

HSMR is an important indicator that acts as an alert mechanism for potential problems with the quality of care. If a Trust has an HSMR of 100, this means that the number of patients who died is exactly as would be expected. Values of HSMR above 100 suggest a higher than expected mortality and lower than 100 a lower than expected mortality.

The Summary Hospital-level Mortality Indicator (SHMI) reports on mortality at trust level across the NHS in England. The SHMI is the ratio between the actual number of patients who die following hospitalization at the trust and the number that would be expected to die on the basis of average England figures, given the characteristics of the patients treated there. Deaths up to 30 days post discharge are included and as with HSMR it is baselined to 100 being expected mortality. SHMI is produced and published monthly as a National Statistic by NHS Digital. The SHMI is not solely dependent on our hospital mortality indicators as it is influenced by wider community-based healthcare. SHMI data is validated nationally hence there is always a 3-4 months delay in publication of data.

Table 1: Monthly HSMR and SHMI April 2019 – July 2020

12 month period ending	HSMR Rolling 12 month	SHMI Rolling 12 month
Feb-20	94.54	99.51
Mar-20	95.02	101.06
Apr-20	97.63	102.39
May-20	97.20	101.71
Jun-20	97.20	101.34
Jul-20	97.81	102.20
Aug-20	99.22	103.09
Sept-20	100.74	103.35
Oct-20	104.14	Not yet available
Nov-20	105.06	Not yet available

During 2021/22, the Trust will undertake an opportunity to work more closely with a group from NHS Improvement in a cross-system review and to look to peer learning more widely in the Integrated Care System (ICS). Links to peers in the ICS have also been explored for benchmarking and sharing areas of good practice. It is proposed to prioritise the necessary in-house elements within UHMB to give a foundation on which effective delivery on a wider footprint could be considered. If wider work across the ICS can occur without detriment to this then it will be taken forwards in parallel.

### Enhanced Support Programme

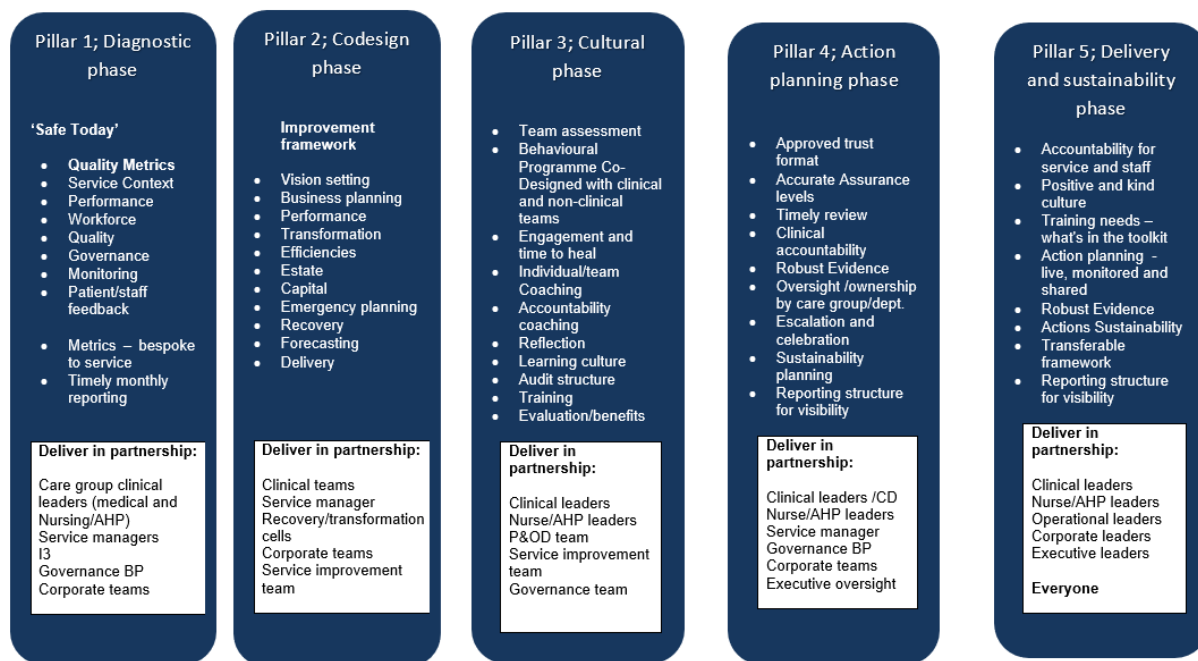
The Enhanced Support Programme (ESP) is a key work programme of the Patient Safety Unit. The aim of the ESP was to identify potential services or teams (fragile services) that may benefit from a programme of enhanced support.

The ESP provided a number of resources to support resolution of challenges through guiding the team through a phased programme that was co-designed and agreed with the team.

The process for a team/specialty that is supported through the ESP is demonstrated on the flow-diagram below:



Once additional support and capacity had been established; movement through the ESP pillars would commence with support from dedicated corporate expertise and resources. The diagram below shows the five ESP pillars with an outline of the considerations for each phase. Depending on the specific diagnostic findings, the programme will be bespoke in order to provide focus on the areas of greatest need:

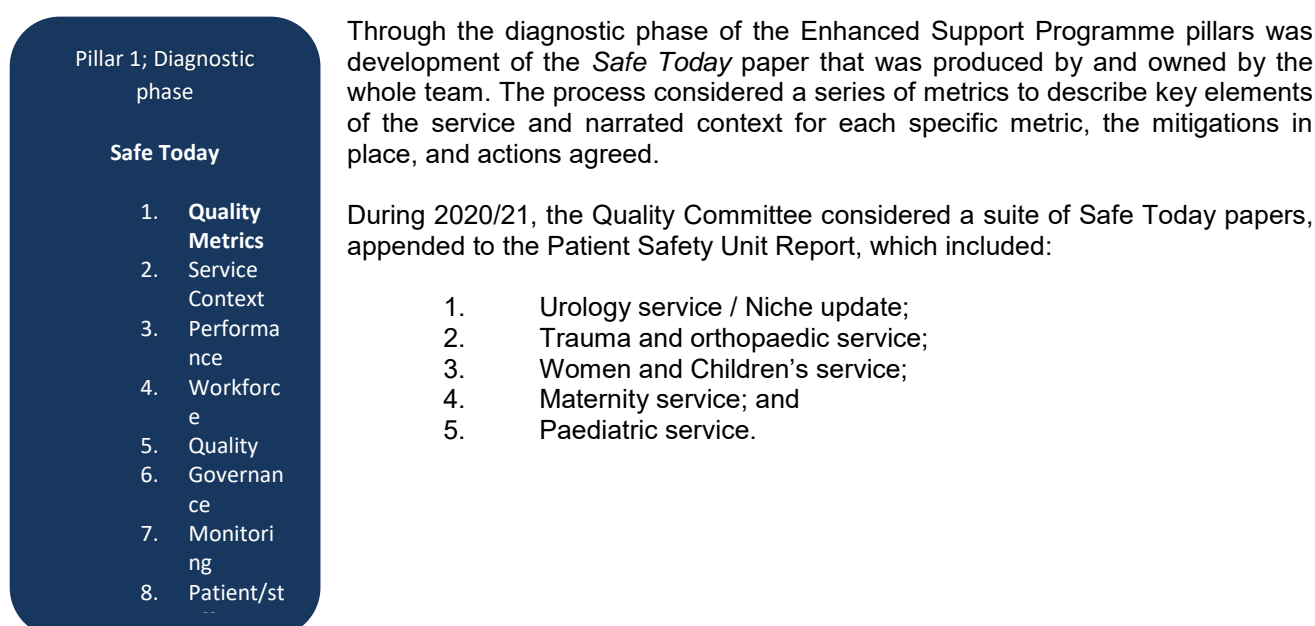


Exit from the ESP will be a shared decision made between the Care Group triumvirate leadership team and the executive team following delivery of agreed improvements and evidence of the impact that these have had on patient, family and staff wellbeing and satisfaction.

There would be a clear audit trail to demonstrate how decision from entry to exit was agreed with update reports considered by the Committee to provide assurance to the Board of Directors regarding the progress of the ESP priorities. The Workforce Assurance Committee, Finance Committee and Strategy and Transformation Committee would receive exception reports aligned to their responsibilities with a clear request for any associated actions required of a specific Committee, for example, links to Behavioural Standards Framework; links to productivity and efficiency and links to improvement work delivered as part of associated service transformation.

Through the Patient Safety Unit Report, the Quality Committee considered a suite of Safe Today papers appended to the report to provide an update on the progress of each team. The work of the ESP is closely aligned to and supported through the Hive methodology and input through the transformation and organisational development teams and through bespoke organisational development programmes, team and individual coaching overseen by the people and OD team (with external support as appropriate.)

## Safe Today Reports



## Magnet4Europe Project

A key programme of the Patient Safety Unit is Magnet4Europe.

In June 2020, the Quality Committee received a proposal for the Trust to be included in the Magnet4Europe project. The Committee supported this approach and recommended approval of the Trust's participation in the project to the Board of Directors.

The Board of Directors approved the Trust participating in this international project that would run over 4 years and approved signature of the Memorandum of Understanding to participate from September 2020.

Through the Patient Safety Unit Report, the Quality Committee received regular updates in order to provide assurance to the Board of Directors of progress of the project both internally and externally, the opportunities and impact / outcomes delivered over the four-year life of the project.

### Infection Prevention and Acute Tissue Viability 2020/21 Highlights

The infection prevention team have focused their efforts on the control and management of the COVID pandemic during the last 12 months. This has been supported by a reconfigured team including 2 additional posts. The team has extended their working day to support clinical and non-clinical teams from 8am –5pm weekdays but in addition has supported an on-call service at weekends/bank holidays.



Although there has been an increase in clostridium difficile infections and gram-negative blood stream infections within the last 12 months there has also been reductions in other infections such as; MSSA blood stream infections which reduced by over 50% in 20/21 compared to the previous year and no rise in MRSA blood stream infections. Rising infection rates have been seen nationally and the COVID pandemic has been seen as a contributing factor due to pressures on isolation facilities and an increase in antimicrobial prescribing.

A suite of dashboards have been created in conjunction with the I3 team to provide accurate data on COVID-19 cases, healthcare associated infections and compliance with COVID-19 screening. The electronic whiteboards have also been utilised to support front line staff with understanding the COVID-19 risk of their patients in a visual way using coloured icons on the whiteboards. This has enabled the patient flow teams, clinical teams and infection prevention teams to use this system to manage good patient placement and support outbreak management and help to prevent cross infection.

Virtual outbreak meetings and virtual post infection review meetings have been delivered to support clinical teams as well as reporting to and connecting with Public Health England and the clinical commissioning group. The team was recognised for their work during the COVID-19 pandemic by a clinical colleague who nominated the team for an national award- the team were awarded with a Cavell star which was a real boost during a very challenging time.

The team was also recognised by the Bay Health and Care partners awards as champions for patient safety. The team were very pleased to receive the award and delighted that their contribution was recognised in the wider healthcare community.

### Tissue Viability

Thanks to a new and developing dashboard the small team of two clinical nurse specialists are able to work more efficiently managing referrals and incidents more easily. In addition, a new "wound imaging" project has been developed alongside I3 and medical illustrations colleagues to support the clinical teams to take images of wounds using digital devices such as phones and tablets. This allows the tissue viability nurses to provide more support to more patients and colleagues across the trust even if they are not able to see the patients personally.

### First Do No Harm Report

A report of the Independent Medicines and Medical Devices Safety Review was published in July 2020 and can be found at the following link:

[https://www.immdsreview.org.uk/downloads/IMMDSReview\\_Web.pdf](https://www.immdsreview.org.uk/downloads/IMMDSReview_Web.pdf)).

The report was based on a two year review of testimonies from patients and evidence regarding three medical interventions / procedures:

6. hormone pregnancy tests (HPTs) – tests, such as Primodos – a pregnancy test used in the 1960s and 1970s that consisted of two pills that contained norethisterone (as acetate) and ethinylestradiol;
7. Sodium valproate – a medication used to treat epilepsy and bipolar disorder which causes physical malformations, autism and developmental delay in many children when it is taken by their mothers during pregnancy; and

8. Pelvic mesh – pelvic mesh implants – used in the surgical repair of pelvic organ prolapse and to manage stress urinary incontinence. Its use has been linked to crippling, life- changing continence.

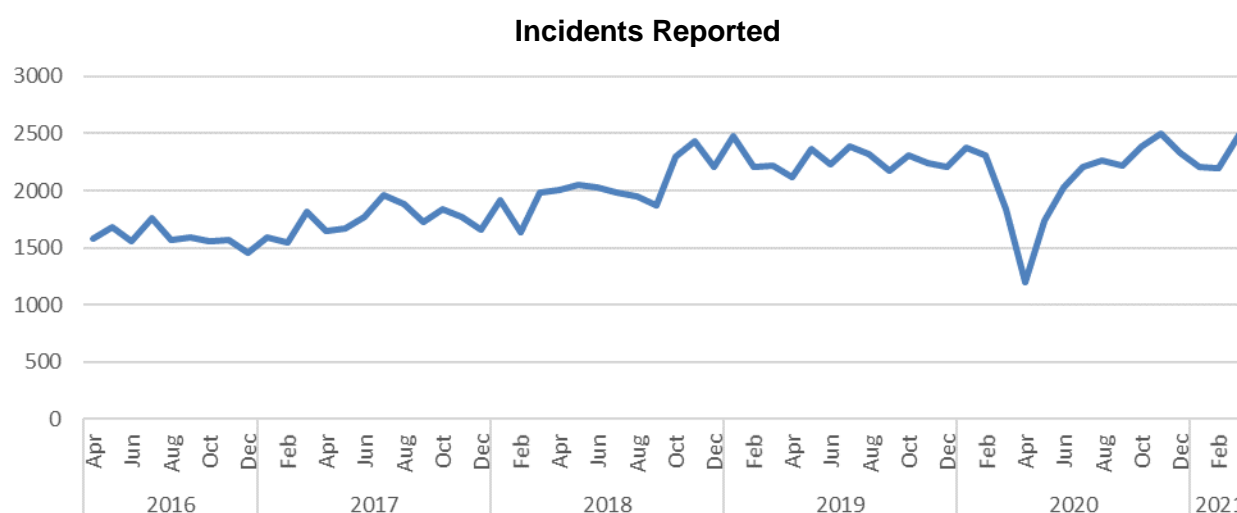
The overall aim of the report was to provide help and support to those who had suffered as a result of the above medical treatments/procedures, and to also provide recommendations to healthcare systems to reduce the risk of avoidable harm from medical treatments and devices going forward. The report made 9 recommendations.

The Quality Committee were assured that the Trust's approach to Patient Safety incorporated the recommendations of this national review and related Government actions.

## Reporting Incidents

The National Reporting and Learning System (NRLS) recognises that frequent and regular reporting can be viewed as an indication of a positive reporting culture.

The incident reporting data for quarter 4 of 2020/2021 demonstrates that incident reporting levels have returned to a similar volume pre-COVID. However, 2020/2021 is the first year in which incident reporting decreased from previous years' figures. This was due to the initial impact of COVID-19 when the Trust stood down a significant proportion of activity:



Nationally, the Trust is ranked 33rd out of 130 Acute Trusts based on the median number of days between the incident occurring and being reported to the NRLS. The Trust currently has an average of 10 days for incident upload to the NRLS. The table below shows that we have the second quickest upload rate with our identified peer group:

1 <sup>st</sup> October 2019 – 31 <sup>st</sup> March 2020– Median Days to Report to NRLS	
Organisation name	Median number of days between incidents occurring and being reported to the NRLS
ALL ACUTE (NON-SPECIALIST) TRUSTS	27.3
SHREWSBURY AND TELFORD HOSPITAL NHS TRUST	2
UNIVERSITY HOSPITALS OF MORECAMBE BAY NHS FOUNDATION TRUST	10
NORFOLK AND NORWICH UNIVERSITY HOSPITALS NHS FOUNDATION TRUST	11
ROYAL DEVON AND EXETER NHS FOUNDATION TRUST	12
THE ROYAL BOURNEMOUTH AND CHRISTCHURCH HOSPITALS NHS FOUNDATION TRUST	14
NORTHERN LINCOLNSHIRE AND GOOLE NHS FOUNDATION TRUST	16
ROYAL CORNWALL HOSPITALS NHS TRUST	16
CALDERDALE AND HUDDERSFIELD NHS FOUNDATION TRUST	19
BRADFORD TEACHING HOSPITALS NHS FOUNDATION TRUST	26
NORTH TEES AND HARTLEPOOL NHS FOUNDATION TRUST	48
Based on 'Organisation Patient Safety Incident Reports Workbook' published by NHS Improvement	Page 129 of 230



In 2020/2021 109 incidents met the Serious Incident Framework's criteria for reporting through StEIS. 5 incidents were declared a Never Event in 2020/2021. However, one of the incidents initially thought to be a Never Event was de-escalated. The Trust is proactively reporting incidents on StEIS in line with an overall review of Governance processes in conjunction with the Good Governance Institute. All Serious Incidents are reviewed at the Trust's Serious Incident Requiring Investigation (SIRI) Panel.

During 2020/2021, there has been significant work undertaken to strengthen the incident investigation process. This has included:

9. New 72 Hour Review template created and embedded within the Trust's incident system, Ulysses Safeguard;
10. The 72 Hour Review process has been refreshed and is now in use across the organisation;
11. A round table discussion guide for Root Cause Analysis investigations has been developed and is now in operation.;
12. Care Group investigation scrutiny panels are now in place in each Care Group. A quality check/closure checklist for Root Cause Analysis has been developed to help improve the quality of investigations;
13. A new Root Cause Analysis training programme has been developed;
14. Work has commenced to triangulate incidents and complaints; and
15. Aligning National Reporting and Learning System's categories to local complaints has now been completed.

The Trust is currently preparing for the introduction of the Patient Safety Incident Response Framework (PSIRF) which aims to introduce a new process for the reporting and management of incidents and investigations. A number of work streams have been established including:

16. Strengthening Investigations;
17. Just Culture;
18. Duty of Candour; and
19. Learning.

## CAS Alerts

The Trust continues to respond and circulate alerts that are relevant to the organisation in line with local and national guidance.

## Clinical Audit

Clinical audit forms an integral part of the clinical governance framework through which NHS organisations are accountable for continually improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish. Clinical audit is a quality improvement process that seeks to improve patient care and outcomes through systematic measurement against explicit criteria and the implementation of any necessary change(s): New Principles of Best Practice in Clinical Audit, Healthcare Quality Improvement Partnership, 2nd Edition, 2011.

In order to support robust and effective clinical audit activity the Clinical Audit Department works in accordance with the Clinical Audit Procedure document, which was reviewed and ratified in July 2019. The purpose of the procedure is to sustain a culture of best practice in clinical audit and it clarifies the roles and responsibilities of staff engaged in the clinical audit process within UHMBFT. Its aim is to encourage and facilitate good quality clinical audit from all staff tasked with undertaking an audit project.

The Clinical Audit Department maintains a Trust-wide clinical audit database of all clinical audit activity and the progress thereof. The system utilised is a specifically formatted module within the Ulysses System. This system also maintains the Risk Register, Safety Alerts, NICE Guidance status, Complaints and Compliments. Thus, the progress of audit activity and storage of all audit materials is held within the electronic governance system. There is a designated manager for the Ulysses System as a whole, and also a business analyst who creates and formats structure and automated reports as required.

A Clinical Audit Facilitator is assigned to each Care Group in order to support Clinical Audit Leads with the delivery of clinical audit progress reports, for which definitions are provided below. Audits are graded into 4 distinct elements and this is in line with national guidance from the Healthcare Quality Improvement Partnership (HQIP). Clinical audits are prioritised into one of four levels, as per the table below (Table 1), with Level 1 being given the highest priority.

### Priority Levels for Clinical Audits: HQIP Definition with Local Modification

*Level	** Audit Type
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<b>Level 1 audits, 'external must dos'</b>	1. National audits (NCAPOP) 2. NCEPOD / Confidential Inquires 3. NICE 4. CQUIN 5. Commissioner requirements 6. 'Better Care Together' 7. CQC 8. Kirkup Report Requirements 9. Quality Schedules 10. DH statutory requirements (e.g. Infection Control Monitoring) 11. Gold Standard Framework (GSF)	<b>1</b>
<b>Level 2 audits, 'internal must dos'</b>	1. Clinical risk 2. Non-clinical risk 3. Serious untoward incidents 4. Complaints 5. Quality Improvement Project (QIP) 6. Re-audit 7. Royal College Guidelines 8. Regional topic	<b>2</b>
<b>Level 3 audits, 'divisional priorities'</b>	1. Local topics important to the division	<b>3</b>
<b>Level 4 audits</b>	2. Clinician / personal interest 3. Educational audits 4. SSMs / SAMP	<b>4</b>

Table 1

### How do Trusts confirm which projects they must participate in?

The Department of Health legislation does not 'mandate' any requirement on a healthcare service provider to participate in specific national clinical audits or enquiries, simply to report on whether or not they have participated in them, in the annual Quality Account written report.

Every project within the National Clinical Audit and Patient Outcome Programme (NCAPOP) has been established to address a clinical area (or areas) where healthcare improvement is required, and the common aim of each project is to have a positive impact on patient care.

The requirement to participate in the HQIP commissioned NCAPOP projects stems from the NHS Standard Contract. This requirement does not extend to non-NCAPOP projects unless commissioners have chosen to add a requirement to participate, by adding variations to the local contracts

It was also noted that participation in NCAPOP and data entry should not impact on front line clinical Covid care. The care of patients with Covid should take priority during the pandemic.

### National Audits 2020/21

There were a total of 93 topics on the Quality Accounts National audit list for 2020/21, of which the Trust was eligible for participation of 45 of these NCAPOP audits (100%) participation. There were 38 audits non-NCAPOP of which 5 we did not participate in and 1 further audit there is currently inactive, but we will participate once they resume the audit (80%) participation.

	NCAPOP	Non NCAPOP
Number of Audits	55	38
MBHT Eligibility	45	25
MBHT Participation	45	20
% Participation	100%	80%

### NICE Guidance

The National Institute for Health and Care Excellence (NICE) was established as a Special Health Authority in April 1999 to promote clinical excellence and effective use of resources within the NHS. NICE is an independent organisation which provides guidance, sets quality standards and manages a national database to improve people's health and prevent and treat ill health. Its recommendations are based on evidence of both clinical and cost effectiveness.

NICE currently produces the following types of guidance/standards:

5. Clinical Guidelines
6. Technology Appraisals
7. Social Care Guidance
8. Medical Technologies
9. Interventional Procedures
10. Public Health
11. Quality Standards

NICE advice includes Medtech Innovation Briefings, Key Therapeutic Topics and Evidence summaries which are a range of products that are either based on NICE guidance or involve a critical assessment of relevant evidence. However, these products do not have the status of formal NICE guidance, and do not contain new NICE recommendations.

Putting NICE guidance into practice benefits everyone. People who use health and social services and their carers, the public, NHS organisations, local authorities, health and social care professionals, and policy makers. It can help organisations to meet the legal requirements of the NHS Constitution and Health and Social Care Act. NICE guidance and quality standards can also help us meet regulatory requirements from organisations such as the Care Quality Commission.

Since 2015 all NICE Guidance has been managed within the Ulysses Risk Management System and any guidance released by NICE prior to this date was uploaded on Ulysses over several months to enable Care Groups to review and manage them appropriately.

The Trust has a NICE lead that oversees the guidance process, escalates where there are concerns and provides support to the Care Groups, Care Groups NICE Leads and NICE Guideline Leads. They attend the North West NHS NICE Leads Network which meets every quarter to review the management of NICE across the region.

Each Care Group has a NICE Care Group Lead who, as part of their job description and role, are expected to identify NICE guideline Leads, support the review and management of NICE guidance, oversee action plans, present reports on progress and escalate where there has been little progress.

There is work to undertake regarding partially compliant NICE guidance to ensure, as a Trust, we are delivering the safest care to our patients and staff. Our ultimate aim is to ensure all NICE guidance undergoes a timely review, evidence is robust, appropriate and meaningful and that policies are, where appropriate, based on NICE guidance.

### Duty of Candour

If an incident is entered as moderate or above, the harm level should be validated within 10 working days and Duty of Candour undertaken if appropriate. This is in line with the regulatory requirement.

The table below demonstrates highlights the timeliness of compliance with Duty of Candour across the organisation.

Average Number of Days to Complete Duty of Candour					
Financial Year	Q1	Q2	Q3	Q4	Grand Total
2020 - 2021	10.38	8.35	8.76	7.28	8.40

### Complaints

The Patient Advice and Liaison Service (PALS) handle an average of 2500 concerns/enquiries per year across the three sites. PALS staff are available to provide resolution to concerns as they arise, on the spot advice and support patients and their relatives to navigate NHS services or signpost them to appropriate voluntary or public sector services. Early identification of concerns enables the Trust to respond to those enquiries in a timely and efficient manner which in turn reduces patients and relatives anxieties and formal complaints. The Patient Relations Case Officers handled 253 formal complaints in 2020/21.

Information on how to complain is now clearly advertised at the entrance to all wards and inpatient areas such as the Outpatient Departments. Information is also available on the Trust's website. We were commended for our forward thinking, patient focused approach when handling complaints. The Patient Relations team has been recognised nationally as a best practice site in the handling of complaints and incorporating the following:

- A staffed complaints helpline Monday to Friday, 9am to 5pm;
- A dedicated Case Officer informs each complainant at first contact of the complaints procedure, including how long it is likely to take and provide details of advocacy services available, if required;

- All complainants receive a dedicated Case Officer who assist the complainant in confirming what they think went wrong with their care and the questions they would like answering;
- Complainants are regularly updated with progress of their complaint;
- Response letters are written in a way that complainants can understand and avoid, where possible, clinical terminology; however, if used, a clear explanation in layman's terms is also given; and

Key Performance Indicators have been set to ensure Care Group staff (who provide information for the investigation) respond within the agreed timescales. Escalation processes are also in place with support from Directors to ensure the complaints function is supported at Board level.

Once local resolution has been exhausted, the complainant is informed of their right to contact the PHSO for a review of their complaint.

The number of complaints received in 2020/21 was 253 and the number of PALS cases was 2039.

### Analysis of Number of Complaints

Year	Concerns/Comments PALS Received	Complaints Received
2016/17	2662	516
2017/18	2511	425
2018/19	2669	430
2019/20	2541	440
2020/21	2039	253

In 2020/21, 6 cases were accepted for second stage review by the PHSO with 2 cases resulting in further investigation of which the Trust is awaiting the outcome, 3 cases are still at stage 2 review and 1 case the PHSO concluded that they would not carry out a formal investigation and the case was therefore closed.

### Care Quality Commission (CQC) Hospital Improvement Plan

During 2018/19, a Care Quality Commission (CQC) Unannounced Core Service Inspection of the Trust took place mid November 2018. This was followed by a Use of Resources Assessment late November 2018, led by NHS Improvement (NHSI). There was an announced CQC 'Well-led' inspection in December 2018. When the CQC published its Quality Report in May 2019, the CQC also published a Use of Resources (UoR) assessment undertaken by NHSI that rated the Trust as inadequate for the use of resources. The combined rating for the Trust, taking into account CQC's inspection for the quality of services and NHSI's assessment of Use of Resources was Requires Improvement.

During December 2019, there was an unannounced focused inspection in Women and Children's including maternity and services for children and young people. This was a focused inspection so the ratings in the CQC Quality Reports are not ratings from this review, but held over from the previous full inspection. A number of outstanding practices were noted together with areas for improvement. The recommendations of this report have been included in the overall CQC Improvement Plan.

During 2020/21 the Committee continued to receive a number of reports to track delivery against the recommendations of the CQC Improvement Plan allocated to the Committee. At the end of March 2021, 26 Recommendations remained which have now been signed off as the Committee reviewed them in March 2021 with final sign off in April 2021.

## Part 4: Our Priorities for 2020/21

### Our safety and quality priorities 2021/22

The following priorities were agreed for 2021/22:

### Our areas of focus for 2021/22 are...

**NHS**  
University Hospitals of  
Morecambe Bay  
NHS Foundation Trust



Quality and Safety of Services	
<b>We will:</b>	
✓	Reduce the risk of harm for our patients who have had extended waits due to COVID-19.
✓	Deliver 5 key patient safety and experience programmes through the Patient Safety Unit: <ul style="list-style-type: none"><li>• Implement the patient safety response framework;</li><li>• Implement and embed M&amp;M reviews aligned with best practice;</li><li>• Implement and embed the best practice recommendations from the Good Governance Institute;</li><li>• Embed and improve the Enhanced Support Programme; and</li><li>• Research and implement Magnet4Europe principles.</li></ul>
✓	Strengthen and consistently delivery strong levels clinical engagement and ownership of key clinical governance, risk and assurance processes across all teams.
✓	Utilising benchmark data including Get it Right Frist Time; Patient Level Information and Costing System, Model Hospital focus on standardisation of care and reduction in clinical variation.
✓	Deliver e-job planning for all non-medical healthcare professional to ensure consistent monitoring of standards.

## Further Information

The Trust's website gives more information about the Trust and the quality of our services. You can also sign up as a Trust member, read our magazine or view our latest news and performance information via: <http://www.UHMBT.nhs.uk/trust/>



## **Annex B – Statement of Directors' Responsibilities in Respect of the Quality Report**

In light of pressures caused by the public sector response to COVID-19, the format and content of the Annual Report and Accounts for 2020/21 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 2020/21 in February 2021. The requirement for a Statement of Directors' Responsibilities in Respect of the Quality Report has been suspended.

## **Annex C – External Auditor’s Limited Assurance Report on the Contents of the Quality Report**

In light of pressures caused by the public sector response to COVID-19, the format and content of the Annual Report and Accounts for 2020/21 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 202/21 in February 2021. The requirement for an external auditor’s Limited Assurance Report on the contents of the Quality Report has been suspended.



## Annex D – A Statement of the Chief Executive's Responsibilities as the Accounting Officer

### Statement of the Chief Executive's Responsibilities as the Accounting Officer of University Hospitals of Morecambe Bay NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require University Hospitals of Morecambe Bay 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 University Hospitals of Morecambe Bay NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

As far as I am aware, there is no relevant audit information of which the Foundation Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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



Aaron Cummins  
Chief Executive

Date: 28 June 2021

## Annex E – An Independent Auditor’s Report to the Council of Governors

### Independent auditor's report to the Council of Governors of University Hospitals of Morecambe Bay NHS Foundation Trust

#### Report on the Audit of the Financial Statements

##### Opinion on financial statements

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

In our opinion, the financial statements:

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

##### Basis for opinion

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

##### Conclusions relating to going concern

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

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

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

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

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

## **Other information**

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, Internal Audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and fraud in income and expenditure recognition. We determined that the principal risks were in relation to:
  - journal entries that altered the Trust's financial performance for the year;
  - potential management bias in determining accounting estimates and judgements, especially in relation to:
    - the valuation of the Trust's land and buildings;
    - capital additions; and
    - accruals of revenue and capital expenditure at the end of the financial year.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on significant journals at the end of the financial year which impact on the Trust's financial performance;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations, capital additions and capital and revenue accruals;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may

involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuations of the Trust's land and buildings, capital additions and capital and revenue accruals.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS Improvement's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

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

We have nothing to report in respect of the above matter, except on 24 June 2021 we identified a significant weakness in how the Trust plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Trust's failure during 2020/21, to develop robust plans to address its underlying deficit and to bring it back into a financial balance position in the medium to longer term. We recommended that the Trust prepares a comprehensive and achievable medium to long term financial plan, which addresses its underlying deficit and secures a financially sustainable position.

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

#### **Responsibilities of the Accounting Officer**

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

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

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

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

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

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

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

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

#### **Use of our report**

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

**Gareth Kelly**

Gareth Kelly, Key Audit Partner

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

Glasgow

28 June 2021

## **Independent auditor's report to the Council of Governors of University Hospitals of Morecambe Bay NHS Foundation Trust**

In our auditor's report issued on 28 June 2021, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2021, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

### **Opinion on the financial statements**

In our auditor's report for the year ended 31 March 2021 issued on 28 June 2021 we reported that, in our opinion the financial statements:

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

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

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

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

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

We have nothing to report in respect of the above matter except on 24 June 2021 we identified and reported a significant weakness and made a recommendation in respect of financial sustainability. This related to the Trust's failure, during 2020/21, to develop robust plans to address its underlying deficit and to bring it back into a financial balance position in the medium to longer term. We recommended that the Trust prepare and approve a comprehensive and achievable medium to long term financial plan to address the underlying deficit and to bring it into a financially sustainable balanced position.

On 13 September 2021 we identified a significant weakness in the Trust's Governance arrangements. This was in relation to the findings from a Well-Led review undertaken by the Good Governance Institute, which highlighted significant weaknesses in the Trust's governance processes, at all levels of the organisation, resulting in 28 key recommendations. We recommended that the Trust undertake a post implementation review of the effectiveness and impact of its Well-Led review recommendations, and other actions in its Composite Action Plan to test actions for sustainability and embeddedness, and act on any identified further actions.

On 13 September 2021 we identified a significant weakness in the Trust's clinical governance arrangements in relation to Stroke. The CQC issued a Section 31 Notice in May 2021 regarding weaknesses in the Trust's stroke services. The Section 31 notice cited significant concerns for the safety of patients presenting with stroke symptoms. We recommended that the Trust progress its Stroke Improvement Plan at pace to ensure the governance arrangements in place allow for appropriate escalation of non-deliverables or lack of progress. We also recommended that the Trust learn from the 'root and branch' review of the governance arrangements that failed to escalate and manage the deterioration in stroke performance and ensure that the governance weaknesses do not apply to other specialties.

### **Responsibilities of the Accounting Officer**

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

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

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



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

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

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

### **Report on other legal and regulatory requirements – Audit certificate**

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

### **Use of our report**

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

**Gareth Kelly**

Gareth Kelly, Key Audit Partner

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

Glasgow

21 October 2021

## Annex F – Annual Governance Statement 2020/21

### Annual Governance Statement 2020/21

#### University Hospitals of Morecambe Bay NHS Foundation Trust

##### 1. Scope of Responsibility

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

##### 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 University Hospitals of Morecambe Bay NHS Foundation Trust (the Trust), to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the 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

###### 3.1 Leadership

As Accounting Officer, I have overall accountability and responsibility for ensuring that there are effective risk management and integrated governance systems in place within the Trust and for meeting all statutory requirements and adhering to guidance issued by NHS Improvement in respect of governance and risk management.

During 2019/20, an external governance review was conducted by Deloitte supported by the Deputy Chief Executive and Company Secretary. The review focused on three key areas:

- 1) Processes for managing risk, issues and performance;
- 2) Roles, responsibilities and systems for accountability; and
- 3) Effective use of information.

Throughout the review, Deloitte found a number of examples of good governance practice in relation to the work that had been undertaken to refresh and revise the organisational strategy; a clear Committee structure which aligned with the strategic priorities and was comparable to that in place in other Foundation Trusts and a broad range of activities in place to support Governors to undertake their statutory roles and responsibilities.

During the course of the review, a number of improvements were also undertaken by the Trust in order to refine the effectiveness of arrangements. These included:

- Aligning the Annual Plan to the 5P's (People, Performance, Partnerships, Patients and Progress);
- Improving the format of the Board Assurance Framework and its use in practice;
- The introduction of Quarterly Reviews and updating the format of the Integrated Performance Report to include greater use of statistical process control and forecast performance information; and
- Establishing a Chairs of Assurance Group to better co-ordinate the work of the Assurance Committees.

The Review did not find any area of weakness in the governance arrangements of the Trust but noted areas where there was scope to further refine the governance arrangements currently in place and in particular to the following areas:

- Recognising the strengths outlined in relation to the strategy, there was a need to fully embed the annual planning process, clarify priority areas, and to develop detailed implementation plans to support the delivery of the vision;
- Acknowledging the work which had been undertaken to strengthen the Board Assurance Framework, there remained scope to utilise this to greater effect in practice in order to drive Board and Committee debate around areas of greatest risk;
- Noting the effective Committee structure in place, there was further opportunity to clarify the remit of some meetings, including prioritising agendas and minimising levels of duplication. The planned introduction of a routine meeting of the Committee Chairs and Executive leads should assist with this process. Expectations around Care Group attendance at these meetings should also be clarified;
- Whilst good levels of Board cohesion were noted, Board debate could be further strengthened by ensuring that significant risks facing the Trust were subject to in-depth scrutiny, and also ensuring greater levels of collective input to the development of proposed actions to address issues outlined;
- The format, frequency and content of Care Group meetings required review in order to minimise duplication. Alongside this, processes for escalating risks and issues should be clarified. There was also a need to strengthen the process for overseeing Care Group performance at performance meetings which whilst helpful do not currently allow sufficient time for detailed debate and scrutiny of key risks within each Care Group; and
- A review of the effectiveness of the Council of Governors (CoG) should be undertaken on an annual basis, and used to inform the implementation of the proposed CoG training programme.

The Board agreed to strengthen its system of governance by focusing on the following 7 key areas:

- 1) Strengthening the Annual Planning process;
- 2) Ensure the Board focuses on key priorities and areas of greatest risk;
- 3) Improving the effectiveness of the Board Committees;
- 4) Improving the effectiveness of the Council of Governors;
- 5) Strengthening the approach to performance management including data quality;
- 6) Ensure risk drives the business of the Trust; and
- 7) Streamlining the clinical and corporate governance architecture.

Progress on these programmes of work was interrupted by the COVID-19 pandemic. The UHMB response to the pandemic was to approve a COVID-19 emergency response plan and established revised operational, clinical and governance assurance processes. An incident management team was established supported by an operational command centre which had day-to-day operational management oversight and response to the COVID-19 pandemic. The command centre was supported a cell structure which focused on infection control, occupational health, communication, human resources, procurement and supplies, I3, estates and facilities. Accountability for the incident management team was to the Chief Operating Officer as the accountable emergency officer for the Trust who in turn provided assurance to the Board of Directors. In line with national directions, the Trust stood down non-essential activity including some elements of the governance framework. However, UHMB maintained key elements of its assurance activities including regular meetings of the Board of Directors and Assurance Committees and key elements of the risk management framework.

The Trust's Risk Management Strategy describes the roles and responsibilities of all employees within the Trust and sets out the requirement for an active lead from managers at all levels to ensure risk management is a fundamental part of the total approach to quality, safety, corporate and clinical governance, performance management and assurance. There is a clearly defined structure for the management and ownership of risk which through the Risk Register enables significant risks to be escalated to the Board via the Board Assurance Framework and Corporate Risk Register. For 2020/21, the Board Assurance Framework was revised to reflect the findings of the governance review and was developed alongside the production of the Operational Plan. The format and construct of the Integrated Performance Report (IPR) was also reviewed and was based on statistical process control (SPC) charts. SPC charts are recognised as good practice by the CQC and by building the IPR using SPC charts, the Trust was able to improve its approach to performance management.

Recognising the need to continue progress during 2020/21, the Board of Directors commissioned the Good Governance Institute (GGI) to work with the Trust to build on the actions following previous CQC inspections, Deloitte Well-Led Review, and initial feedback from Niche Consulting regarding the urology review. All these reviews contained similar themes, which identified that the Trust had established systems of governance and internal control that would be expected in a typical Foundation Trust, but embedding sustained change to ensure consistency across the Trust was required. The Board noted that this was not a capability or capacity issue as the Trust had a structure in place which was positively reflected in all reports, but rather the quality and consistency of approach and the culture to manage risk in the right way

It was agreed GGI would conduct a review of the governance structures and processes across the Trust in three phases. The first phase was a comprehensive governance review, the second phase involved a targeted development programme to secure better governance and assurance and the third phase would focus on supporting and maintaining the pace of implementation over the summer of 2021. The purpose of

the review was to provide a clear, independent and unbiased view of how the governance system added value to the Trust, and support with identifying any gaps and inform practical solutions as to how these can be addressed.

Phase 1 of the review was conducted between October 2020 and January 2021. Phase 1 identified areas of good practice at the Trust regarding the way the Trust related with stakeholders, communications, digital innovation, visibility of the Chief Executive and clinical executive colleagues, the Trust's approach to inclusion and diversity and a commitment to resolving some long-standing issues. Several recommendations were made in relation to risk management and how the Board Assurance Framework was used consistently in meetings management from Board to Ward – with fewer meetings that were focused on fewer priorities.

Phase 2 of the review was conducted between January 2021 and April 2021 with the aim of this phase to work with the Trust and the clinical and leadership teams in order to further the improvement work. This will serve to:

- Improve the line of sight from Board to Ward through clarification and simplification of assurance reporting;
- Improve the quality of assurance through more cohesive reporting and better triangulation;
- Rationalise the number of standing assurance groups through applying lean principles to assurance activity, releasing colleague time for service improvement and delivery;
- Build insight into those leading governance as to their level of governance maturity;
- Ensure assurance operating model is up to date, including standard performance reporting and alignment to key objectives;
- Updating the Board Assurance Framework; and
- Ensure the unique contribution of independent assurance of the risk and assurance system through focussing Board Committee activity to the governance role.

To ensure that the changes implemented become embedded the Trust has commissioned the GGI to undertake additional work in 2021/22.

As part of the Internal Audit Programme for 2021/22, an assessment of risk management was undertaken which reached a limited assurance conclusion. Through the GGI work the Trust has already implemented several of the recommendations made. The Trust has since assessed itself against the ISO 31000 Risk Management Framework. The Trust has undertaken its own maturity assessment and the Audit Committee has approved and will maintain oversight of the risk management improvement plan. The improvement plan will lead to a new Risk Management Strategy and Policy in 2021/22 together with standard operating procedures to ensure a consistent approach to the identification and handling of risk. The Trust has appointed an interim Risk Practitioner and will be appointing a permanent Risk Practitioner in due course. Risk training has been provided and risk clinics conducted in quarter 4 2020/21 have provided assurance that existing risks have been correctly assessed and are being kept under review by risk managers. An Executive Risk Oversight Group was established during 2020/21 to oversee the operational delivery of the risk arrangements in the Trust.

The Board of Directors has overall responsibility for setting the strategic direction of the Trust and managing the risks in delivering the strategy. All Committees with risk management responsibilities have reporting lines to the Board.

A lead Executive Director has been identified for each strategic risk defined within the Board Assurance Framework; each risk is in relation to the Trust's strategic objectives. These 'high level' strategic risks within the Board Assurance Framework, supported by the Corporate Risk Register which contains 'high level' operational risks, are subject to ongoing review by the Board and its Committees on a quarterly basis. To align the Board Assurance Framework and Corporate Risk Register to the Operational Plan, a quarterly review of the Operational Plan priorities is undertaken by the Board and its Committees.

The Deputy Chief Executive has overall responsibility for the implementation and compliance with the Risk Management Framework within the Trust in order that the Executive Directors are supported in providing strategic leadership for:

- Financial risks and the effective coordination of financial controls throughout the Trust;
- Clinical quality and safety risks;
- Workforce and staffing risks;
- Medical risks;
- Information risks;
- Estate and capital risks;
- Governance risks; and
- Care Group risks.

All Care Group triumvirate members have responsibility for the risk management activity in their Care Group, including:

- Providing leadership for risk management activities in their Care Group;
- Promoting and supporting the implementation of the Risk Management Strategy;
- Monitoring the risk mitigation activities within their Care Group to ensure that risks and remedial action plans are being appropriately managed, reviewed and updated in accordance with the Risk Management Strategy;
- Monitoring and, where appropriate, challenging the scoring of risks to ensure consistency with the Risk Matrix;
- Ensuring that Care Group risk management activity is discussed and reviewed at relevant Care Group meetings;
- Ensuring that staff are given necessary information, instruction, training and supervision in relation to risk management activities;
- Ensuring staff are made aware of risks within their work environment and of their personal responsibilities for risk management;
- Presenting risk management reports to Trust Committees, where required;
- Management of the identified risks within their Care Group/Department, including the escalation of risks, where appropriate;
- To promote and embed an 'open' and 'just' culture; and
- Monitoring that all relevant risk assessments are undertaken, reviewed and documented appropriately.

Senior Managers and specialist advisors routinely attend each meeting to advise on special matters and provide assurance on operational risk management and Care Group risk registers. Clinical Directors and Associate Directors of Operations for each Care Group are then able to provide assurance to the Board and its Committees on the Board Assurance Framework and Corporate Risk Register.

The Care Group Clinical Director is responsible for the Care Group Risk Register. The Care Group Risk Registers are reviewed at the Care Group Governance and Assurance Groups on at least a quarterly basis to ensure actions have been taken to mitigate the risks and to provide a formal minute. The Care Group Clinical Director is responsible for ensuring that any agreed local risks that are rated at 15 and above are included in the Care Group Risk Register Report that is submitted to the relevant Assurance Committee and addition to the Corporate Risk Register. Care Group Risk Registers are presented in a standard format providing a progress report on actions taken to mitigate risk by the Care Group Clinical Director to the relevant Assurance Committees according to the annual schedule.

Governors on behalf of members are able, through the governance framework and via the Council of Governors, to raise concerns and seek assurances from the Chair and the Non-Executive Directors on issues affecting the Trust. Through their involvement in the strategic planning processes and the development of the UHMB Strategy, Operational Plan and the Quality Account, Governors are able to ensure the Trust adequately addresses the risks that impact on the Trust.

### **3.2 Training**

Through the Governance Division, training is provided to staff members who have direct responsibility for risk management. Through the GGI, the approach to training has been enhanced and an improved training programme is now in place covering risk awareness, risk assessment and risk management.

Through the local workplace induction checklist, new employees are trained and notified of local risk arrangements including health and safety, incident reporting / escalation and risk assessments. In addition, the Trust's mandatory training programme reflects essential training needs and includes risk management processes such as health and safety, clinical risk management, incident reporting, fire safety, conflict resolution, resuscitation, moving and handling, safeguarding adults, safeguarding children, infection prevention, information governance and equality and diversity.

## **4. The Risk and Control Framework**

### **4.1 Key Elements of the Risk Management Strategy**

The Trust's Risk Management Strategy covers all aspects of risk and was reviewed as part of the GGI review to ensure it remains appropriate and current. The Risk Management Strategy assigns responsibility for the ownership, identification and management of risks to all individuals at all levels in order to ensure that risks are managed appropriately at a local level together with a framework which allows risks to be escalated through the organisation. The process populates the Board Assurance Framework and Corporate Risk Register, Assurance Committee Risk Registers, Care Group Risk Registers and Specialty / Departmental Risk Registers to form a systematic record of risks including the control measures designed to mitigate and

minimise identified risks. As part of the Risk Management Strategy the Board has adopted the following risk appetite statement to help guide staff with risk management activities:

*The Trust recognises that it is operating in a competitive healthcare economy where patient safety, quality of service and organisational viability are vitally important.*

*The Trust also recognises that there is always a level of inherent risk in the provision of acute healthcare which must be accepted or tolerated, but which must also be actively and robustly monitored, controlled and scrutinised.*

*The Trust also recognises that it has finite resources in terms of staff, equipment and finances available to it in the delivery of healthcare services.*

*In response to these factors the Trust will seek to manage risks in accordance with the well-established ALARP principle - As Low As Reasonably Practicable, with priority being placed upon maintaining or improving patient safety ahead of any other aim or objective.*

*All identified Risks will be allocated a Risk Mitigation Strategy that ensures compliance with the ALARP Principle.*

As part of the work with GGI a new Risk Management Strategy and a revised approach to risk appetite will be agreed.

Risks can be identified from a variety of different sources through the operation of the Trust's business; these can be proactive processes (planning processes, general observations and internal / external audits) or reactive processes (incidents, complaints, claims, inspections / assessments / accreditations / reviews and regulatory assessments). All identified risks are then assessed and are entered into the Trust's Risk Register System, Ulysses Safeguard. The Trust's Risk Management Strategy is referenced to a series of related risk management documents, for example, reporting and management of incidents including serious incidents procedure, management procedure for the investigation and resolution of complaints and claims management procedure. The Risk Management Strategy is available to all staff via the Trust's Procedural Document Library, on the Trust's Intranet.

The Trust requires that all risks on the Risk Registers have an active, robust and time specific mitigation plan. The Board believes that the Trust must do all that is reasonable in the management of all risks and once it is satisfied that controls and assurances are in place and effective, the Board is prepared that a residual risk may be tolerated or accepted. The Board understands that some strategic risks associated with the business of the Trust carry a high level of inherent risk and provided that the condition of reasonableness has been met, the Trust is prepared to tolerate strategic risks at a high level. This approach forms a fundamental part of the Trust's thinking on risk, risk tolerance and corporate decision making. To aid the Trust in making decisions on risk, the Trust utilises the National Patient Safety Agency Risk Matrix, which the Board uses as the basis of identifying acceptable and unacceptable risk.

## **4.2 Key Elements of the Quality Governance Arrangements**

### **Strategy**

Patient safety, clinical effectiveness and patient experience, alongside improving efficiency, drive the Board's strategic framework, which identifies key elements in the quality of care it delivers to its patients and provides the basis for annual objective setting. The potential risks to patient safety, clinical effectiveness or patient experience are identified and escalated to the Board in accordance with the process outlined in section 4.1 above.

### **Capabilities and Culture**

The Board of Directors is ensuring it has the necessary leadership, skills and knowledge to deliver on all aspects of the quality agenda. Board development activities are in place to support the Board in its leadership and strategic decision making. During 2019/20, Deloitte provided Board Development support and building on this the Good Governance Institute provided Board Development support during 2020/21. All Board of Directors receive an annual appraisal and the Chair reports to the Nominations Committee and the Remuneration Committee on the composition of the Board.

The Board keeps under review its clinical leadership model which puts senior medical and nursing colleagues at the heart of decision-making and management of each Care Group within the Trust. Regular reviews of the clinical leadership structure and Lead Clinician roles are undertaken. The Trust's culture continues to place patient care at the heart of everything the Trust does in addition to being honest and open and striving for excellence.

During 2019/20, the Colleague Experience Strategy was approved by the Board of Directors. The strategy sets out the ambition to create a positive culture where all staff feel valued, included and respected through leadership and engagement at all levels. The Trust's Behavioural Standards Framework (BSF) is central to this. The BSF was developed through the Listening into Action (LiA) initiative in 2015 and was refreshed in October 2017 to ensure that the Trust employ (and retain) people with the right values, attitudes and behaviours to deliver the high standards of care expected for every patient every time. Within this, behaviours were not 'something extra', but integral to everything that the Trust does and will drive excellence in patient and employee experience. Building on from this, during 2020/21 the Trust continued to promote the BSF. The Trust's approach to talent management and leadership development was launched during 2019/20 which set out developments in the way that the Trust managed, identified and developed leaders, managers and key specialists in alignment with the current organisational strategy and vision. During 2020/21 the Trust has rolled out the Hive Methodology which is the Trust's new continuous improvement approach to support transformation and recovery at pace.

## **Processes and Structure**

Accountability for patient safety, clinical effectiveness and patient experience and improved efficiency are set out in the Trust's Quality Improvement Strategy. In 2020/21 The Quality Committee has on behalf of the Board kept under review the Trust's Quality Improvement Strategy which seeks to embed a culture of patient safety and improvement. The strategy sets out plans to deliver sustained, significant and continuous improvements to the quality and safety of the care provided to patients. The strategy incorporates national requirements and locally identified measures. Areas of focus have been selected to have the highest possible impact across the overall Trust. The majority of measures are specific, measurable and time-bound. The strategy and supporting plans reiterate the Board of Directors' commitment to delivering high standards of safe, quality care to patients, as well as providing a working environment and culture which promotes and welcomes honesty, safety first, openness, compassion and embraces the NHS long term plan.

The Board of Directors hold ultimate accountability for ensuring the Trust's services are safe, effective and reflective of the needs of patients; to that end it is the responsibility of the Board to foster a culture of quality and patient safety within the organisation by driving and overseeing the implementation of this strategy and plan. The Trust has established a Quality Assurance Committee, a Serious Incident Reporting Panel and a weekly patient safety summit to ensure escalation and oversight of significant issues.

The Board of Directors monitors the work streams that underpin this strategy and plan by scrutinising the information contained in the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections are produced for the Board of Directors and its Assurance Committees.

Care Group Clinical Directors, Assistant Chief Nurses, Lead Allied Health Professionals and Associate Directors of Operations have responsibility for facilitating the implementation of this strategy and plan within their Care Groups. Furthermore, it is the responsibility of the Care Group team to contribute to the delivery of the Trust's quality targets. This is managed through the development and delivery of Care Group business plans which include specific requirements relating to quality, patient safety and risk.

All Trust managers and Trust staff have a responsibility for supporting the Trust in its implementation of this strategy and plan and to adopt the principles of quality to guide them in their day to day roles.

The Board of Directors commences every meeting with a patient story, reflecting on positive and negative experiences of patients using the Trust's services. The ability to start all Board of Directors' meeting with a patient story during 2020/21 was impacted by the NHS response to the COVID-19 pandemic, as Trust Boards were advised by NHS England and NHS Improvement to continue to hold Board meetings virtually with focused agendas and streamlined reports. It was agreed to stand down patient stories during lockdown 1 and 2.

The Assurance Committees of the Board receive Quality and Integrated Performance Reports to provide assurance on quality outcomes including compliance with Care Quality Commission (CQC) registration requirements and CQC Essential Quality and Safety Standards. This is achieved through the Care Group Governance and Assurance Groups and the Care Quality Assessment Tool report.

The Board actively seeks feedback from patients, members, governors, commissioners and other stakeholders in the pursuit of excellence as part of the continuous improvement cycle. All members of the Board of Directors routinely participate in patient safety walkabouts, corporate quality reviews and leadership visits in clinical areas to engage with frontline teams, patients and visitors to evaluate the safety, clinical effectiveness and experience of care for patients. During 2020/21, this has been impacted by the NHS response to the COVID-19 pandemic.

Information reported to the Board, regarding performance against nationally mandated targets, is collated from the dataset submitted to the Department of Health. Likewise data to support compliance with locally



commissioned services and targets is reported to the Board of Directors from the dataset provided to commissioners.

### 4.3 How Risks to Data Security are Being Managed

Data quality and data security risks are managed by the Informatics, Information and Innovation (I3) via the I3 Risk Management Forum and Information Governance and Data Quality Group reporting to the Trust's Finance Committee with information generated through the risk management system. Any risks identified are added to the risk registers. In addition, independent assurance is provided by the Data Security and Protection Toolkit self-assessment review process.

During 2020/21 the Informatics, Information and Innovation (I3) Service has overseen:

- Continued development of a system to support secure information sharing for delivery of care;
- Continued development of assurance systems to monitor and assure the privacy of patient records accessed within the Trust;
- Continued roll-out of secure electronic record keeping in place of paper record systems;
- Implementation of Microsoft 365; and
- System risk and criticality assessments and assurance.

During 2020/21, the Trust had 124 Personal Data related incidents reported, all were thoroughly investigated, evaluated and reported upon, with 3 incidents being reported to the Information Commissioner, Department of Health or NHS Digital. In comparison there were 121 personal data information security related incidents recorded during 2019/20

The tables below provide a summary of the incidents that were reported in 2020/21.

Summary of personal data related incidents					
Breach Type		No Impact	An impact is unlikely	Reported to ICO <sup>1</sup>	Reportable to ICO and DHSC <sup>2</sup> Notified
Confidentiality	Unauthorised or accidental disclosure	49	26	1	0
	Unauthorised or accidental access	9	4	2	0
Availability	Unauthorised or accidental loss	18	3	0	
	Unauthorised or accidental destruction	10	1	0	0
Integrity	Unauthorised or accidental alteration	0	0	0	0

<sup>1</sup> ICO – Information Commissioners Office

<sup>2</sup> DHSC – Department of Health and Social Care

The incidents classified as reportable to the Information Commissioner and/or Department of Health and Social Care are summarised below:

Date of Incident (Month)	Nature of Incident	ICO Outcome
June 2020	Suspected unauthorised access / disclosure	Awaiting outcome
August 2020	Suspected unauthorised access / disclosure	No further action
January 2021	Cyber Incident	No further action

Due to the pandemic, the Data Security and Protection Toolkit (DSPT) submission date has been extended to June 2021. Therefore, the Trust has not submitted their final internal assessment which is expected to be submitted on or before 30 June 2021. The governance process which supports the management of the submission has been subject to Trust's internal auditors Mersey Internal Audit Agency (MIAA) and they have provided an overall Substantial Assurance of the process.

### 4.4 Organisation's Key Risks

On 19 March 2020 the Trust was informed that operational planning was cancelled due to the NHS response to the COVID-19 pandemic.

Up until this point the Board had developed planning and priorities for 2020/21 focused on delivery of a £19.1 million Cost Improvement Programme and commencing on delivery of this plan working with our Bay Health and Care Partners on the transformation programme which we had agreed would focus on 4 key priority areas:

- Transformation of outpatients;
- Reshaping inpatient care to release Medical Unit 2;
- Theatre improvement programme; and
- Long term conditions.

The Trust established very quickly a strategic, tactical and operational governance process through which it responded to the pandemic. In light of the impact of COVID-19, a review of priorities and the challenges facing the Trust for 2020/21 has been undertaken.

In-Year Risks 2020/21	Future Major and Significant Operational and Clinical Risks 2021/22
Whilst the Trust's operational priorities for 2020/21 had been agreed, in light of the COVID-19 situation the Board of Directors reviewed and refined these into 4 key areas of focus for 2020/21; details of which are set out below.	In light of the continued response to the COVID-19 pandemic, the Board of Directors reviewed and agreed the following 3 key areas of focus for 2021/22; details of which are set out below.
<ol style="list-style-type: none"> <li>1. Dealing with the current COVID-19 pandemic as safely and effectively as we can.</li> <li>2. A core focus on colleague wellbeing.</li> <li>3. Continued priority on Quality and Safety of our services.</li> <li>4. Post-COVID-19 Future – operational recovery and transformation programme.</li> </ol>	<ol style="list-style-type: none"> <li>1. Improved financial performance &amp; transformation of our services.</li> <li>2. Quality and safety of services.</li> <li>3. Colleague psychological and physical well-being.</li> </ol>

The risks were assessed and validated by the Board of Directors as part of the response to the COVID-19 pandemic. The Trust has identified mitigating actions to reduce the overall exposure arising from these risks.

Mitigating actions against the risks are set out in the Board Assurance Framework and the COVID-19 Response Plan. Each risk remains under constant review and are assessed by reviewing progress with measurable targets, and auditing compliance with national and local standards / regulations. Mitigating actions and outcomes are monitored on a quarterly basis by the reporting Committees identified in the Risk Management Strategy. Escalation and de-escalation of risks is dependent upon progress to achieve outcomes. Further information is contained in the main Annual Report.

#### 4.5 Effectiveness of Governance Structures

The Trust has reviewed its corporate objectives and visions and values which focus on quality. Underpinning these will be objectives and work programmes. Progress will be reported to the Board of Directors and its Assurance Committees.

The corporate and clinical governance teams work with Care Group management teams and governance leads to strengthen and embed the following areas within the Trust:-

- Risk management;
- Incident reporting and investigation;
- Clinical Audit;
- NICE guidance;
- Patient reported outcome measures;
- Complaints and litigation;
- Safety Alerts;
- Care Group Governance Leads; and
- Involving and engaging patients and the public.

Each Care Group has a Care Group Governance Framework in place. Care Group performance meetings are held on a monthly basis and areas of concern are escalated to the Assurance Committees. At Care Group performance meetings, the Executive Directors hold Care Groups to account for their performance.

To test the effectiveness of its governance structures and process, the Trust employs Mersey Internal Audit Agency (MIAA) as its internal auditors. Each year the Trust agrees priority areas for MIAA to audit. The impact of COVID-19 has required MIAA to review the Trust's internal audit risk assessment and plan for 2020/21 on a regular basis. Set out below is the 2020/21 work programme delivered by Internal Audit and the outcomes of the Audit Work.

The 2020/21 Internal Audit Plan has been delivered (with the exception of the reviews of Records Management, Key Financial Systems, Attendance Management, Kirkup 5 year on review, Payroll and Data Quality were included in the final HOIA opinion with the focus on the provision of the Head of Internal Audit Opinion. The Data Security and Protection Toolkit (DSPT) phase 2 are due for completion by the end of June 2021 in line with the NHS Digital timetable. This position was reported to the Audit Committee in 2020/21.

The impact on the organisation of COVID-19 required MIAA to review the internal audit risk assessment and plan for 2020/21 on a regular basis, in liaison with the Trust. As part of this assessment MIAA took account of the following:

- How the organisation has implemented NHSE/I guidance, issued to support them in responding to COVID-19, whilst still discharging their stewardship responsibilities;
- Any revisions to the organisation's strategic priorities as well as liaising with you to review areas for internal audit focus;
- Independent assurance requirements on how COVID-19 costs are captured and claimed across a range of areas;
- Mandated review requirements and audits which from a professional internal audit perspective are pre-requisite to ensuring sufficient coverage for a robust Head of Internal Audit Opinion.

Therefore review coverage has been focused on:

- The organisation's Assurance Framework;
- Core and mandated reviews, including follow up; and
- A range of individual risk-based assurance reviews.

The Head of Internal Audit Opinion is that Moderate Assurance can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk. Please note this is the same overall opinion which the Trust received in 2019/20.

The internal audit reports show that the Trust has been successful in embedding governance at many levels within the Trust with a number of reports receiving Substantial or Moderate Assurance. Several reports received Limited Assurance and the Trust must remain vigilant and continue to strive for further improvements across all areas.

Review Title	Assurance Level
	High/Substantial/Moderate/Limited/No
Key Financial Systems (general ledger, budgetary control and financial reporting and treasury management)	High
Key Financial Systems (accounts payable and accounts receivable)	Substantial
IT E Outcomes System	Substantial
Quality Assurance Accreditation Scheme	Moderate
Recruitment Controls (Medical Consultants) (2019)	Moderate
Cost Improvement Programme (2019)	Moderate
Bullying and harassment processes	Moderate
Records Management	Moderate
Risk Management	Limited
Radiology Referrals (2019)	Limited
Business Continuity (2019)	Limited

Please note there were no reports assigned a No Assurance opinion during 2020/21.

Five reviews were undertaken without an assurance rating which included:

- Conflicts of interest;
- Capital programme management;
- Review of standing financial instructions and scheme of delegation;
- Data security and protection toolkit; and

- Kirkup 5 Year Review.

The Trust has in place a Trust-wide resilience plan supported by service and site-based plans; the aim of which is to ensure business continuity in the event of an incident or emergency. The business continuity audit identified that although a resilience framework was in place, a significant number of the plans needed to be refreshed and that there was limited evidence that they had been tested to ensure they were fit for purpose. The Trust response to the COVID-19 pandemic has shown the effectiveness of the resilience framework and the associated business continuity plans. The Board approved a COVID-19 emergency response plan and established a command and control framework and through the business continuity infrastructure successfully responded to the challenges of the pandemic. This has demonstrated the effectiveness of the business continuity plans. During the pandemic, the Chief Operating Officer has had executive oversight of the resilience framework and has ensured that business continuity arrangements have been reviewed and refreshed as required. The Audit Committee has sought assurances from the Chief Operating Officer that notwithstanding the Limited Assurance report, that the resilience framework remains effective and that business continuity arrangements are continually being reviewed.

In addition, the Assurance Framework Opinion Stage 1 confirmed that NHS requirements met (alignment with strategic objectives and challenge and scrutiny processes) and Assurance Framework Opinion Stage 3 confirmation that NHS requirements partially met (confirmation of structure, quality and engagement) Stage 2 comprised a survey of Board members.

The Assurance Committees seek assurance from Executive Directors and Care Groups about risk and performance. Through the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections, Non-Executive Directors are able to seek assurance and hold Executive Directors to account for quality, risk and performance.

The Board of Directors receive submission of timely and accurate information to assess risks to compliance with the Trust's Licence by scrutinising the information contained in the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections.

Together with internal and external audit, the Deputy Chief Executive and the Company Secretary report to the Audit Committee on the effectiveness of governance systems and structures to ensure they remain fit for purpose. The Audit Committee is a sub-committee of the Board of Directors and provides independent assurance on aspects of governance, risk management and internal controls.

The Trust undertakes a fit and proper person assessment for all Members of the Board. During 2020/21, the Trust conducted two fit and proper persons tests, aligned to the appraisal timetable, of all Board members with no issues raised.

The Trust continues its approach to lessons learned through the Learning to Improve Steering Group. The Group reports to the Quality Committee and reviews its Terms of Reference on an annual basis; these are available on the Trust's procedural document library. This Group has responsibility for seeking assurances on the effectiveness of systems for sharing lessons learned across the Trust. Learning from both good and bad practice is key to improving services to patients. It brings together Care Group safety and lessons-learned and considers these alongside organisational data from patient safety, audit, patient experience and legal services. This Group produces the monthly learning to improve bulletin.

#### **4.6 How Risk Management is Embedded in the Activity of the NHS Foundation Trust**

The Trust has in place a Risk Management Strategy and Framework which ensures that risks are considered and managed as part of the activity of the Trust. Each Care Group has a Risk Register which is regularly reviewed and updated and operational risks are considered through the Care Group Governance Framework. Care Group Risk Registers in turn are used to develop the quarterly Corporate Risk Register report for the Board of Directors' meeting and quarterly Committee Risk Register report for its Assurance Committees. The ongoing work with GGI will further support how Risk Management is embedded in the Trust.

The Assurance Committees also receive reports from clinical and non-clinical committees, on a regular basis which include details of how operational risks are being managed.

The Trust openly encourages staff to report incidents and near misses using the Trust's incident reporting system (Ulysses). The Trust encourages reporting within an open and fair culture, where reporting is congratulated and individuals are not blamed or penalised if they speak out. The Trust has adopted and supported Speak Out Safely. Following the publication of the NHS Employers review into Raising Concerns in the Trust in March 2015, the Trust has continued to promote the culture of speaking up for patients to improve and maintain the patient and staff experience. As one of the first Trusts in the country to appoint a Freedom to Speak up Guardian, the Trust is seen as exemplar in its approach and the Trust continue to closely follow the recommendations from Robert Francis' "Freedom to Speak up" report while being supported by the National Guardian's office. The Trust's Freedom to Speak up Guardian is supported by a Non-

Executive Director and the Trust's Medical Director and continues to work closely with the National Guardian's Office. During 2020/21, the Freedom to Speak Up Guardian presented quarterly reports to the Board of Directors' meetings.

An incident reporting system is in place and incidents are entered onto a database for analysis. All incidents that are submitted using the incident reporting system are evaluated with root cause analyses undertaken for instances of harm that are deemed to be serious under the Trust's reporting and management of incidents including serious incidents procedure. There is a weekly Patient Safety Summit meeting led by the Medical Director and / or Executive Chief Nurse that review the previous week's incidents and determine whether rapid reviews or other actions are required. All identified changes in practice required following a root cause analysis are overseen and implemented by the Serious Incidents Requiring Investigation Panel which is chaired by a Non-Executive Director.

The Trust has an ambition to become one of the safest organisations in the country; the aspiration is to be recognised nationally and internationally as being at the forefront of patient safety through delivering high quality safe care. The Trust has a Patient Safety Unit (PSU). The PSU was established to provide a resource for investigating and acting on potential patient safety concerns for example through issues arising from the Serious Incidents Requiring Investigation Panel, lessons learnt and the Risk Safeguard team.

During 2020/21 the Terms of Reference of the Patient Safety Unit were refreshed with the following objectives:

- To provide leadership and operational oversight to development of and delivery against agreed key quality and safety improvements;
- To provide expert advice and remove barriers that may prevent delivery against agreed actions;
- To monitor progress of workstream delivery plans;
- To provide assurance that agreed improvement workstreams are on time and delivering positive outcomes; and
- Support the development of and ensure compliance with the organisations risk management and systems and processes.

The Patient Safety Unit is accountable to the Board of Directors through the Quality and Performance Assurance Committee. The duties of the PSU are as follows:

- To ensure the Trust's delivery of key quality and safety improvements are delivered by:
  - Systematically reviewing, scrutinising and constructively challenging process and outcome across each work stream across corporate teams, care groups and front-line teams;
  - Ensuring correct strategy is adopted for managing significant risks against delivery; and
  - Ensuring controls are present and effective and actions plans are robust for each of the agreed workstreams.
- To ensure improvement plans and delivery against measurable outcome is evidenced and provide a monthly update to the Quality and Performance Assurance Committee;
- To develop a simple dashboard that provides a clear picture of effective delivery or risks to delivery that can be used to escalate risks;
- Ensure early and proactive escalation to the executive directors of any risks that will require their support to address and monitor impact of actions taken; and.
- Map out the impact of each workstream of regulatory Key Lines of Enquiry (KLE).

Quality impact assessments and due diligence are used by the Trust in respect of business cases, programme management activities and cost improvement programme proposals. Significant proposals are signed off by the Medical Director and the Executive Chief Nurse. Impact Assessments are kept under review. These were used extensively through the pandemic as service changes were made.

An Enhanced Support Programme (ESP) has been created by the Trust to help us learn from concerns about patient safety and ensure best practice is shared and adopted across teams.

In the last five years the Trust has undergone two external investigations; the Kirkup Review of Maternity Services and, more recently, the NHS England and Improvement (NHS E&I) Urology Review. The ESP has been devised in response to such reviews and will enable the Trust to provide additional assistance to teams that are identified as needing higher levels of support. The ESP will offer tools and practical expertise to enable colleagues to diagnose issues, co-produce solutions and deliver sustainable change within services.

The Trust has a zero-tolerance approach to fraud. The Counter Fraud service is provided by Mersey Internal Audit Agency. This helps to embed and tackle fraud and potential fraud in several ways:

- developing an anti-fraud culture across the Trust's workforce;
- fraud proofing of all Trust policies and procedures;

- conducting fraud detection exercises into areas of risk;
- investigating any allegations of suspected fraud; and
- obtaining, where possible, appropriate sanctions and redress.

Since their inception within the Trust, all policies, procedures, guidelines, schemes, strategies have to have a completed Equality Impact Assessment (EIA) attached before being submitted to the relevant Committee for discussion and sign off. Likewise completion of an EIA is expected when there is a new service to be implemented, a change to a service or cessation of a service along with the relevant consultation and engagement with service users. Where an adverse impact is identified during the completion of the initial assessment, a full EIA is carried out. This involves consulting and engaging with people who represent protected characteristic groups and other groups if required to do so.

The Trust's Equality Objectives are:

- To eliminate unlawful discrimination, harassment and victimisation;
- To improve year on year the reported patient experience for protected groups;
- To improve year on year the reported employee experience for protected groups; and
- To reduce health inequalities for protected groups by improving access to all services.

The Trust's Inclusion and Diversity Strategy sets out the organisation's approach to becoming a truly inclusive employer and service provider in creating an environment and culture that celebrates inclusion and diversity, dignity and respect, and which values, nurtures, and harnesses difference for the benefit of patients, service users, their families, carers, members of the public and our employees. The Trust has demonstrated an unprecedented level of focus and action on the inclusion agenda over the last 5 years. The Trust is now regarded as a leader in the field of inclusion and diversity, being placed number 1 in the Top 50 Inclusive Employer awards 2020.

Delivery of the final year of the 2016 - 2021 strategy is underway; work which has continued despite the pandemic. Indeed, the Trust's existing approach and infrastructure for inclusion has enabled support to be provided to different groups throughout the pandemic responding to different needs. One example of which includes the support to Black, Asian and minority ethnic colleagues in response to the disproportionate impact of COVID-19 on these communities and healthcare workers. The Trust has maintained reporting of progress and improvement plans related to the National NHS Workforce Race Equality Standard (WRES), National NHS Workforce Disability Equality Standard (WDES), Gender Pay Reporting and a locally developed Sexual Orientation Equality Standard.

The Trust has established networks for protected groups with executive sponsorship including lesbian, gay, bisexual and transgender, disability, Black, Asian and minority ethnic, forces, and carers' networks.

Skills development is a key element of the Trust's Towards Inclusion Strategy. In partnership with CETAD at Lancaster University, the Trust has developed a half day Inclusive Behaviours workshop with a 5 year plan for all colleagues to complete. Over 1600 colleagues have participated in the programme. A new Inclusive and Compassionate Leadership programme for senior leaders launched in 2020.

The Trust follows the Equality Delivery System 2 (EDS2) performance framework to aid the delivery of personal, fair and diverse services. It demonstrates compliance with the statutory Public Sector Equality Duty - Equality Act 2010 which expanded to cover 9 protected characteristics. EDS2 focuses on these groups. The framework is mapped to Care Quality Commission regulations, the NHS Constitution, and the NHS outcomes framework.

The Trust is hugely privileged to be an Alumni partner of NHS Employers Equality and Diversity Partners programme. This continues to be a fantastic opportunity for the Trust to work with NHS Employers, other partners as well as national stakeholders to support the Trust to embed and integrate inclusion and diversity into the culture and structure at the Trust.

#### **4.7 Elements of the Assurance Framework**

Through its Corporate Governance Statement (required under NHS Foundation Trust Condition 4(8) (b)) the Trust will demonstrate its on-going compliance with:

- Board leadership;
- Organisational management; and
- Quality governance.

Through its governance structures the Trust is able to assure itself on the Trust's performance. The Board of Directors receive submission of timely and accurate information in the Integrated Performance Report and the patient and quality, people, operational performance and finance and productivity performance sections, the

Board Assurance Framework and the Corporate Risk Register which are produced quarterly for the Board and its Assurance Committees.

The Board also receives assurances through the Programme Management Office, external assessments, inspections and visits, clinical audit and internal and external audit and clinical and non-clinical committees, which report on a regular basis to the Assurance Committees and the Audit Committee. The Trust is, therefore, satisfied that there is a high degree of rigour and Board oversight of risk and performance.

Through submission of timely and accurate information and its action plans, the Board is able to assess risks to compliance with the Trust's NHS Improvement (NHSI) provider Licence. In 2020/21 the Audit Committee received a report describing the key elements of NHSI Single Oversight Framework which is used to help assess providers' compliance with licence requirements. The purpose of the report was to assure the Committee on how the Trust met the requirements of the framework.

The Board, therefore, is able to assure itself of the validity of its Corporate Governance Statement.

Through the Governance Division and the governance action plan, the Board of Directors has laid the foundations to provide the framework to manage risks in these areas.

During 2019/20, the Board Assurance Framework (BAF) was revised to reflect the findings of the external governance review. The revised BAF covers the following areas:

- The strategic priority that the BAF risk has been aligned to;
- Identifies the risks to the achievement of the aligned strategic priority;
- Identifies the system of internal control in place to manage the risks;
- Identifies and examines the review and assurance mechanisms, which relate to the effectiveness of the system of internal control; and
- Records the actions taken by the Board of Directors and Officers of the Trust to address control and assurance gaps.

The Trust has obtained from Internal Audit an opinion that confirmed that 'the organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board'.

Following the recommendations of the governance review, the BAF was revised in 2019/20 and developed alongside the production of the Operational Plan. To align the Board Assurance Framework and Corporate Risk Register to the Operational Plan, a quarterly review of the Operational Plan priorities are undertaken by the Board and its Committees.

Risk prioritisation and action planning is informed by the Trust's corporate objectives. The Board of Directors in preparation for the start of the new fiscal year identifies the key strategic risks to the organisation's objectives and ensures that mitigating measures are established and managed. The Trust uses its Risk Register to both manage the key strategic risks, receiving assurances that mitigating actions are effective and to enable the escalation of any new areas of risk that present in year. The risks managed on the Risk Register are derived from a number of internal and external sources including national requirements, national guidance, complaints, claims, incident reports and internal audit findings but are all contextualised against the Trust's strategic objectives. Strategic risks are owned at an executive level in the organisation (Board of Directors) but the management of higher level value operational risks and their control measures and actions is undertaken at various levels in the Trust. Lead Executive Directors and Lead Managers are identified for each risk who assume responsibility for addressing any gaps in control or gaps in assurance by developing and managing the corresponding action plans.

The Board Assurance Framework (BAF) serves to assure the Board of Directors that the Trust is addressing its risks systematically. The action plan arising from each risk also serves as a work plan for the Trust through the Lead Managers to ensure mitigation against risks and closure of any gaps in control or assurance.

The 'elements' of the Board Assurance Framework are monitored and reviewed on a quarterly basis by the Executive Directors, Assurance Committees and the Board of Directors. The Board Assurance Framework is a live document and is used as a key component in the formulation of the Trust's annual reports.

The Trust's risk management and assurance processes are evaluated on an annual basis by the Audit Committee. The Audit Committee provides assurance that the Trust's internal controls are enabling it to achieve its objectives. Where there are gaps in assurance, these are highlighted to the Board of Directors who are responsible for overseeing the completion of action plans to address the gaps.

For 2021/22 a revised BAF has been approved by the Board to better enable the Board to seek assurances against the delivery of its objectives.



#### 4.8 How Public Stakeholders are Involved in Managing Risks Which Impact on Them

The Trust involves both patients and public stakeholders in the governance agenda, strategic planning and risks facing the Trust.

This has been achieved through engagement with the Trust Membership and Governors, Morecambe Bay Clinical Commissioning Group, Lancashire and Cumbria Overview and Scrutiny Committee, local Safeguarding Children's Boards and local Healthwatch groups. The Trust is also represented at local Health and Well Being Boards.

Through Lancashire and South Cumbria Integrated Care System and Bay Health and Care Partners (BHACP), the Trust is working to remodel the regional and local health economy to provide a sustainable integrated health care system. During 2020/21, the following priorities were areas of focus:

- Taking more action on prevention and health inequalities through a 'population health' approach;
- Further strengthen the sustainability of general practice and provide improved care through Integrated Care Communities and Primary Care Networks to support thriving communities;
- Deliver care that will prioritise real improvements in mental health, cancer, emergency care and planned care and meet national standards;
- Improve financial and clinical sustainability alongside the quality of service delivery; and
- Develop and deliver more integrated care.

Further information on the work with our system partners is included in the Annual Report.

The Trust has regular contact and performance meetings with its commissioners. The Trust attends and provides regular reports to the Local Overview and Scrutiny Committees and works closely with Healthwatch.

The Trust has worked closely with governors to help them fulfil their statutory roles. The Governors continue to contribute to the Annual Plan and the Quality Account.

During 2020/21 the governors attended constituency meetings, a virtual Foundation Trust membership talk about the future of outpatients and have participated in external events organised by the Foundation Trust Network and the North West Governors' Forum.

#### 4.9 How the Trust Complies with the Developing Workforce Safeguarding Recommendations

UHMBT utilises 'Hard' and "Soft" workforce planning to meet workforce planning requirements. "Hard" workforce planning is about numbers: predicting how many people with what skills are likely to be needed and 'Soft' (or strategic) workforce planning, which is about defining a strategy or developing a strategic framework within which information can be assessed.

The Trust's organisational structure incorporates five discreet business units (Care Groups), which each face their own unique workforce challenges. Care Group priorities for 2021/22 have been defined following a review of 2020/21. These are collated into a 'soft' (strategic) workforce plan.

The implementation of 'Hard' workforce planning, to support transformation and future service delivery plans, will be included as one of the priority actions during 2021/22. In other words, the delivery of transformation plans relies in part on the provision of effective:

- Job Planning;
- Workforce planning (Hard and Soft);
- Strategic Recruitment; and
- Retention.



Figure 1. Workforce planning links within UHMBT to the Transformation programme

## Care Group Priorities

All of the Care groups were asked to share their workforce challenges and priorities, looking at current issues and where their focus needs to be for both the short and medium term.

The key themes from the Care groups were: having workforce availability in terms of both numbers and skills; building a sustainable workforce; and service delivery models; exploiting medical and technological advances to ease the burden and provide better care for patients.

## Trust Wide Priorities

Whilst Care Groups have identified their respective workforce challenges and priorities, as detailed above, a number of these align to Trust-wide priorities. In 2021/22 these will include:

Implementation of 'Hard' workforce planning, whereby a clear gap analysis of workforce supply and service demand can be worked through. This work will be closely linked to the efficiencies of effective job planning, also a 2021/22 priority.

International Recruitment (Nursing) - the Trust will continue with international nurse recruitment, with the intention of scaling up arrival numbers to circa 20- 30 per month during 2021/2.

International Recruitment (Medical) - the Trust will build on existing experience and partnerships to further develop the potential for strategic international medical recruitment. There are a number of organisations which the Trust is currently in discussions and/or partnership with – including BAPIO, NHS Health Education England, Wrightington Wigan & Leigh NHS.

To support this the Trust's offer of supporting SAS doctors to go through their CESR process will be consolidated and standardised, to ensure the most efficient and supportive outcomes.



Figure 2. Workforce planning considerations – Supply

Grow Our Own – Supported in part by financial collaboration with NHS Health Education England, the Trust will (through the Learning and OD team) maintain a focus on apprenticeships as a means to growing our own future workforce.

Domestic Recruitment – 2020 saw a refresh of the Trust's 4P strategy (Pitch, Process, Personalisation, Presence) and with the adaptability of the strategy, domestic recruitment potential will be optimised.

Innovation – the Trust is embracing the concept of new roles, and through the Care Group prioritisation exercise, and evolving strategy and transformation plans new roles and/or new models of care will emerge through 2021/22.

Collaboration - through the Bay Health & Care Partners will be a key feature of 2021/22 as the Virtual Recruitment Hub continues to provide a forum for best practice sharing, mutual support (eg. LSCFT international nurses accessing UHMBT OSCE training in Barrow), and collaborative approaches to the recruitment of limited talent pools – eg. Pharmacists.

Student Conversion – active relationship development between Further Education providers and UHMBT will see the undertaking of focus groups with students who have been/are on placement with the Trust so that measures can be taken to maximise the conversion rate of placement to employment.

Retention – retention begins with the experiences through recruitment. A comprehensive improvement action plan to the Trust's recruitment processes will complete in 2021/22, supported by a review of the Trust's

retention mechanisms. Retention at UHMBT is supported by a number of elements from the People & OD Cycle of Excellence:

- Grow and Develop;
- Health and Wellbeing; and
- Engage & Involve.

The review has also culminated in a more pro-active policy (currently in draft) on securing more meaningful intelligence from leavers.

### Connecting Care Group Priorities and Trust Priorities

In early 2020, the People & OD Directorate established a Recruitment & Retention Group. Following a slow start due to the impact of COVID19 the group has become a vehicle for collaboration, standardisation and networking. With membership from across the People & OD Directorate (operational and strategic recruitment, Business Partners, Learning & Development and Careers & Engagement) this group meets every six weeks and has started to galvanise the Trusts approach to understanding and progressing all matters relating to recruitment. Specific focus areas for the group are as follows:

- New hire analysis – understanding the experiences of our new colleagues as they joining the organisation, and ensure remedial action is taken where the joining experience has fallen short of expectations;
- Exit intelligence – receiving reports on exit data which helps to develop an understanding as to what the Trust might need to do differently;
- Agency use information – connecting the link between Care Group recruitment plans, risk registers and agency/ locum use. Colleagues from the Procurement team have been invaluable in this regard;
- Sharing innovation – an opportunity for colleagues to operate in a working group environment to share good practice, and identify areas for collaboration; and
- Education – the group also provide a forum for key recruitment related legislative and policy updates to be shared, so that Business Partners are aware of the impact these may have on Care Group plans.

### Summary

UHMBT will ensure that the workforce planning for the next period considers all of the factors highlighted above and alignment with the trusts priorities and Clinical Operating Model (COM). UHMBT will mitigate the key environmental factors where they can be and plan to utilise advancements in technology to improve the delivery of patient care.

The workforce at UHMBT is affected by the challenges of an ageing population and workforce in the context of a static working age population and historically low unemployment. These challenges require imaginative approaches to recruitment such as an expansion of apprenticeships, advanced practice roles and the development of new and innovative roles such as physician associates. The key challenge for UHMBT is balancing workforce supply and demand.

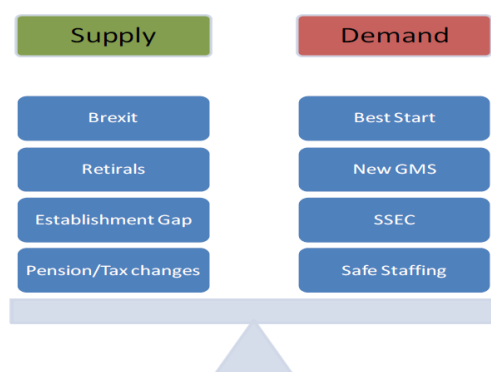


Figure 4. Balance of Supply Vs Demand

As part of the COM all services will undergo a workforce planning session, using HEE approved approaches (STAR Model and the six step model) to look at how we can use the models to identify key enablers of workforce changes, bringing structure and focus to the diverse conversations with each service.

Through deployment of the approach outlined above will ensure that the Trust workforce is skilled, adaptable and employed to deliver the highest quality and safety of patient care in the most efficient manner.

#### **4.10 Disclosure of Registration Requirements**

University Hospitals of Morecambe Bay NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is compliant with conditions.

A CQC Unannounced Core Service Inspection of the Trust took place mid November 2018. This was followed by a Use of Resources Assessment late November 2018. This was led by NHS Improvement (NHSI) and consisted of a day of interviews with members of the Board and senior operational teams. There was an announced CQC 'Well-led' inspection in December 2018. The final CQC Quality Report was published in May 2019.

The CQC rated the services provided by the Trust as Requires Improvement overall. Previously it was rated Good. The Trust was rated as Requires Improvement for being safe, responsive and well-led and Good for being effective and caring. A team of CQC inspectors assessed three core services: urgent and emergency care, surgery and medicine. They also looked specifically at management and leadership to answer the key question: Is the trust well-led? While the overall rating for Royal Lancaster Infirmary fell to Requires Improvement, Furness General Hospital and Westmorland General Hospital remained rated as Good overall.

The CQC also published the Trust's Use of Resources (UoR) report, which is based on an assessment undertaken by NHS Improvement. The Trust was rated as Inadequate for using its resources productively. The combined rating for the Trust, taking into account CQC's inspection for the quality of services and NHSI's assessment of Use of Resources, is Requires Improvement.

Following the publication of the CQC Quality Reports the Trust developed a new CQC Hospital Improvement Plan which incorporated all the Trust Wide and Care Group Must and Should Do actions which were identified as areas for improvement within the CQC Quality Reports. The Improvement Plan was closed by the Board in April 2021.

The CQC published the final quality reports and ratings on their website which can be visited at [www.cqc.org.uk](http://www.cqc.org.uk).

On 16 April 2021, the Trust received formal notification of a provider level inspection of 'well led' on 6 and 7 May 2021. Although the final reports have not yet been published the Trust has received a notice from the CQC under Section 31 of the Health and Care Act 2008, of immediate change required in Stroke Services to address any identified risk to patients. The full details of the notice have been shared with the Trust Board and actions were swiftly put into place to meet this instruction.

#### **4.11 Publication of Trust Register of Interests**

The Trust publishes 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.

Civica (formerly MES Declare) was introduced in February 2019 to provide a digital platform for declaring and managing conflicts of interests across the Trust. Regular reports are made to the Audit Committee.

#### **4.12 Compliance with the NHS Pension Scheme Regulations**

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.

#### **4.13 Compliance with Equality, Diversity and Human Rights Legislation**

Control measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with. This is evidenced by the annual review and self-assessment carried out during the year, as the Trust is required to publish and monitor a variety of workforce metrics. This is also evidenced by demonstrating that all procedural documents incorporate an equality impact assessment prior to ratification by the relevant Committee.

#### **4.14 Compliance with Climate Adaptation Requirements under the Climate Change Act 2008**

The Trust has undertaken risk assessments and has plans in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaption Reporting requirements are complied with.

#### **4.15 Third Party Assurances**

The Trust has a number of outsourced functions and it has taken reasonable efforts to satisfy itself that no significant control weaknesses exist to these outsourced functions. The outsourced functions are managed through a formal contract which specifies the standards to be achieved, and are measured through performance data. In addition, the Trust receives and scrutinises audit reports in respect of the outsourced functions.

### **5. Review of Economy, Efficiency and Effectiveness of the Use of Resources**

The Trust has an Operational Plan which is approved by the Board of Directors and submitted to NHS Improvement. Performance against the Plan is monitored by the Assurance Committees and the Board of Directors.

The monthly Integrated Performance Report is produced which contains performance indicators and NHS Improvement metrics for finance, performance, quality and workforce information.

The Trust's resources are managed within the Corporate Governance Framework, which includes Standing Financial Instructions. Financial governance arrangements are supported by internal and external audit who assess the economic, efficient and effective use of resources and provide assurance to the Audit Committee.

Care Group and corporate departments are responsible for the delivery of financial and other performance targets via a performance management framework incorporating service reviews with the executive team for key areas and compliance with the Trust's Financial Accountability Framework.

The Trust has in place a Programme Management Office and the Head of Programme Management Office and administrative support to scrutinise planning and delivery. In addition, the Trust is utilising external support to identify areas of improvement and develop / implement action plans to deliver the required efficiency.

Through the contracts and commissioning team, business cases are developed to ensure that rigour is applied to significant changes in operation or service provision. This includes impact assessments and due diligence tests

### **6. Data Quality and Governance**

In light of the pressures caused by the public sector response to COVID-19, a number of revisions were made to the annual reporting requirements for 2020/21. The Annual Report is no longer required to include a quality report for 2020/21. The following section focuses on data quality and governance in accordance with the revised reporting requirements. Steps have been put in place to assure the Board that there are appropriate controls in place to ensure accuracy of data. These steps cover the following areas as detailed below:

- **Governance and Leadership**

The quality improvement system is led directly by the Board of Directors which also exercises its governance responsibilities through monitoring and reviewing the Trust's quality performance. The Quality and Performance Assurance Committee reporting directly to the Board leads the Trust's quality agenda and takes assurance on compliance with the Trust's Quality Indicators.

- **Policies**

The Trust has in place a suite of policies which have quality at their heart, focusing on care that is safe, effective and reflective of the needs of patients and staff. The Quality Improvement Strategy sets out the framework in which quality improvements will be achieved within the Trust, with other key policies such as the Incident Policy and Complaints Policy.

- **Systems and Processes**

The Board of Directors ensures that adequate systems and processes are maintained to measure and monitor the Trust's effectiveness, efficiency and economy as well as the quality of its healthcare

delivery. The Board regularly reviews the performance of the Trust in these areas against regulatory requirements and approved plans and objectives.

- ## People and Skills

The Trust delivers a range of workshops/training in compliance with the NHS National Core Skills Framework.

The Trust also actively encourages and supports employees to gain the skills and qualifications that will support their career development and meet the needs of the organisation. A range of other development opportunities are also available covering skills such as communication, coaching skills, and assertiveness. Additionally the Trust fully utilises the apprenticeship levy to develop colleagues to certified levels.

The following apprenticeship activity has taken place over the course of 2020/21:

Apprenticeship training course	Total
Level 2: Pharmacy Services Assistant	2
Level 2: Production Chef	2
Level: 3 Business Administrator	3
Level 3: Engineering Manufacture: Engineering Maintenance	2
Level 3: Engineering Manufacture: Installation and Commissioning	1
Level: 3 Health Pharmacy Services	13
Level 3: Installation electrician / maintenance electrician	1
Level 3: Pharmacy Technician (integrated)	1
Level 3: Plumbing and Domestic Heating Technician	3
Level 3: Plumbing and Heating: Domestic Plumbing and Heating Gas-Fired Water and Central Heating Appliances	1
Level 3: Software Development Technician	1
Level 3: Team leader / supervisor	6
Level 4: Associate project manager	2
Level 4: Healthcare science associate	12
Level 4: Mammography Associate	2
Level 4: Manufacturing Engineering: Electrical/Electronics	2
Level 4: Manufacturing Engineering: Mechanical	1
Level 5: Health Play Specialist, Level: 5 (Standard)	1
Level 5: Healthcare assistant practitioner	5
Level 5: Nursing Associate	13
Level 5: Nursing Associate (NMC 2018)	29
Level 5: Operations / departmental manager	35
Level 6: Building Services Design Engineer	4
Level 6: Healthcare Science Practitioner	3
Level 6: Project Manager (degree)	2
Level 6: Registered Nurse	24
Level 7: Accountancy Taxation Professional	1
Level 7: Advanced Clinical Practitioner	4
Level 7: Senior Leader Master's Degree Apprenticeship	40
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- ## Data Use and Reporting

The Trust is provided with external assurance on a selection of the quality data identified within the Quality Report which was taken from national data submissions and national patient survey results, local inpatient survey results and information governance toolkit results. Local internal assurance is also provided via the analysis of data following local internally led audits in relation to patient care

indicators, analysis of data following incidents in relation to medication errors and slips, trips and falls incidents for patients and other patient harm. The quality and safety metrics are also reported monthly to the Board of Directors through the business monitoring report and the quality and safety report.

The Trust has a data warehouse that has significant controls to ensure data gathering and reporting is validated by internal and external control systems.

- **Assurances for Data Quality for elective waiting time data**

There are a number of ways in which the Trust carries out checks to validate data quality for referral to treatment (RTT) elective waiting time reporting:

- Clinicians' feedback on what RTT status each patient is at every time they are seen in clinic by completing an Electronic Outcome form. Our patient administration system Lorenzo aids completion of this by only offering logical sequences of RTT statuses to be picked, thus reducing human error mistakes;
- A Standard Operating Procedure (SOP) is still being used to define validation and lists the criteria and point in the pathway that validation checks are made. It is called the "Validation of Lists of Patients Waiting for Treatment" and can be found on the Trust's Procedural Document Library. This SOP demonstrates that we validate patients at several points along their pathway and not just when they reach more than 18 week wait. Analysis of the patients that had been validated on our February 2021 national RTT return showed that 10,955 patients out of the total 24,009 patients waiting had been validated. This is 46% of the total patients waiting, compared to 28% of patients validated at the same point last year;
- The Trust has a number of "safety net" indicators in a data quality dashboard that are reviewed on a daily basis to ensure that patients are progressed to the next stage of their treatment pathway and so that they are not lost. This helps to mitigate against human errors;
- The Trust has specific Lorenzo RTT training modules which can be accessed by all staff, from consultants to booking staff;
- A Data Quality "Getting it right first time" task and finish group was launched on 10 February 2020 to improve training, awareness and digital solutions to improve the quality of RTT coding. This group was put on hold due to COVID-19, but there are plans to re-launch it again in 2021/22;
- Every patient waiting longer than 40 weeks is individually manually tracked through their pathway to ensure that they receive their treatment in a timely way and that national rules around waiting times are adhered to; and
- Since January 2020, UHMB has been submitting their patients waiting for treatment daily, as part of the national Patient Target List (PTL) Validation Programme run by the North of England Commissioning Support Unit (NECS). Feedback has enabled us to further improve validation processes by targeting "risky" pathways for priority validation.

New Initiatives since last year:

- During wave 1 of COVID-19, the Waiting List Office staff and Performance Manager were redeployed to a COVID Workforce work stream to validate both patients still waiting for treatment and those that had already been given clock stops, in order to check that national rules had been followed. These staff validated in excess of 25,200 patient pathways during their redeployment; and
- Patients waiting for Inpatient Elective treatment have been clinically reviewed against Royal College guidance and categorised into "P1" to "P4" clinical urgency categories. An addendum to our Joint Access Policy was developed to outline how to apply waiting times rules for these patients. A number of safety net reports have been developed to check that these rules are being correctly followed and to quantify the number of patients in the different clinical priority categories.

## **7. 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 Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance



information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Assurance Committees and the Trust's plans to address weaknesses and ensure continuous improvement of the system are in place.

In describing the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control I will detail below some examples of the work undertaken and the role of the Board of Directors, the Audit Committee, the Assurance Committees, clinical audit, internal audit and external audit in this process.

However I first must report that the Trust remains in breach of its NHS Improvement Licence conditions and has a single oversight framework segmentation of 3 with one enforcement undertaking attached to the Provider Licence by NHS Improvement. This relates to finance and sustainability. A revised enforcement notice in respect of financial sustainability was received in May 2018. The notice required the Trust to take all reasonable steps to deliver its services on a financially sustainable basis and set out a number of key actions; one of which required the Trust to present to NHS Improvement a summary of a Board of Directors approved Sustainability Plan. The Board of Directors approved the Bay Health and Care Partners' five year financial recovery plan at their meeting in October 2018 to address the enforcement notice. The Board continues to work with regional and local partners and has submitted further plans to achieve financial sustainability.

In last year's Annual Governance Statement, I reported on the progress that had been made to improve financial sustainability including UHMB achieving its Control Total and the Department of Health and Social Care, NHS England and NHS Improvement announcing that UHMB's revenue and capital loans would be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalled £291.8 million. As the repayment of these loans was funded through the issue of PDC, this no longer presents a Going Concern risk for the Trust.

Department of Health and Social Care, NHS England and NHS Improvement have made significant changes to the way the NHS is funded moving away from Payment By Results to a block contract payment model. Furthermore the Department of Health and Social Care, NHS England and NHS Improvement have agreed to underwrite the additional costs incurred by the Trust caused by the COVID-19 pandemic. This has improved the short term financial position of the Trust. For 2020/21, the Trust has maintained strong financial performance and in doing so contributed to the overall financial position within the Integrated Care System.

However, significant financial risks remain that need urgent attention in order to halt further deterioration and to make progress in reducing the underlying deficit of the Trust. There needs to be a greater cultural shift in how the Trust delivers financial sustainability. The over-reliance on non-recurrent savings and external financial support cannot continue. Improving the Trust's financial position is one of the Board's key objectives for 2021/22 and beyond. The focus must now move onto reducing the underlying run rate to ensure the Trust contains its costs within the 2021/22

The Board is also focused on completing several key pieces of operational and quality improvement work in the coming year:

- Delivery of the recommendations from the urology external review when the final report is available;
- The completion of work as part of our Enhanced Support Programme, including the external Royal College review of historical cases within trauma and orthopaedics;
- Delivery of the work we are taking forward with the Good Governance Institute to improve our internal governance and assurance processes;
- Our review of implementation of the Kirkup Report 5 years on and recommendations from the recent interim Ockenden Report; and
- Review of our Freedom to Speak Up arrangements.

Whilst we are already making progress on these important areas of work, we need now to focus and accelerate delivery of this. NHS England/NHS Improvement (NHSE/I) has offered the Trust some additional improvement support which, as a Trust, we welcome.

This support is being provided in a number of ways:

- The appointment of Simon Bennett as Improvement Director for the Trust. Simon has a wealth of successful improvement and NHS experience from national to provider level and will be joining us immediately on a part-time basis. Simon will also be able to draw on wider NHSE/I improvement support as required;
- Establishment of a System Improvement Board, which will replace the existing monthly NHSE/I Urology Oversight Group. The Improvement Board will be chaired by the Dr David Levy, NHSE/I NW

Regional Medical Director and include representatives from the Trust, Morecambe Bay CCG, the Care Quality Commission and the professional regulators; and

- Further specialist colleagues to assist improvement and development in the areas of nursing and medical practice.

During 2020/21 the Trust delivered its [COVID 19 Emergency Response Plan](#). The Board of Director approved its Operational Plan for 2021/22 and in line with national guidance the plan sets out the following actions:

- Supporting the health and wellbeing of staff and taking action on recruitment and retention;
- Delivering the NHS COVID-19 vaccination programme and continuing to meet the needs of patients with COVID-19;
- Building on what we have learned during the pandemic to transform the delivery of services, accelerate the restoration of elective and cancer care and manage the increasing demand on mental health service;
- Expanding primary care capacity to improve access, local health outcomes and address health inequalities;
- Transforming community and urgent and emergency care to prevent inappropriate attendance at emergency departments (ED) improve timely admission to hospital for ED patients and reduce length of stay; and
- Working collaboratively across systems to deliver on these priorities.

The Head of Internal Audit Opinion is that Moderate Assurance can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.

The internal audit reports show that the Trust has been successful in embedding governance at many levels within the Trust with a number of reports receiving Substantial or Moderate Assurance. Several reports received Limited Assurance and the Trust must remain vigilant and continue to strive for further improvements across all areas.

The NAO has introduced a new Value for Money (VfM) framework effective from 1 April 2021, which moves away from a binary VFM conclusion. Our External Auditor will now report VfM narrative through their Annual Auditor's Report with any related key and/ or improvement recommendations. The Auditor has also got the ability to use statutory powers under the Local Audit and Accountability Act 2014 to report any statutory written recommendations. The NAO has recently revised the deadline for reporting the Annual Auditor's Report to 20 September 2021, if the appointed auditor is not in a position to complete their work by 29 June 2021. Our External Auditor has not completed all of their VfM work by the end of June 2021 but has reported in their ISA260 Audit Findings Report and Audit Opinion a key recommendation on the Trust not currently having a robust plan to bring it back into financial balance in the medium to longer term. There may well be further recommendations on completion of the auditor's VfM work to be reported by 20 September 2021. Our External Auditor has also confirmed they are not minded to use any statutory powers to report any written recommendations, under the Local Audit and Accountability Act 2014.

The Trust had a CQC Well Led Assessment at the beginning of May 2021 and although the formal report is still awaited, the Trust received a notice from the CQC under Section 31 of the Health and Care Act 2008, of immediate change required in stroke services to address any identified risk to patients. Actions were swiftly put into place to meet this instruction.

Although the Trust remains in breach of its NHS Improvement licence conditions (one enforcement notice relating to financial sustainability), there have been no other significant failings identified in 2020/21.

In the light of the internal and external audit work, I am able to provide assurance that the system of internal control is well designed and is being strengthened to ensure it is effective to enable the Trust to isolate and respond to issues of concern. The Trust is not complacent and recognises that whilst new systems have been introduced, it will take time for them to become effective and will require ongoing monitoring and evaluation.

The Trust continues to address those areas of risk identified by its Regulators in addition to the priorities for 2020/21 as set out above.

## 8. Conclusion

In reviewing the Trust's system of internal control, I am satisfied that the Trust has systems in place that support the achievement of the Trust's policies, aims and objectives whilst safeguarding the public funds and assets. I am pleased that the Trust's internal auditors have provided the Trust with positive assurance in respect of the Trust's overall level of internal control. However, I acknowledge there are two significant control weaknesses for the organisation; the first is a risk arising from the delivery of improvement measures at pace

and scale to ensure the Trust provides consistently safe, responsive, high-quality care while we continue to develop a positive and open reporting culture as a learning organisation. We will be addressing this through the Improvement Board structure and the associated composite action plan. The second relates to the Trust achieving financial balance in the medium to long term. Achieving financial balance is one of the Board's key objectives, and working with the wider Integrated Care System, the Director of Finance will set out a financial improvement programme to achieve financial balance.

A handwritten signature in black ink, appearing to read 'A Cummins', with a stylized flourish at the end.

Aaron Cummins  
Chief Executive

Date: 28 June 2021

**University of Hospitals of Morecambe Bay  
NHS Foundation Trust**

**Annual Accounts**

**2020/21**

**ANNUAL ACCOUNTS 2020/21**

**Foreword to the accounts**

**UNIVERSITY HOSPITALS OF MORECAMBE BAY NHS FOUNDATION TRUST**

These accounts for the 12 months ended 31 March 2021, have been prepared by the University Hospitals of Morecambe Bay NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

A handwritten signature in black ink, appearing to read 'A Cummins', with a stylized flourish at the end.

Aaron Cummins

Chief Executive

Date : 28 June 2021

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021**

	NOTE	2020/21 £000	2019/20 £000
Revenue from continuing operations	3-4	<b>493,757</b>	393,369
Operating expenses	5	<b>(499,260)</b>	(428,956)
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(5,503)</b>	(35,587)
<b>Finance costs</b>			
Interest received	8	<b>4</b>	133
Interest payable	8	<b>0</b>	(6,062)
Unwinding of discount on provisions	8	<b>(1)</b>	(7)
PDC dividend payable		<b>(4,155)</b>	0
<b>Net finance costs</b>		<b>(4,152)</b>	(5,936)
Other gains/(losses)		<b>(67)</b>	0
Gains from transfers by absorption	25	<b>0</b>	2,323
<b>SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>(9,722)</b>	(39,200)
<b>Other comprehensive income</b>			
Revaluation gains/(losses) and impairment losses on property, plant and equipment	10	16,190	0
<b>TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR</b>		<b>6,468</b>	(39,200)

NHS Improvement assesses the Trust's performance against its financial plan. Details of the calculations can be found in note 30.

The notes on pages 175 to 221 form part of these accounts.

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

	NOTE	31 March 2021 £000	31 March 2020 £000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	1,636	630
Property, plant and equipment	10	205,543	169,650
Trade and other receivables	13	1,571	3,821
<b>Total non-current assets</b>		<b>208,750</b>	<b>174,101</b>
<b>CURRENT ASSETS</b>			
Inventories	12	4,052	4,210
Trade and other receivables	13	14,166	25,693
Non current assets held for sale	14	140	196
Cash and cash equivalents	15	50,824	5,772
<b>Total current assets</b>		<b>69,182</b>	<b>35,871</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	(46,421)	(27,232)
Borrowings	19	(507)	(292,265)
Provisions	20	(1,890)	(240)
Tax payable	16	(6,869)	(6,296)
Other liabilities	18	(3,886)	(930)
<b>Total current liabilities</b>		<b>(59,573)</b>	<b>(326,963)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>218,359</b>	<b>(116,991)</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	19	(761)	(1,268)
Provisions	20	(2,630)	(2,484)
<b>Total non-current liabilities</b>		<b>(3,391)</b>	<b>(3,752)</b>
<b>TOTAL ASSETS EMPLOYED</b>		<b>214,968</b>	<b>(120,743)</b>
<b>FINANCED BY TAXPAYERS' EQUITY</b>			
Public Dividend Capital		483,030	153,787
Revaluation Reserve		55,976	39,803
Retained Earnings		(324,038)	(314,333)
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>214,968</b>	<b>(120,743)</b>

The financial statements on pages 170 to 174 were approved by the Trust Board on 28 June 2021 and signed on its behalf by the Chief Executive. The notes on pages 175 to 221 form part of these accounts.

Signed:



(Chief Executive)

Date: 28 June 2021



**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**

	<b>2020/21</b>			
	<b>Public dividend capital (PDC)</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>TAXPAYERS' EQUITY AT 1 APRIL 2020</b>	<b>153,787</b>	<b>39,803</b>	<b>(314,333)</b>	<b>(120,743)</b>
<b>Changes in taxpayers' equity</b>				
Retained deficit for the year	0	0	(9,722)	(9,722)
Transfers between reserves	0	(17)	17	0
Impairment of property, plant and equipment	0	(1,451)	0	(1,451)
Revaluation gains on property, plant and equipment	0	17,641	0	17,641
Public Dividend Capital received	329,361	0	0	329,361
Public Dividend Capital repaid	(118)	0	0	(118)
<b>TAXPAYERS' EQUITY AT 31 MARCH 2021</b>	<b>483,030</b>	<b>55,976</b>	<b>(324,038)</b>	<b>214,968</b>
	<b>2019/20</b>			
	<b>Public dividend capital (PDC)</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>TAXPAYERS' EQUITY AT 1 APRIL 2019</b>	<b>150,237</b>	<b>39,803</b>	<b>(275,133)</b>	<b>(85,093)</b>
<b>Changes in taxpayers' equity</b>				
Retained deficit for the year	0	0	(39,200)	(39,200)
Public Dividend Capital received	3,550	0	0	3,550
<b>TAXPAYERS' EQUITY AT 31 MARCH 2020</b>	<b>153,787</b>	<b>39,803</b>	<b>(314,333)</b>	<b>(120,743)</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

	NOTE	2020/21 £000	2019/20 £000
<b>Cash flows from operating activities</b>			
Operating surplus/(deficit)		(5,503)	(35,587)
<b>Non-cash revenue and expenses</b>			
Depreciation and amortisation		17,939	14,802
Impairments	8	11,417	0
Income recognised for capital donations (cash & non-cash)		(840)	(167)
(Increase)/decrease in inventories		158	(470)
(Increase)/decrease in trade and other receivables		14,068	(11,533)
Increase/(decrease) in trade and other payables		18,512	3,189
Increase/(decrease) in other liabilities		2,956	346
Increase/(decrease) in provisions	20	1,795	294
<b>Net cash generated from operating activities</b>		<b>60,502</b>	<b>(29,126)</b>
<b>Cash flows from investing activities</b>			
Interest received	8	4	133
Purchase of intangible assets	9	(1,200)	0
Purchase of property, plant and equipment		(46,951)	(22,685)
Receipt of cash donations to purchase capital assets		165	167
<b>Net cash used in investing activities</b>		<b>(47,982)</b>	<b>(22,385)</b>
<b>Cash flows from financing activities</b>			
Public Dividend Capital received		329,361	3,550
Public Dividend Capital repaid		(118)	0
Loans received from the Department of Health & Social Care		0	64,901
Loans repaid to the Department of Health & Social Care		(290,727)	(7,040)
Other loans repaid		(507)	(507)
Interest paid on DHSC loans		(1,031)	(6,001)
PDC dividend paid		(4,446)	0
<b>Net cash used in financing activities</b>		<b>32,532</b>	<b>54,903</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>45,052</b>	<b>3,392</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>5,772</b>	<b>2,380</b>
<b>Cash and cash equivalents at 31 March</b>	15	<b>50,824</b>	<b>5,772</b>

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS Foundation Trusts 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 (IFRS) 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 judged to be most appropriate to the Trust's particular circumstances for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting convention and going concern

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

The Trust's accounts for 2020/21 have recorded a deficit of £9.7 million and the cumulative deficit position on retained earnings amounts to £324 million. The Statement of Financial Position shows net assets of £215 million. No control total was agreed for the financial year due to the suspension of planning as a result of the coronavirus pandemic but the Trust was expected to achieve an adjusted position of break even for the year.

National planning for 2021/22 has commenced and final plans are due to be submitted in June 2021. The Trust will continue to receive block contract funding based on adjusted commissioner allocations, system top-ups and allocations to support ongoing coronavirus costs, for the first half of 2021/22. Capital planning is ongoing within the Integrated Care System and system capital allocations have been agreed for 2021/22.

In accordance with IAS 1, management have made an assessment of the Trust's ability to continue as a going concern. After making enquiries, the directors have a reasonable expectation that the services provided by the Trust will continue to be provided by the public sector for the foreseeable future. For this reason the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

This is consistent with paragraph 4.13 of the GAM which sets out the interpretation of Going Concern for the public sector context. This states that DHSC bodies must prepare their accounts on a going concern basis unless there is an intention for dissolution without transfer of services or functions to another entity.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.2 Consolidation**

#### **Subsidiaries**

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full to the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

#### **Charitable funds**

The Trust is Corporate Trustee for the Bay Hospitals Charity. The Charity's relationship with the Trust is that of a subsidiary because the Trust has the power to govern the financial and operating policies of the Charity so as to obtain benefits from its activities for itself, its patients or its staff.

All subsidiary NHS charities must be consolidated if material. Having considered the level of materiality applicable for the Trust, management have taken the decision not to consolidate the Charity on the grounds of immateriality.

#### **Joint working arrangements**

The Trust operates as a third partner in a GP Practice within its geographical boundary. This partnership is in the form of a collaborative working arrangement and does not meet the definition of a Joint Arrangement as defined in accounting standard IFRS 11. The Trust does not have control over the operation of the entity and has no rights to its assets.

The extent to which the Trust has contributed financially to this arrangement is shown in note 13.1 Receivables and note 23 Related party transactions. As this is not a Joint Arrangement no other accounting adjustments have been made.

### **1.3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.3.1 Critical judgements in applying accounting policies**

Estimates and judgements have to be made in preparing the Trust's annual accounts. These are continually evaluated and updated as required, although actual results may differ from these estimates.

The Trust has reviewed the application of accounting standard IAS 16 for non-current land and property assets. The valuation basis applied incorporates a judgement that the Trust would be able to provide its services from two locations, rather than from the three current main hospital sites. The alternative site basis permitted to be applied under IAS 16 therefore assumes that the sites in Lancaster and Kendal would be reprovided on a modern equivalent asset basis, in one location close to local transport links. This would allow for a smaller footprint due to removal of duplicated services, reception areas and other hospital infrastructure.

In respect of the number of components within assets, judgement has been applied that there are a total of 4 components which can be assessed separately, these being frame, finishes and fittings, service engineering and external works. Each component is assigned an expected economic life which is then adjusted for its current condition.

In accordance with accounting standard IAS 27 the Trust has decided not to consolidate its charitable funds. This decision is based on the current value of funds held, which represent only 0.3% of the Trust's annual income. In addition, the majority of expenditure relating to the activities of the Charity is reflected in the Trust's accounts as operating income. This includes charitable donations for the purchase of non-current assets and contributions towards the revenue activities of the Trust. These items are included within charitable and other contributions to expenditure in note 4.1.

### **1.3.2 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

## Notes to the Accounts - 1. Accounting Policies (continued)

### Asset valuations

Revaluations of land and building assets should be undertaken with sufficient regularity to ensure that asset values are reflected with reasonable accuracy in the accounts. The Trust revalues its assets at least every five years in accordance with accounting standards. In between full revaluations indices may be applied to asset values if it is deemed that a material change in value has occurred. If the change is assessed and found to be immaterial no adjustments are made.

The Trust has obtained a valuation report for 2020/21 in accordance with the Royal Institute of chartered Surveyors (RICS) - Global Standards effective from 31 January 2020 (the Red Book) and the appropriate bases of valuation set out in International Financial Reporting Standards (IFRS). Although the Covid-19 pandemic continues to affect economies and real estate markets globally, at the valuation date some property markets have started to function again and an adequate quantum of market evidence exists upon which the Valuer can base opinions on value. Accordingly, the Trust's valuation is not reported as being subject to material valuation uncertainty as defined by RICS Valuation - Global Standards.

Fluctuations in land and property markets can however result in significant changes to the carrying value of the Trust's land and buildings. As at 31 March 2021, if construction costs were to increase by 1% this would result in an increase in the Trust's asset valuation of buildings of approximately £1.3 million, other things being equal.

The Trust undertook a desktop revaluation of its land and building assets in line with accounting standards as at 31 March 2021. Further revaluations of the Trust's asset base may result in future material changes to the carrying value of non-current assets. Details of the basis of valuation and asset values can be found in note 10.

### 1.4 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by the transfer of promised goods/services to the customer and is measured at the amount of transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in the year. Where 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.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.4.1 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. The difference in application is explained below.

The main source of income for the Trust is contracts with commissioners for health care services. During 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 continued and additional resources were allocated at an Integrated Care System level (within the system envelope). The related performance obligation was 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.

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

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

### **1.4.2 NHS injury cost recovery scheme**

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

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.5 Other forms of income**

#### **1.5.1 Grants and donations**

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

#### **1.5.2 Apprenticeship service income**

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

### **1.6 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.

The Trust's annual leave policy did not encourage untaken leave to be carried forward in previous years and costs were not accounted for on the grounds of immateriality. This has changed during 2020/21 due to the requirements of service delivery as a result of the coronavirus pandemic, which has resulted in staff accruing annual leave.

#### **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. Both are unfunded, defined benefit schemes that cover NHS employers, General 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 the Trust to identify its 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 Trust of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

To ensure that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined by a full actuarial valuation, the Schemes are normally subject to a full actuarial valuation every four years and an accounting valuation every year.



## Notes to the Accounts - 1. Accounting Policies (continued)

The annual valuation of scheme liability is undertaken by 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 scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020 updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations and the HM Treasury discount rate have also been used. The latest assessment of the Schemes is contained in the Scheme actuary report 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.

The purpose of the full actuarial valuation is to assess the level of liability in respect of benefits due under the Schemes, taking account of 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% and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Schemes relative to the employer cost cap set following the 2012 valuation. This 'employer cost cap' allows for member benefits or contribution rates to be adjusted if the cost of the Schemes changes by more than 2% of pay. Following a discrimination ruling relating to the McCloud case and the subsequent uncertainty around member benefits as a result of the ruling, the Government announced a pause to that part of the valuation process.

In July 2020 the Government announced that the pause had been lifted and the cost control element of the 2016 valuations could be completed. HM Treasury valuation directions will set out the technical detail of how the costs of remedy of the discrimination will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism to assess whether this is working in line with the original Government objectives. The findings of this review will not impact the 2016 valuations and will aim to make any changes to the cost cap mechanism in time for the completion of the 2020 actuarial valuations.

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 Schemes except where the early retirement is due to ill health. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

## Notes to the Accounts - 1. Accounting Policies (continued)

### Alternative pension provision

Employees who are not members of the NHS Pension Scheme are automatically enrolled in an alternative pension scheme in accordance with Government guidance. The scheme offered by the Trust is the National Employment Saving Trust (NEST) scheme. Employees have an option to opt out of the scheme within one month of being automatically enrolled. The Trust contributed to the scheme at a rate of 3% of the employee's remuneration during 2019/20 and 2020/21. This contribution rate will also be applied for the year 2021/22.

The NEST scheme is also accounted for as a defined contribution scheme. The Trust is unable to identify its share of the assets and liabilities of the scheme and therefore shows only the contributions made to the scheme, which are included in operating expenses as and when they become due. This scheme is relevant to a minority of Trust employees.

### 1.7 Expenditure on other goods and services

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

### 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

### 1.9 Property, plant and equipment

#### Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow, or service potential will be supplied, to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a 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, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

## Notes to the Accounts - 1. Accounting Policies (continued)

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

### Measurement

All property, plant and equipment assets are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are measured subsequently at valuation. Items of property, plant and equipment which are surplus with no plan to bring them back into use are valued at fair value where there are no restrictions on sale and where they do not meet the definitions of investment properties or assets held for sale.

Land and buildings used for the Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying values are not materially different from the current values that would be determined at the end of the reporting period. Valuations are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

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

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

Fixtures and equipment are carried at depreciated historic cost. In addition, the Trust undertakes an annual validation of equipment assets to re-assess the useful economic lives remaining and makes adjustments as and when appropriate.

### Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification and it is probable that additional future economic benefits or service potential will flow to the Trust, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to operating expenses in the period in which it is incurred.

## Notes to the Accounts - 1. Accounting Policies (continued)

### 1.10 Intangible assets

#### Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at cost. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Expenditure on development is capitalised when it meets the requirements set out in IAS 38.

#### Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, 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. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale and where it does not meet the definition of an investment property or asset held for sale.

### 1.11 Depreciation and amortisation

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

### 1.12 Revaluation gains and losses

An increase arising on revaluation is taken to the Revaluation Reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there.

## Notes to the Accounts - 1. Accounting Policies (continued)

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

Gains and losses recognised in the Revaluation Reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

### 1.13 Impairments

Impairment losses that arise from a clear consumption of economic benefit are charged to operating expenses. A compensating transfer is made from the Revaluation Reserve to Retained Earnings of an amount equal to the lower of the impairment charged and the balance in the Revaluation Reserve attributable to the asset before the impairment.

An impairment arising from 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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is recognised in operating income to the extent of the decrease previously charged to expenditure and thereafter to the Revaluation Reserve. Where, at the time of the impairment, a transfer was made from the Revaluation Reserve to Retained Earnings, an amount is transferred back to the Revaluation Reserve when the impairment reversal is recognised.

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

### 1.14 Donated and grant funded assets

Donated and grant funded non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated as for purchased assets. Deferred income is recognised only where conditions attached to the donation or grant preclude immediate recognition of the income.

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. Details of the amounts are specified in note 10.

The Trust has no non-current donated assets for which donors have imposed such conditions that would prevent the condition from being met in the future and therefore no income in relation to donated assets has been deferred.

### 1.15 De-recognition

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

## Notes to the Accounts - 1. Accounting Policies (continued)

Following reclassification, held for sale assets are measured at the lower of their existing carrying amount and 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 that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

### 1.16 Leases

#### Finance leases

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

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

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

#### Operating leases

Operating lease payments are recognised as expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised initially in other liabilities in the Statement of Financial Position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

#### Leases of land and buildings

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

### 1.17 Inventories

Inventories of consumables are valued at cost. Inventories of drugs and energy are valued at net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation of fair value due to the high turnover of stocks.

In 2020/21, the Trust received additional inventory items including personal protective equipment from the Department of Health and Social Care, at nil cost. In line with the GAM, the Trust has accounted for these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for these transactions, based on the cost of acquisition by the DHSC.

## Notes to the Accounts - 1. Accounting Policies (continued)

### 1.18 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 1.19 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where the effect of the time value of money is significant, i.e for early retirement and injury benefit provisions, the estimated risk-adjusted cash flows are discounted using HM Treasury's pension discount rate of minus 0.95% in real terms.

### Clinical negligence costs

1.20 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. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 20. These provisions are not recognised in the Trust's accounts.

### Non-clinical risk pooling

1.21 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 as and when they are incurred.

### Contingencies

1.22 A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

Where the time value of money is material, contingencies are disclosed at their present value.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.23 Financial instruments**

#### **1.23.1 Financial assets**

Financial assets are recognised when the Trust becomes party to the contractual provisions of a financial instrument and as a result has a legal right to receive 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. This includes the sale of non-financial items such as goods or services which are recognised when performance occurs i.e. when delivery of the goods or services is made. Items classified as a tax by the Office of National Statistics are not classified as financial instruments.

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

The Trust holds financial assets in the form of cash and cash equivalents and non-current and current receivables, which are all classified as subsequently measured at amortised cost.

#### **Financial assets at amortised cost**

Financial assets at amortised cost are those held with the objective of collecting contractual cash flows and include cash and contract receivables. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of the financial asset and recognised in the Statement of Comprehensive Income as financing income.

#### **1.23.2 Impairment of financial assets**

For all financial assets measured at amortised cost the Trust recognises an allowance for expected credit losses. The Trust adopts the simplified approach to impairment for contract receivables, measuring expected losses as at an amount equal to lifetime expected losses.

Receivables are assessed based on the likely probability of the cash due from the financial asset being realised. No impairment losses are recognised in respect of NHS receivables in accordance with the guidance specified in the GAM. Differences in the value of income received or expected to be received from NHS contracts are offset directly against the value of revenue recognised in the Trust's accounts.

For impaired financial assets, 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. 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.



## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.24 Financial liabilities**

Financial liabilities are recognised on the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

#### **Financial liabilities at amortised cost**

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

The Trust holds financial liabilities in the form of trade and other payables which are included within current liabilities and borrowings. Borrowings held are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

### **1.25 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.26 Corporation Tax**

Under s519A Income and Corporation Taxes Act 1988 the Trust is regarded as a Health Service body and is therefore exempt from taxation on its income and capital gains. Section 148 of the Finance Act 2004 provided HM Treasury with powers to disapply this exemption. Accordingly the Trust is potentially within the scope of corporation tax in respect of activities which are not related to or ancillary to the provision of healthcare and where annual profits exceed £50,000. Any tax liability will be accounted for in the relevant tax year.

### **1.27 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 24 to the accounts.

## **Notes to the Accounts - 1. Accounting Policies (continued)**

### **1.28 Public Dividend Capital (PDC) and PDC dividend**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of the establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32. The Secretary of State can issue new PDC to the Trust and require repayment of PDC from the Trust. PDC is recorded at the value received and there is no subsequent remeasurement.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health and Social Care 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 assets less the value of liabilities, except for, donated and grant funded assets, average daily cash balances with the Government Banking Service and any PDC dividend receivable or payable. For 2020/21, the value of PDC received as reimbursement for the purchase of assets for the treatment and testing of coronavirus and the value of inventories received from the DHSC are also excluded from the calculation.

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 is therefore not revised should any adjustment to net assets occur as a result of the audit of the annual accounts. For the year 2019/20 the Trust had negative average relevant net assets and this resulted in no PDC dividends being payable for that year.

### **1.29 Losses and Special Payments**

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis. The losses and special payments note 26 is compiled directly from the Trust's Losses and Special Payments Register.

### **1.30 Transfers of functions from other NHS bodies**

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain corresponding to the transfer is recognised within income but not within operating activities.

## Notes to the Accounts - 1. Accounting Policies (continued)

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised Revaluation Reserve balances attributable to the assets, the Trust makes a transfer from its Income and Expenditure Reserve to its Revaluation Reserve to maintain transparency within public sector accounts. Details of transfers by absorption can be found in note 25.

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

The DH GAM does not require the following Standards and Interpretations to be applied in 2020/21 as these standards are still subject to HM Treasury FReM adoption. IFRS 14 is not EU-endorsed and is not applicable to DHSC bodies. Implementation of IFRS 16 has been deferred until 2022/23 for the public sector and IFRS 17 is not applicable until 2023/24.

- IFRS 14 Regulatory Deferral Accounts
- IFRS 16 Leases
- IFRS 17 Insurance Contracts

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable to the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for leases, recognising a right of use asset and obligation in the Statement of Financial Position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Statement of Financial Position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the Income and Expenditure Reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments.

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 lease term.

## Notes to the Accounts - 1. Accounting Policies (continued)

The Trust has begun the process of identifying existing leases. The majority of potential leases relate to properties owned by other NHS organisations where the Trust is an occupier with a number of other tenants and an exercise is ongoing to identify and quantify the lease terms and amounts relating to these transactions. The Trust is updating its systems and controls in respect of leases in accordance with the new standard.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector 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 impractical.

### 1.32 Accounting standards issued that have been adopted early

No accounting standards in issue have been adopted early.

### 1.33 Information on reserves

#### Revaluation reserve

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

#### Income and expenditure reserve

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

#### Operating segments

- 2 The Foundation Trust is engaged mainly in healthcare activity and the majority of revenue is received from Clinical Commissioning Groups who are the main purchasers of the Trust's services. The majority of expenses incurred are payroll expenditure on staff involved in the delivery or support of healthcare activities together with the related supplies and overheads.

The Board of Directors is considered to be the Chief Operating Decision Maker and they receive reports on the Trust's financial position with supplementary information relating to income and Care Group expenses. Decisions are based on the overall financial position.

The single segment of 'Healthcare' has therefore been identified as consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments. In addition, as the whole of the Trust's activities relate to the provision of healthcare and operate in the same economic environment, the aggregation criteria set out in IFRS 8, paragraph 12, are met.

**3. Revenue from patient care activities****3.1 Revenue from patient care activities by type of activity**

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
Block contract/system envelope income	<b>316,929</b>	261,855
High cost drugs income from commissioners	<b>23,856</b>	24,497
Community services income	<b>37,960</b>	37,470
Local Authority income	<b>227</b>	166
Other NHS clinical income	<b>2,055</b>	359
Private patient income	<b>81</b>	144
Additional pension contribution central funding	<b>12,404</b>	11,657
Other clinical income	<b>6,900</b>	5,406
	<b>400,412</b>	<b>341,554</b>

The analysis of clinical income has been amended in 2020/21 to reflect the change in the funding regime during the year as set out in note 1.4.1. Comparative information has been amended for this change.

Private patient income includes income for the treatment of overseas patients where no reciprocal or bi-lateral agreement exists for their treatment.

The latest revaluation of public sector pensions schemes resulted in a 6.3% increase in the employer contribution rate for the NHS Pension Scheme. This additional amount has been paid to the Pensions Agency centrally on behalf of the Trust for both 2019/20 and 2020/21. The Trust has accounted for the additional expenditure and notional income to offset these costs is shown in the above note.

Other clinical income for 2020/21 includes income from injury cost recovery, prescription charges, non English healthcare commissioners, annual leave accruals and central funding for overtime payments and pay during annual leave (Flowers case).

Other clinical income recorded in 2019/20 included income from injury cost recovery, prescription charges and non English healthcare commissioners. Additional income was also accrued to meet the initial costs of responding to the coronavirus pandemic.

**3.2 Revenue from patient care activities by source**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Public Health England	214	214
NHS England and CCGs	399,474	339,735
NHS Foundation Trusts	191	132
NHS Trusts	21	13
Local Authorities	227	166
Department of Health & Social Care	4	32
Non-NHS: Private patients	42	11
Non-NHS: Overseas patients (non-reciprocal)	39	133
NHS Injury Cost Recovery Scheme	58	817
Other non-NHS income	142	301
	<b>400,412</b>	<b>341,554</b>

During 2020/21 the Trust received funding in accordance with the financial regime described in note 1.4.1. Income received from NHS England and CCGs was increased in line with expenditure to enable the Trust to absorb the additional activity experienced due to Covid.

Injury cost recovery income is subject to a provision for impairment of receivables of 22.43% to reflect expected rates of collection.

**3.3 Overseas visitors income**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Income recognised during the year	39	133
Cash payments received in year	19	129
Amounts added to allowances for impairments	66	0
Amounts written off in-year	88	6

The above note relates to treatment of overseas visitors charged directly by the Trust in accordance with Guidance on implementing the overseas charging regulations 2015 issued by the Department of Health and Social Care. The amount written off in 2020/21 includes one specific high cost treatment charged where recovery action has failed to secure payment.

**3.4 Revenue from commissioner requested services**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Income from commissioner requested services	400,131	340,292
Income from all other patient care activities	281	1,262
	<b>400,412</b>	<b>341,554</b>

The Trust is required to provide for the purposes of the health service in England, the commissioner requested services listed in Schedule 2 of the Foundation Trust's Terms of Authorisation.

**3.5 Private patient income**

Foundation Trusts are obliged to make sure that the income received from providing goods and services for the health service in England (their principal purpose) is greater than income from other sources including the provision of private healthcare. The Trust has been compliant with this requirement during 2020/21 and 2019/20.

**4. Other operating revenue****4.1 Operating revenue**

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
<b>Operating revenue recognised in accordance with IFRS 15</b>		
Research and development	<b>907</b>	1,061
Education and training	<b>9,486</b>	10,732
Non-patient care services to other bodies	<b>4,726</b>	8,841
Provider Sustainability Fund income	<b>0</b>	20,535
Reimbursement and top up funding	<b>64,730</b>	0
Other revenue	<b>3,192</b>	8,395
<b>Operating revenue recognised in accordance with other standards</b>		
Charitable and other contributions to expenditure	<b>850</b>	666
Donations of equipment from DHSC for responding to Covid (non cash)	<b>661</b>	0
Contributions to expenditure from DHSC for centrally purchased consumables for Covid response	<b>7,003</b>	0
Education and training - notional income from the apprenticeship fund	<b>703</b>	513
Rental revenue from operating leases	<b>1,087</b>	1,072
	<b>93,345</b>	51,815

Provider Sustainability funding was available to NHS providers linked to the achievement of financial controls. The Trust operated within an agreed control total set by NHS Improvement during 2019/20 which resulted in access to this funding. This funding did not form part of the DHSC funding regime for 2020/21.

During 2020/21 the Trust received reimbursement for specific costs incurred during the coronavirus pandemic and other income top-ups to support the delivery of services.

Charitable and other contributions to expenditure includes income received in the form of donations for the purchase of non-current assets. During the year £94,000 was received from the Bay Hospitals Charity for this purpose and a grant of £71,000 from Bayer PLC was utilised. In addition the sum of £56,000 has been accounted for in respect of equipment donated from the University of Cumbria. The sum of £167,000 was received from the Bay Hospitals Charity in 2019/20.

Donations of equipment from the DHSC have been received in respect of coronavirus testing and intensive care. The sum above includes £619,000 of items capitalised and £42,000 of items below the capitalisation threshold. In addition centrally purchased consumables including personal protective equipment have been received from the DHSC during the year.

The Trust pays into the Government apprenticeship service. Funds utilised from the Trust's account are paid directly to training providers on the Trust's behalf and notional income is recorded above to reflect the benefit obtained from this service.

**4.1 Operating revenue (continued)**

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
<b>Other revenue includes the following items</b>		
Car parking charges	<b>99</b>	1,173
Catering	<b>682</b>	1,257
Clinical excellence awards	<b>179</b>	222
Improved Better Care Fund	<b>0</b>	1,300
Rent from staff accommodation	<b>468</b>	507
Other miscellaneous items	<b>1,764</b>	3,936
	<b><u>3,192</u></b>	<u>8,395</u>

The shortfall in other revenue during the year has been offset with additional income funding received from the DHSC and included within the reimbursement and top up funding.

**4.2 Operating revenue from operating leases**

The Trust leases various areas within its sites to other organisations. The majority of leases are to other NHS bodies who provide healthcare services to the same general population. In anticipation of the introduction of IFRS 16 it has been assumed that these leases will be in place for up to 10 years.

For 2020/21 operating lease income includes the sum of £1,052,000 relating to service level agreements with other Foundation Trusts (2019/20 £1,037,000) and £35,000 (2019/20 £35,000) for property leased by NHS Blood and Transplant. All of these leases relate to buildings only.

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
<b>Rental revenue</b>		
Rents recognised as revenue	<b>1,087</b>	1,072
<b>Total rental revenue</b>	<b><u>1,087</u></b>	<u>1,072</u>
<b>Total future minimum lease payments receivable</b>		
Not later than one year	<b>1,086</b>	1,072
Between one and five years	<b>4,347</b>	4,289
After five years	<b>5,434</b>	5,361
Total	<b><u>10,867</u></b>	<u>10,722</u>



## 5. Operating expenses

<b>5.1 Operating expenses</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Purchase of healthcare from non NHS bodies	5,795	4,712
Chair and Non Executive directors costs	135	131
Employee benefits including Executive directors	338,246	302,554
Drugs costs	30,169	29,934
Supplies and services - clinical (excluding drugs)	29,668	29,280
Supplies and services - clinical (consumables utilised for Covid)	6,301	0
Supplies and services - general	7,360	5,738
Establishment	8,886	5,636
Business travel	1,661	2,026
Transport	1,127	906
Premises - business rates payable to Local Authorities	1,827	1,740
Premises - other	12,944	11,431
Operating lease rentals	1,888	1,739
Depreciation and amortisation	17,939	14,802
Impairments of property, plant and equipment	11,417	0
Increase/(decrease) in provisions for impairment of receivables	1,559	34
Change in the discount rate on provisions	65	111
Audit fees - statutory audit	108	61
Internal audit and counter fraud services	145	147
Early retirement costs	109	(382)
Clinical negligence premium	14,327	12,608
Legal fees	111	60
Insurance premiums	341	306
Consultancy services	243	195
Education and training	734	1,644
Other	6,155	3,543
	<b>499,260</b>	<b>428,956</b>

Negative expenditure showing against early retirement costs in 2019/20 is as a result of a reassessment of outstanding provisions during the year. As a consequence a credit has been made to the expenditure heading used when the provision was originally created.

## 5.2 Operating lease expenses

Leases paid during 2020/21 include £569,000 (2019/20 £442,000) in respect of leased vehicles which are usually contracted for a period of 3 years and towards which employees pay a contribution for any personal use element.

A lease commenced in November 2012 for temporary ward buildings at the Royal Lancaster Infirmary. This was due to expire in November 2017.

**5.2 Operating lease expenses (continued)**

In November 2015 an additional lease was established for further similar facilities and a CT scanner facility at the site and these were due to expire in March 2021.

The original ward buildings lease was re-negotiated in March 2016 to expire at the same time as the additional lease. This lease has now been extended until March 2022 and the CT scanner facility has been extended to March 2026. The sum of £1,295,000 has been recognised as expenditure in 2020/21 in respect of these leases (2019/20 £1,295,000).

Other leases include a lease for mammography equipment which is due to expire in October 2025. No leases extend beyond 5 years.

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
<b>Payments recognised as an expense</b>		
Minimum lease payments	<b>1,888</b>	1,739
	<b>1,888</b>	1,739
<b>Total future minimum lease payments payable</b>		
Not later than one year	<b>1,703</b>	1,972
Between one and five years	<b>895</b>	361
Total	<b>2,598</b>	2,333

**6. Employee costs and numbers**

<b>6.1 Employee benefits</b>	<b>2020/21</b>	2019/20
	<b>Total</b>	Total
	<b>£000</b>	£000
Salaries and wages	<b>248,955</b>	223,137
Social Security Costs	<b>23,777</b>	21,713
Apprenticeship levy	<b>1,220</b>	1,131
Employer contributions to NHS Pension scheme	<b>28,401</b>	26,656
Additional employer contributions paid centrally (6.3%)	<b>12,404</b>	11,657
Temporary staff (including agency)	<b>24,993</b>	19,607
<b>Employee benefits expense</b>	<b>339,750</b>	303,901

Of the total employee benefits shown above £1,504,000 has been charged to capital and the balance of £338,246,000 has been charged to revenue (2019/20 £1,347,000 was charged to capital and £302,554,000 was charged to revenue). Staff costs are capitalised in relation to work undertaken on capital projects.

## 6.1 Employee benefits (continued)

Expenditure incurred on agency staff in 2020/21 totalled £13,913,000 (2019/20 £10,588,000) and comprises 4.1% (2019/20 3.5%) of total staff costs. Agency staff continue to be utilised to cover recruitment gaps in specific specialities and to provide sufficient staff to patient ratios in respect of nursing and midwifery. The Trust continues to progress with recruitment, with the aim of reducing reliance on agency staff and expenditure remains within the proposed agency ceiling provided to NHS Improvement for 2020/21.

Costs of £135,000 relating to the chair and non executive directors are excluded from this note (2019/20 £131,000).

## 6.2 Directors' remuneration and other benefits

During the year key management received remuneration and benefits in kind as summarised below. Key management is defined as the Executive and Non Executive Directors of the Trust. Further details of their remuneration can be found in the Remuneration Report within the Trust's Annual Report.

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
Remuneration including employers national insurance contributions	<b>1,248</b>	1,347
Employers contribution to Executive Directors' pensions	<b>76</b>	102
Benefits in kind - leased vehicles	<b>15</b>	31

At 1 April 2020 there were a total of 5 Directors to whom benefits were accruing under a defined benefit scheme. At 31 March 2021 there are 4 Directors accruing these benefits.

## 6.3 Retirements due to ill health

During 2020/21 there were 4 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £153,000 (2019/20 there were 6 retirements with an additional liability of £360,000). The cost of ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

**7. Better Payment Practice Code**

<b>7.1 Better Payment Practice Code - measure of compliance</b>	<b>2020/21</b>		<b>2019/20</b>	
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
Total Non-NHS trade invoices paid in the financial period	<b>74,751</b>	<b>238,939</b>	80,747	199,231
Total Non NHS trade invoices paid within target	<b>64,423</b>	<b>215,385</b>	58,140	165,341
<b>Percentage of Non-NHS trade invoices paid within target</b>	<b>86%</b>	<b>90%</b>	72%	83%
Total NHS trade invoices paid in the financial period	<b>2,748</b>	<b>80,738</b>	2,635	29,262
Total NHS trade invoices paid within target	<b>1,462</b>	<b>74,186</b>	1,403	24,216
<b>Percentage of NHS trade invoices paid within target</b>	<b>53%</b>	<b>92%</b>	53%	83%

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The value of NHS trade invoices shown in 2020/21 includes payment of pension contributions to the NHS Pensions Agency which were previously taken by direct debit.

**7.2 The Late Payment of Commercial Debts (Interest) Act 1998**

There were no amounts included within finance costs arising from claims made for late payment of debts under the above legislation.

**8. Finance costs**

<b>8.1 Finance income</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Interest on bank accounts	<b>4</b>	133
<b>Total</b>	<b>4</b>	133

All surplus cash balances are retained within the Government Banking Service which currently pays no interest.

<b>8.2 Finance expenses</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Interest payable on loans from the Department of Health & Social Care	<b>0</b>	(6,062)
Unwinding of discount on provisions	<b>(1)</b>	(7)
<b>Total</b>	<b>(1)</b>	(6,069)

No interest payable is recorded against loans from the DHSC as interest due on the remaining loans at 31 March 2020 was accounted for in full during 2019/20.

**8.3 Impairment of assets**

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
Impairments charged to operating expenditure as a result of changes in market price	<b>11,361</b>	0
Non-current assets held for sale - impairments charged to operating expenditure	<b>56</b>	0
Total impairments charged to operating expenditure	<b>11,417</b>	0
Impairments charged to the revaluation reserve	<b>1,451</b>	0
<b>Total</b>	<b>12,868</b>	0

A full desktop revaluation of land and property assets was undertaken as at 31 March 2021. Impairments recognised during 2020/21 relate to the revaluation of land and property assets at 31 March 2021. Details of revaluations made are included in note 10. No revaluation was undertaken in 2019/20.

**9. Intangible assets**

	<b>2020/21</b>	2019/20
	<b>Computer software - purchased</b>	Computer software - purchased
	<b>£000</b>	£000
Gross cost at beginning of period	<b>3,022</b>	2,974
Additions purchased	<b>1,200</b>	0
Reclassifications	<b>0</b>	48
<b>Gross cost at 31 March</b>	<b>4,222</b>	3,022
Amortisation at beginning of period	<b>2,392</b>	2,223
Charged during the period	<b>194</b>	169
<b>Amortisation at 31 March</b>	<b>2,586</b>	2,392
<b>Net book value</b>		
Purchased	<b>1,636</b>	629
Donated	<b>0</b>	1
<b>Total at 31 March</b>	<b>1,636</b>	630

All intangible assets held are software licences that have been purchased by the Trust. These are held at amortised cost and the economic lives are adjusted to reflect fair value in use.

All intangible assets have finite useful lives and are amortised on a straight-line basis. Lives range from 1 to 5 years. The Trust holds no Revaluation Reserve balances for intangible assets.

**10. Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>2020/21:</b>								
Cost or valuation at 1 April 2020	11,083	125,742	1,902	10,369	54,659	21,841	3,787	229,383
Transfers by absorption	0	0	0	0	0	0	0	0
Additions purchased	0	12,607	223	26,501	7,279	1,014	412	48,036
Additions grants/donations	0	0	0	0	840	0	0	840
Impairments charged to operating expenses	(687)	(27,355)	0	0	0	0	0	(28,042)
Impairments charged to the revaluation reserve	0	(2,702)	(100)	0	0	0	0	(2,802)
Reclassifications	0	2,926	0	(11,013)	603	7,185	299	0
Revaluations	3,962	13,370	(57)	0	0	0	0	17,275
Disposals/derecognition	0	(759)	0	0	(990)	0	0	(1,749)
<b>At 31 March 2021</b>	<b>14,358</b>	<b>123,829</b>	<b>1,968</b>	<b>25,857</b>	<b>62,391</b>	<b>30,040</b>	<b>4,498</b>	<b>262,941</b>
Depreciation at 1 April 2020	0	8,498	177	0	32,453	16,313	2,292	59,733
Charged during the period	0	10,332	189	0	4,503	2,515	206	17,745
Impairments charged to operating expenses	0	(16,681)	0	0	0	0	0	(16,681)
Impairments charged to the revaluation reserve	0	(1,351)	0	0	0	0	0	(1,351)
Reclassifications	0	0	0	0	1	0	(1)	0
Revaluations	0	0	(366)	0	0	0	0	(366)
Disposals/derecognition	0	(759)	0	0	(923)	0	0	(1,682)
<b>Depreciation at 31 March 2021</b>	<b>0</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>36,034</b>	<b>18,828</b>	<b>2,497</b>	<b>57,398</b>
<b>Net book value</b>								
Purchased	14,358	121,140	1,968	25,857	24,588	11,212	1,837	200,960
Donated	0	2,650	0	0	1,769	0	164	4,583
<b>Total at 31 March 2021</b>	<b>14,358</b>	<b>123,790</b>	<b>1,968</b>	<b>25,857</b>	<b>26,357</b>	<b>11,212</b>	<b>2,001</b>	<b>205,543</b>
<b>Asset financing</b>								
Owned	14,358	123,790	1,968	25,857	26,357	11,212	2,001	205,543
Finance Leased	0	0	0	0	0	0	0	0
<b>Total at 31 March 2021</b>	<b>14,358</b>	<b>123,790</b>	<b>1,968</b>	<b>25,857</b>	<b>26,357</b>	<b>11,212</b>	<b>2,001</b>	<b>205,543</b>

**10. Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>2019/20:</b>								
Cost or valuation at 1 April 2019	11,063	114,665	1,879	3,051	48,607	21,889	3,786	<b>204,940</b>
Transfers by absorption	80	2,243	0	0	0	0	0	<b>2,323</b>
Additions purchased	0	5,533	23	11,380	5,260	0	1	<b>22,197</b>
Additions grants/donations	0	0	0	0	167	0	0	<b>167</b>
Reclassifications	0	3,437	0	(4,062)	625	(48)	0	<b>(48)</b>
Transfers to assets held for sale	(60)	(136)	0	0	0	0	0	<b>(196)</b>
<b>At 31 March 2020</b>	<b>11,083</b>	<b>125,742</b>	<b>1,902</b>	<b>10,369</b>	<b>54,659</b>	<b>21,841</b>	<b>3,787</b>	<b>229,383</b>
Depreciation at 1 April 2019	0	11	0	0	28,647	14,349	2,093	<b>45,100</b>
Charged during the period	0	8,487	177	0	3,806	1,964	199	<b>14,633</b>
Reclassifications	0	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	<b>0</b>
Disposals/derecognition	0	0	0	0	0	0	0	<b>0</b>
<b>Depreciation at 31 March 2020</b>	<b>0</b>	<b>8,498</b>	<b>177</b>	<b>0</b>	<b>32,453</b>	<b>16,313</b>	<b>2,292</b>	<b>59,733</b>
<b>Net book value</b>								
Purchased	11,083	114,933	1,725	10,369	20,921	5,528	1,303	<b>165,862</b>
Donated	0	2,311	0	0	1,285	0	192	<b>3,788</b>
<b>Total at 31 March 2020</b>	<b>11,083</b>	<b>117,244</b>	<b>1,725</b>	<b>10,369</b>	<b>22,206</b>	<b>5,528</b>	<b>1,495</b>	<b>169,650</b>
<b>Asset financing</b>								
Owned	11,083	117,244	1,725	10,369	22,206	5,528	1,495	<b>169,650</b>
Finance Leased	0	0	0	0	0	0	0	<b>0</b>
<b>Total at 31 March 2020</b>	<b>11,083</b>	<b>117,244</b>	<b>1,725</b>	<b>10,369</b>	<b>22,206</b>	<b>5,528</b>	<b>1,495</b>	<b>169,650</b>

## **10. Property, plant and equipment (continued)**

During 2020/21 a desktop revaluation of the Trust's land, buildings and dwellings was undertaken as at 31 March 2021 by professional valuers Avison Young (UK) Limited. Avison Young (formerly GVA Grimley Ltd) undertook the Trust's previous full valuation in March 2018. Prior knowledge of the Trust's sites and composition of buildings were used, together with details of capital expenditure since the last valuation, to perform the valuation. Due to restrictions imposed by Covid-19, valuers were unable to physically inspect the assets. The valuation excluded one asset, Millom Hospital, of which the valuer had no prior knowledge and was unable to inspect. The current value of this asset is £2,485,000. As there has been no significant change to the underlying indices and no significant capital expenditure on this asset, there is unlikely to be a material difference between the current and carrying value of this asset. Revaluation of this asset will be undertaken during 2021/22 when inspections are able to resume.

The revaluation undertaken resulted in a total of £17,641,000 upwards revaluations and £12,812,000 of impairments in respect of land and property assets. The net effect of these changes amounted to an increase in asset values of £4,829,000. Of the impairments incurred, £11,361,000 was charged to operating expenses and the balance of £1,451,000 was charged to the Revaluation Reserve.

No overall revaluation of land, buildings or dwellings was undertaken during 2019/20 as the underlying indices upon which the valuation is based had not moved so significantly that they would have resulted in a material difference between the current and carrying value of the Trust's land or property assets.

The valuer valued the assets in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards 2 of the RICS Valuation Standards - Global and UK 7th Edition, in so far as these terms are consistent with the requirements of HM Treasury, the National Health Service and the Independent Regulator of Foundation Trusts. The majority of the Trust's land, buildings and dwellings are classified as specialised operational assets and are valued on a depreciated replacement cost basis based on the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and obsolescence. Where properties are not considered to be specialised, market values for existing use have been applied.

Where appropriate, land and property assets can be valued based on an alternative location where relocation could be considered to be a factor in determining fair value. Of asset values at 31 March 2021, 35% of assets have been valued based on the modern equivalent asset valuation in their current location and for 62% of assets, alternative site valuations have been used. The remaining 3% of assets have been valued at market value in existing use.



## 10. Property, plant and equipment (continued)

Where individual parts of an asset are significant enough to be assigned separate depreciation profiles, these elements are treated as separate components of the asset. The Trust's assets are valued based on 4 individual components in accordance with accounting standard IAS 16 which allows for similar components to be grouped. The individual components are; frame; finishes and fittings; service engineering; and external works. Each component is assigned a maximum expected economic life which is adjusted for condition and deterioration as appropriate to the individual component.

Asset lives for non-current assets are as follows:

	<b>Minimum Life</b>	<b>Maximum Life</b>
	<b>Years</b>	<b>Years</b>
Buildings (excluding dwellings)	<b>9</b>	<b>79</b>
Dwellings	<b>14</b>	<b>41</b>
Plant and machinery	<b>1</b>	<b>20</b>
Information technology	<b>1</b>	<b>7</b>
Furniture and fittings	<b>1</b>	<b>29</b>

For all non-property assets, a validation exercise is undertaken during the year. In 2020/21 no revisions were made to asset lives as a result of this exercise. No revisions were made during 2019/20.

Assets bought with donated funds during the year totalled £165,000. Of this sum £94,000 was received from the Bay Hospitals Charity and £71,000 was received from Bayer PLC for the purchase of assets. A further donated asset was provided by the University of Cumbria at a cost to the University of £56,000 and gifted to the Trust. During 2019/20 the Bay Hospitals Charity donated funds for the purchase of assets totalling £167,000.

Intensive care equipment and coronavirus testing equipment valued at £619,000 was also received directly from the Department of Health and Social Care during the year and this has been treated as donated assets in accordance with accounting guidance.

## 10. Property, plant and equipment (continued)

During 2020/21 assets amounting to £38,516,000 were purchased with Public Dividend Capital received from the Department of Health and Social Care. This included the sum of £23,086,000 to improve the Trust's critical infrastructure, which was utilised for theatre refurbishments, the creation of a new energy centre to replace failing boilers and to address backlog maintenance issues. The sum of £1,921,000 was awarded to further improve emergency and urgent care facilities and £2,499,000 was awarded for the enhancement of critical care facilities. Adapt and Adopt PDC was provided to increase CT scanning capacity and improve endoscopy facilities amounting to £2,110,000 and the sum of £626,000 was provided to replace ageing breast screening equipment. The Trust was awarded a total of £6,389,000 to reimburse costs incurred in response to the coronavirus pandemic. Covid related costs included the expansion of ICU facilities, increased ward capacity for the treatment and recovery of Covid positive patients and equipment for testing and treating those patients. In addition, the sum of £1,885,000 was awarded for the initial stages of the DHSC Hospital Infrastructure Programme (HIP 2) which aims to address the longer term provision of hospital facilities across the Lancashire area.

During 2020/21 the Trust has utilised the sum of £6.5 million of capital funding provided as Public Dividend Capital to create a payment bond specifically for the completion of a contract to create a new Energy Centre at the Royal Lancaster Infirmary. Work on site was delayed due to the Covid-19 pandemic. In order to protect this funding and ensure that risks were minimised, the bond was paid within the provisions of the contract. In accordance with the NHS financial regime, the payment has been treated as capital expenditure and classified as an asset under construction in the Trust's accounts. This is an alternative interpretation of IAS 16 which requires a physical asset to be in existence prior to recognition, however, this accounting treatment is judged to be the most appropriate in these circumstances.

During 2019/20 assets amounting to £3,550,000 were purchased with Public Dividend Capital received from the Department of Health and Social Care. This included the sum of £2,700,000 for improvements to emergency care facilities at the Trust's main sites which was awarded from Urgent and Emergency Care capital to improve patient flows particularly over winter periods. The sum of £735,000 was awarded from the Provider Digitisation Programme for information technology enhancements to improve decision support tools and electronic patient records solutions across the wider Integrated Care System. A further £10,000 to upgrade the pharmacy medicines information system and £105,000 to cover costs incurred as a result of Covid-19 was also received.

There were no sales of equipment during the year 2020/21 or during 2019/20.

## 11. Capital commitments

At 31 March 2021 contracted capital commitments amounted to £6,216,000 for the following items:

£110,000 for completion of works in the Emergency Department at the Royal Lancaster Infirmary to improve the majors area due to be completed in May 2021.

£508,000 for installation of a new lift at the Royal Lancaster Infirmary to improve evacuation due to be completed in June 2021.

£217,000 for works to culverts at the Royal Lancaster Infirmary to stabilise piped oxygen supplies due to be completed in June 2021.

£324,000 for improvements to Ambulatory Care at Furness General Hospital due to be completed in July 2021.

£420,000 for completion of theatre refurbishments and day case theatres at Westmorland General Hospital due to be completed in October 2021.

£1,302,000 for the creation of a new energy centre at the Royal Lancaster Infirmary to replace the boilerhouse due to be completed in March 2022.

£3,335,000 for theatre refurbishments at the Royal Lancaster Infirmary due to be completed in October 2022.

Capital commitments which were outstanding at 31 March 2020 amounted to a total of £3,722,000. These included £2,726,000 for refurbishment work and the creation of day case theatres at Westmorland General Hospital and £527,000 for theatre refurbishments at the Royal Lancaster Infirmary, £248,000 for installation of new X-Ray equipment at the Royal Lancaster Infirmary and the Queen Victoria Hospital, £117,000 for the removal of asbestos and planning fees of £104,000 in respect of a new energy centre, both at the Royal Lancaster Infirmary. All of these items were expended during 2020/21.

The capital programme in 2020/21 was funded from a mixture of internal resources generated by the Trust and Public Dividend Capital received.

## 12. Inventories

<b>12.1 Inventories</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Drugs	1,269	1,526
Consumables	1,988	2,584
Consumables donated by DHSC	702	0
Energy	93	100
<b>Total</b>	<b>4,052</b>	<b>4,210</b>

<b>12.2 Inventories recognised in expenses</b>	<b>31 March 2021</b>	31 March 2020
	<b>£000</b>	£000
Inventories recognised as an expense in the period	<b>32,126</b>	29,144
Write-down of inventories (including losses)	<b>189</b>	85
<b>Total</b>	<b>32,315</b>	29,229

### 13. Trade and other receivables

#### 13.1 Trade and other receivables

	<b>31 March 2021</b>	31 March 2020
	<b>£000</b>	£000
<b>Current</b>		
Contract receivables	<b>10,859</b>	24,480
Provision for the impairment of receivables	<b>(740)</b>	(1,020)
Prepayments	<b>2,429</b>	1,495
PDC dividend prepaid	<b>291</b>	0
Other receivables	<b>1,327</b>	738
<b>Total</b>	<b>14,166</b>	25,693
<b>Non-current</b>		
Contract receivables	<b>707</b>	3,085
Other receivables	<b>864</b>	736
<b>Total</b>	<b>1,571</b>	3,821

The great majority of trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary. Within the sum shown as contract receivables above £7,545,000 relates to other NHS organisations. Contract receivables due from other NHS entities at 31 March 2020 was £21,848,000.

Items shown as non-current contract receivables include amounts due in future years from the Injury Costs Recovery scheme of £672,000 and working capital cash provided to the Waterloo GP Practice in Millom of £35,000. Non-current receivables in 2019/20 included £3,050,000 and £35,000 for these items.

Clinicians who are members of the NHS Pension Scheme and who face a tax charge upon retirement as a result of work undertaken in 2019/20 can elect to have the charge paid by the NHS Pension Scheme. The Trust will compensate the clinicians and a provision has been created for this purpose. Other receivables above includes an offsetting receivable which is equal to the provision. The rules which gave rise to the tax charge have since been amended and NHS England and the Government have committed to reimburse the costs to the Trust. The provision is shown at note 20.

**13.2 Allowances for credit losses 2020/21**

	<b>Contract receivables £000</b>
<b>Allowances as at 1 April 2020</b>	<b>(1,020)</b>
Changes in existing allowances	<b>(1,559)</b>
Utilisation of allowances (write offs)	<b>1,839</b>
<b>Allowances as at 31 March 2021</b>	<b>(740)</b>

Allowances for credit losses include £307,000 relating to anticipated unrecoverable items from the Injury Costs Recovery Scheme (ICR) and £433,000 of other general impairment provisions. Receivables relating to the ICR Scheme have been reviewed in year and this resulted in changes to existing allowances of £1,188,000 and utilisation of allowances amounting to £1,686,000 which are included in the figures shown above.

**13.3 Allowances for credit losses 2019/20**

	<b>Contract receivables £000</b>
<b>Allowances as at 1 April 2019</b>	<b>(1,074)</b>
Changes in existing allowances	<b>(34)</b>
Utilisation of allowances (write offs)	<b>88</b>
<b>Allowances as at 31 March 2020</b>	<b>(1,020)</b>

Allowances for credit losses included £805,000 relating to anticipated unrecoverable items from the Injury Costs Recovery Scheme and £215,000 of other general impairment provisions.

**14. Non-current assets held for sale**

	<b>2020/21 Property, plant &amp; equipment £000</b>	<b>2019/20 Property, plant &amp; equipment £000</b>
<b>Net book value at beginning of year</b>	<b>196</b>	<b>0</b>
Assets classified as available for sale during the year	<b>0</b>	<b>196</b>
Impairments due to changes in market prices	<b>(56)</b>	<b>0</b>
<b>Net book value of non-current assets held for sale at 31 March</b>	<b>140</b>	<b>196</b>

During the year 2019/20 the Board of Directors approved the sale of Abbey Road Clinic at Barrow in Furness following the relocation of staff to new premises. At 31 March 2021 this asset remains for sale and has been revalued by a local Estate Agent resulting in a reduction of the probable sale value. The reduction of £56,000 has been charged to expenditure in full and the sum of £17,000 has been released from the revaluation reserve to retained earnings to partially offset this charge, in accordance with the revaluation reserve associated with the asset.

<b>15. Cash and cash equivalents</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at beginning of year</b>	<b>5,772</b>	<b>2,380</b>
Net change in year	<b>45,052</b>	<b>3,392</b>
<b>Balance at end of year</b>	<b>50,824</b>	<b>5,772</b>
<b>Made up of</b>		
Cash with the Government Banking Service (GBS)	<b>50,810</b>	<b>5,743</b>
Commercial banks and cash in hand	<b>14</b>	<b>29</b>
<b>Cash and cash equivalents as in statement of financial position</b>	<b>50,824</b>	<b>5,772</b>
Bank overdraft	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>50,824</b>	<b>5,772</b>

The Trust held significant cash balances at 31 March 2021 due to the changes in the funding regime for the year. Cash will be utilised in the normal course of events to settle the Trust's ongoing liabilities.

<b>16. Trade and other payables</b>	<b>Current</b>	<b>Current</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
NHS payables	<b>5,775</b>	<b>5,835</b>
Other trade payables	<b>5,416</b>	<b>4,938</b>
Capital payables	<b>1,912</b>	<b>500</b>
Accruals	<b>12,835</b>	<b>8,733</b>
Annual leave accrual	<b>5,934</b>	<b>0</b>
Amounts due to other related parties	<b>3,950</b>	<b>3,710</b>
Tax payable	<b>6,869</b>	<b>6,296</b>
Other payables	<b>10,599</b>	<b>3,516</b>
<b>Total</b>	<b>53,290</b>	<b>33,528</b>

All trade and other payables are due within 12 months and are classified as current payables. There are no non-current payables at 31 March 2021.

Annual leave untaken at 31 March 2021 is accrued in accordance with the Trust's policy on the allowable carry forward of annual leave. In previous years this was not accrued on the grounds of immateriality.

Accruals and other payables have increased at 31 March 2021. Increased activity related expenditure including purchase of healthcare, consumables, drugs and energy costs has contributed to higher accruals. Other payables have increased mainly as a result of additional payments due to staff, including enhancements, overtime and agency staffing. This is as a result of additional operational pressures caused by the coronavirus pandemic.

Amounts due to other related parties comprise outstanding pension contributions due to be paid to the NHS Business Services Authority - Pensions Division.

There are no payables due at 31 March 2021 in respect of pensions for payments due for future years under the arrangements to buy out the liability for early retirement over 5 years.

**17. Finance lease liabilities**

The Trust has no finance lease liabilities at 31 March 2021.

<b>18. Other liabilities</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Deferred income	<b>3,886</b>	859
Deferred grants	<b>0</b>	71
<b>Total</b>	<b>3,886</b>	<b>930</b>

The Trust received a grant from Bayer PLC for the purchase of medical equipment for the Macular Unit at Westmorland General Hospital during 2019/20. This grant was accounted for as income in 2020/21 when the equipment was received and the grant purpose was satisfied. Details can be found in note 4.1 and note 10.

**19. Borrowings**

Loan funding from the Department of Health and Social Care (DHSC) to support the deficit position of the Trust has been accessed since March 2015. Loans were also agreed to enable the Trust to undertake capital works to reduce backlog maintenance and fund specific infrastructure projects which could not be afforded from internal resources.

A capital loan was agreed with the DHSC in March 2016 for a total value of £13,600,000. The loan had an interest rate of 1.85% and the principal was repayable in equal instalments over a period of 22 years. The outstanding principal was £12,095,000 at 31 March 2020.

A second capital loan was agreed with the DHSC in January 2018 for a total value of £10,100,000. This loan had an interest rate of 2.52% and the principal was repayable in equal instalments over a period of 24 years. The principal outstanding on this loan at 31 March 2020 was £9,680,000.

A third capital loan was agreed with the DHSC in February 2020 for a total value of £34,000,000. This loan had an interest rate of 0.97% and the principal was repayable in equal instalments over a period of 24 years. The sum of £7,000,000 was drawn down in March 2020. The total principal outstanding on all DHSC capital loans was £28,775,000 at 31 March 2020.

During 2017/18 the Trust also received a capital loan from Salix Finance Ltd which provides interest-free Government funding to the public sector to improve energy efficiency. The value of this loan is £2,535,789 and this was all drawn down by 31 March 2018. This loan is free of interest charges and principal is repayable in equal instalments over 5 years. The first instalment of principal was paid in October 2018 and subsequent instalments are due at six monthly intervals. As at 31 March 2021 principal has been repaid amounting to £1,267,894.

**19. Borrowings (continued)**

The Trust also received revenue loans from the DHSC to support the revenue position of the Trust and these were issued at fixed interest rates of either 1.5% or 3.5%. The interest rate of 3.5% was applied in years when the Trust was unable to agree the control total set by NHS Improvement for that year (2018/19).

During 2019/20 further revenue loans were provided to support the Trust's revenue position amounting to £51,901,000. These loans were issued at a rate of 1.5%. The total principal outstanding on revenue loans at 31 March 2020 was £261,952,000.

Reforms to the cash regime for 2020/21 were announced by the DHSC, NHS England and NHS Improvement on 2 April 2020. All interim capital and revenue loans were to be extinguished as at 31 March 2020 and replaced with Public Dividend Capital. DHSC loans shown below which were previously due to be repaid were classified as current borrowings as at 31 March 2020.

<b>19.1 Outstanding loan values</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>DHSC loans</b>		
<b>Current</b>		
Capital loan (1.85%)	0	12,179
Capital loan (2.52%)	0	9,708
Capital loan (.97%)	0	7,005
Revenue loans (1.50%)	0	151,633
Revenue loans (3.50%)	0	111,233
<b>Total DHSC loans</b>	<b>0</b>	<b>291,758</b>
<b>Other loans</b>		
<b>Current</b>		
Capital loan (Salix)	507	507
<b>Non-current</b>		
Capital loan (Salix)	761	1,268
<b>Total other loans</b>	<b>1,268</b>	<b>1,775</b>
<b>Total loan values at 31 March</b>	<b>1,268</b>	<b>293,533</b>

In accordance with IFRS 9 loan values are shown at amortised cost, including the value of interest payable accrued at the year end.



**19.1 Outstanding loan values (continued)**

The Trust received the sum of £290,727,000 Public Dividend Capital from the Department of Health and Social Care in September 2020 and this was utilised to repay the outstanding principal on all DHSC loans. Interest payable of £1,031,000 was also paid resulting in no DHSC loan balances as at 31 March 2021. The table below shows the movement in loan balances during 2020/21.

**19.2 Reconciliation of liabilities arising from financing activities**

	<b>2020/21</b>			
	<b>DHSC Loans £000</b>	<b>Other Loans £000</b>	<b>Finance Leases £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2020</b>	<b>291,758</b>	<b>1,775</b>	<b>0</b>	<b>293,533</b>
<b>Cash movements:</b>				
Financing cash flows - principal	(290,727)	(507)	0	(291,234)
Financing cash flows - interest	(1,031)	0	0	(1,031)
<b>Carrying value at 31 March 2021</b>	<b>0</b>	<b>1,268</b>	<b>0</b>	<b>1,268</b>

	<b>2019/20</b>			
	<b>DHSC Loans £000</b>	<b>Other Loans £000</b>	<b>Finance Leases £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2019</b>	<b>233,836</b>	<b>2,282</b>	<b>0</b>	<b>236,118</b>
<b>Cash movements:</b>				
Financing cash flows - principal	57,861	(507)	0	57,354
Financing cash flows - interest	(6,001)	0	0	(6,001)
<b>Non-cash movements:</b>				
Interest charge arising in year	6,062	0	0	6,062
<b>Carrying value at 31 March 2020</b>	<b>291,758</b>	<b>1,775</b>	<b>0</b>	<b>293,533</b>

**20. Provisions**

	2020/21				
	Pensions	Injury	Legal	Pay	Clinicians
	£000	benefits	Claims	£000	Pensions
	£000	£000	£000	£000	£000
At beginning of period	240	1,660	88	0	736
Arising during the period	9	99	30	2,860	128
Used during the period	(28)	(126)	(37)	0	0
Reversed unused	0	0	(5)	(1,200)	0
Change in the discount rate	5	60	0	0	0
Unwinding of discount	0	1	0	0	0
<b>At 31 March</b>	<b>226</b>	<b>1,694</b>	<b>76</b>	<b>1,660</b>	<b>864</b>

**Expected timing of cash flows:**

Within 12 months	28	126	76	1,660	0
Between 1 and 5 years	116	518	0	0	0
Over 5 years	82	1,050	0	0	864
	<b>226</b>	<b>1,694</b>	<b>76</b>	<b>1,660</b>	<b>864</b>

	2019/20				
	Pensions	Injury	Legal	Equal Pay	Clinicians
	£000	benefits	Claims	£000	Pensions
	£000	£000	£000	£000	£000
At beginning of period	238	2,078	99	8	0
Arising during the period	19	72	58	3	736
Used during the period	(27)	(125)	(63)	0	0
Reversed unused	0	(473)	(6)	(11)	0
Change in the discount rate	9	102	0	0	0
Unwinding of discount	1	6	0	0	0
<b>At 31 March</b>	<b>240</b>	<b>1,660</b>	<b>88</b>	<b>0</b>	<b>736</b>

**Expected timing of cash flows:**

Within 12 months	28	124	88	0	0
Between 1 and 5 years	112	503	0	0	0
Over 5 years	100	1,033	0	0	736
	<b>240</b>	<b>1,660</b>	<b>88</b>	<b>0</b>	<b>736</b>

Clinicians who are members of the NHS Pension Scheme and who face a tax charge upon retirement as a result of work undertaken in 2019/20 can elect to have the charge paid by the NHS Pension Scheme. A provision has been created to reflect this liability with a corresponding receivable shown in note 13.

Pay provisions relate to items which the Trust considers are likely to become payable in respect of additional payments to staff, including re-banding and other ongoing claims that remain unresolved at 31 March 2021.

None of the provisions held relate to former directors. Legal claims provisions relate to employer and public liability claims.

## **20. Provisions (continued)**

Equal Value Claims made by employees were previously provided for and settlements were completed in March 2019. The residual value on this provision at 31 March 2020 was reversed unused.

Where appropriate the Trust has obtained independent advice and provisions are based on that advice. As far as can be ascertained, it is anticipated that these amounts are likely to become payable in the future.

The Trust is a member of the Clinical Negligence Scheme for Trusts (CNST) which is independently operated by NHS Resolution and is a risk pooling scheme. NHS Resolution accounts for provisions relating to the Trust's claims in its financial statements. At 31 March 2021 these provisions totalled £173,348,000 (31 March 2020 £170,153,000).

## **21. Contingent liabilities**

The Trust has no contingent liabilities as at 31 March 2021.

## **22. Financial Instruments**

### **22.1 Financial risk management**

Financial Reporting Standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks the Trust faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with clinical commissioners and the way those clinical commissioners 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 listed companies, to which the Financial Reporting Standards mainly apply.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions, policies agreed by the Trust Board and guidance issued by NHS Improvement. The Trust is required to retain an appropriate level of working capital at all times in accordance with the cash regime guidance issued by the Department of Health and Social Care. All Trust treasury activity is subject to review by the Trust's internal auditors

## 22.2 Exposure to risk

### Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

### Interest rate risk

The Trust is permitted to borrow to fund capital expenditure, subject to affordability as confirmed by NHS Improvement. The relevant interest rate would be set at the point of the first draw on the loan and would not vary for subsequent drawings. As at 31 March 2021, the Trust has no interest bearing capital loans in place and therefore has a low exposure to interest rate fluctuations.

### Credit risk

Because the majority of the Trust's income 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 contract receivables, as disclosed in the Trade and other receivables note 13.

### Liquidity risk

The Trust's operating costs have been funded by a system of block contracts, top ups and specific allocations under provisions for a Covid-19 emergency financial regime established to protect NHS organisations from liquidity risks during the coronavirus pandemic. The Trust has funded its capital expenditure from funds generated from internal resources and Public Dividend Capital. However, the Trust has an underlying deficit of expenditure against its projected income and is therefore exposed to future liquidity risks. Plans will continue to be developed in conjunction with system and regulatory partners in accordance with a replacement financial regime once this is specified and implemented, to mitigate this risk.

### Investment risk

The Trust does not currently invest cash which is not immediately required to fund operating expenses on a short term basis. The Trust is therefore not exposed to significant risk from investment activity.

## 22.3 Carrying value of financial assets

	Held at amortised cost £000	Total £000
<b>Carrying value of financial assets as at 31 March 2021 under IFRS 9</b>		
Trade and other receivables	11,735	11,735
Cash and cash equivalents	50,824	50,824
<b>Total at 31 March 2021</b>	<b>62,559</b>	<b>62,559</b>
	Held at amortised cost	Total
	£000	£000
<b>Carrying value of financial assets as at 31 March 2020 under IFRS 9</b>		
Trade and other receivables	27,297	27,297
Cash and cash equivalents	5,772	5,772
<b>Total at 31 March 2020</b>	<b>33,069</b>	<b>33,069</b>

**22.4 Carrying value of financial liabilities**

	<b>Held at amortised cost £000</b>	<b>Total £000</b>
<b>Carrying value of financial liabilities as at 31 March 2021 under IFRS 9</b>		
Borrowings	1,268	1,268
Provisions	1,660	1,660
Trade and other payables	36,610	36,610
<b>Total at 31 March 2021</b>	<b>39,538</b>	<b>39,538</b>
	<b>Held at amortised cost £000</b>	<b>Total £000</b>
<b>Carrying value of financial liabilities as at 31 March 2020 under IFRS 9</b>		
Loans from the Department of Health & Social Care	291,758	291,758
Other borrowings	1,775	1,775
Trade and other payables	23,595	23,595
<b>Total at 31 March 2020</b>	<b>317,128</b>	<b>317,128</b>

**22.5 Fair value of Financial Instruments**

The fair values of financial assets and liabilities held by the Trust are estimated to be equal to book value. Amounts held in cash are repayable on demand at the carrying value. The majority of trade receivables and payables are current assets and liabilities and are not subject to material changes due to the effects of time on the future cash flows.

**22.6 Maturity of financial liabilities**

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
In one year or less	38,777	315,860
In more than one year but not more than two years	507	507
In more than two years but not more than five years	254	761
<b>Total financial liabilities</b>	<b>39,538</b>	<b>317,128</b>

All Trust loans from the Department of Health and Social Care were extinguished during 2020/21 in accordance with changes in the cash regime announced in April 2020.

## 23. Related party transactions

During the year ending 31 March 2021 and the prior year (2019/20) none of the Board Members, key management or members of the Council of Governors (or parties related to them) has undertaken any material transactions with the University Hospitals of Morecambe Bay NHS Foundation Trust. Details of Directors' remuneration and other benefits are set out in the Remuneration Report in the Annual Report.

The Trust established a collaborative working arrangement with the Waterloo GP Practice in Millom and contributed the sum of £35,000 working capital to the Practice during 2016/17. This sum will be repaid from any future surplus generated by the Practice and is therefore shown as a non current receivable in note 13.1.

The Trust receives revenue and capital contributions from the Bay Hospitals Charity where the Trust Board members are Trustees of the Charity. The Charity is required by the Charities Commission to prepare a separate Annual Report and Accounts. During 2020/21 the Trust received £513,000 revenue (2019/20 £352,000) and £94,000 capital (2019/20 £167,000) from the Charity to support the provision of healthcare. The amount of £45,000 is shown in receivables from the Charity at 31 March 2021 (£16,000 at 31 March 2020).

The Department of Health and Social Care is regarded as a related party. The University Hospitals of Morecambe Bay NHS Foundation Trust has a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. These entities include NHS Foundation Trusts and NHS Trusts, NHS England and CCGs, Health Education England, Public Health England, NHS Resolution and the NHS Pension Scheme.

## 24. Third party assets

The Trust held £4,000 cash and cash equivalents at 31 March 2021 which relates to monies held by the Trust on behalf of patients (31 March 2020 £3,000). This has been excluded from the cash and cash equivalents figure reported in the accounts.

## 25. Transfers by absorption

The Trust had no transfers by absorption during 2020/21.

	2019/20 NCICFT £000	Total £000
<b>Property plant and equipment</b>		
Land	80	80
Buildings excluding dwellings	2,243	2,243
<b>Net book value of PPE transferred</b>	<u>2,323</u>	<u>2,323</u>
<b>Net gain on absorption transfers</b>	<u>2,323</u>	<u>2,323</u>

**25. Transfers by absorption (continued)**

The Trust received transfers of functions from Cumbria Partnership NHS Foundation Trust on 1 April 2018 and Blackpool Teaching Hospitals NHS Foundation Trust on 1 October 2018. These related to the transfer of Community Services.

One asset formerly belonging to Cumbria Partnership NHS Foundation Trust was retained in their books due to an ongoing capital scheme at the time of the initial transfer. Subsequently this Trust was reorganised and is now incorporated within North Cumbria Integrated Care NHS Foundation Trust. Following completion of the capital works and the transfer of legal title, the remaining asset was transferred on 31 March 2020 and is shown in the table above for 2019/20.

The values of the functions transferred which are included within operating activities for the year 2020/21 amount to additional income of £37.8m shown within income from activities in note 3.1 and an equivalent amount of expenditure shown within operating expenses in note 5.1. Approximately 70% of expenditure relates to staffing costs. Income and expenditure for the year 2019/20 in respect of Community Services amounted to £37.5m.

**26. Losses and special payments**

	2020/21		2019/20	
	Number	Value £000	Number	Value £000
<b>Losses</b>				
Cash losses	63	86	37	60
Fruitless payments	0	0	0	0
Bad debts and claims abandoned	106	123	38	28
Damages	0	0	1	69
Stores losses	1	127	1	85
Other losses	0	0	1	20
<b>Total losses</b>	<b>170</b>	<b>336</b>	<b>78</b>	<b>262</b>
<b>Special payments</b>				
Ex gratia payments	37	43	48	58
Special severance payments	0	0	1	192
<b>Total special payments</b>	<b>37</b>	<b>43</b>	<b>49</b>	<b>250</b>
<b>Total losses and special payments</b>	<b>207</b>	<b>379</b>	<b>127</b>	<b>512</b>

There have been no individual losses or special payment cases which have exceeded £300,000 in either 2020/21 or 2019/20.

Stores losses identified are aggregated in accordance with the net loss identified at each type of store and treated as one case. Those shown above relate to drugs stocks written off during the year. Bad debts and claims abandoned relate to the number of individual debtors.

## **26. Losses and special payments (continued)**

During 2019/20 one special payment was made relating to an employment tribunal case which was originally recorded as compensation under a court order. This should have been recorded as a special severance payment with the associated legal fees recorded as damages paid. Comparative information for 2019/20 has been amended accordingly. No special severance payments have been made during 2020/21.

The above losses and special payments are reported on an accruals basis and do not include any provisions for future losses.

## **27. Private Finance Initiative (PFI) transactions**

The Trust has no PFI arrangements at 31 March 2021.

## **28. Audit fees**

During 2020/21 the Trust's audit contract was undertaken by Grant Thornton UK LLP who were re-appointed as the Trust's auditors with effect from 2017/18 for 3 years and extended for a further year. Auditors remuneration amounted to £102,000 during the year all of which relates to the statutory audit function. A further amount of £6,000 was paid relating to an additional fee in respect of the 2019/20 audit. Due to the coronavirus pandemic audit work on the Trust's Quality Accounts has been removed from the audit requirements for 2020/21.

During 2019/20, remuneration amounting to £61,000 was paid to Grant Thornton UK LLP all of which related to the statutory audit function. Audit work on the Trust's Quality Accounts was removed from the audit requirements for the year due to the coronavirus pandemic. All audit fees are inclusive of VAT at 20%.

Grant Thornton UK LLP is also engaged to provide external audit for the Bay Hospitals Charity. Fees of £2,000 will be paid by the Charity in relation to this service for 2020/21 (2019/20 £2,000). This service is limited to an independent review in accordance with the income threshold specified for charities above which a full audit is required.

## **29. Limitation on auditor's liability**

The limitation on the auditor's liability is specified as £2 million.

In practice the liability will be assessed depending on the nature of the issue. Grant Thornton UK LLP's liability for any damages or losses incurred by the Trust will be limited to the proportion of the total damage which may be attributed to Grant Thornton UK LLP after taking into account any contributory negligence of the Trust and any other third party found to be liable to contribute to the damage incurred.



### 30. Adjusted financial performance

Adjusted financial performance is the basis by which NHS Improvement assesses the Trust's financial position for the year in comparison to the financial plan. The Trust was expected to achieve a break even position for 2020/21 and the agreed control total for 2019/20 was a deficit of £61.9 million.

The table below shows the technical accounting adjustments that are made to calculate the achievement against the Trust's agreed control total.

	2020/21 £000	2019/20 £000
<b>Adjusted financial performance (control total basis):</b>		
Surplus/(deficit) for the financial year	(9,722)	(39,200)
Remove impact of PSF and FRF funding	0	(20,535)
Remove impact of impairments charged to I&E	11,417	0
Remove (gains)/losses on transfers by absorption	0	(2,323)
Remove I&E impact of capital grants and donations	(290)	350
Remove net impact of DHSC centrally procured inventories	(702)	0
<b>Adjusted financial performance surplus/(deficit)</b>	<b>703</b>	<b>(61,708)</b>

### 31. Events after the reporting period

The Trust is working with statutory health and care partner organisations in the development of an integrated health and care system for the Morecambe Bay area which is sustainable for the long term. This may result in further transfers of services from other NHS organisations in the future.

## Annex H – Preparation of the Annual Reports and Accounts

The Annual Reports and Accounts are prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21.

The Annual Reporting Manual requires that the Directors explain in the Annual Report their responsibility for preparing the Annual Report and Accounts, and state that they consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

The co-ordination and review of the Trust-wide input into the Annual Report and Accounts is a sizeable exercise performed within an exacting time frame which runs alongside the formal audit process undertaken by the external auditors.

Arriving at a position where initially the Audit Committee, and then the Board are satisfied with the overall fairness, balance and clarity of the documents is underpinned by the following:-

- comprehensive guidance issued to contributors at strategic and operational level;
- verification process dealing with factual content of the report;
- comprehensive reviews undertaken at different levels in the Trust that aim to ensure constituency and overall balance; and
- comprehensive review by senior leadership team.

Therefore, each of the Directors considers that the 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 NHS Foundation Trust's performance, business model and strategy.

The Annual Report has been prepared on the same group basis as the accounts for 2020/21.

Further copies of the Annual Report and Accounts for the period 1 April 2020 to 31 March 2021 can be obtained by writing to:

Company Secretary  
University Hospitals of Morecambe Bay NHS Foundation Trust  
Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

Alternatively the document is accessible on the Trust's website:

<https://www.uhmb.nhs.uk/our-trust/key-publications-information>

If you would like to make comments on our Annual Report or would like further information, please write to:

Chief Executive  
University Hospitals of Morecambe Bay NHS Foundation Trust  
Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

### The Constitution of the Trust

The Constitution of the Trust is accessible on the Trust's website:

[https://www.uhmb.nhs.uk/application/files/5315/8332/9157/Foundation\\_Trust\\_Constitution.pdf](https://www.uhmb.nhs.uk/application/files/5315/8332/9157/Foundation_Trust_Constitution.pdf)

## Annex I – Compliance with the NHS Improvement Code of Corporate Governance

The creation of Foundation Trusts has led to the requirement for a framework for corporate governance, applicable across the Foundation Trust Network. NHSI has produced the NHS Foundation Trust Code of Governance.

This code consists of a set of Principles and Provisions to ensure that Boards operate to the highest levels of corporate governance.

The Board of Directors has taken actions to comply with the Code, and where appropriate established governance policies that support the delivery of corporate governance.

Further information is contained throughout the Constitution of the Trust and this Annual Report.

Foundation Trusts are required to report against this Code each year in their Annual Report on the basis of either compliance with the Code provisions or an explanation where there is non-compliance.

The Board of Directors considers that, throughout the 2020/21 reporting year, the Trust has applied the principles and met the provisions and the requirements of the NHS Foundation Trust Code of Governance with no exceptions. 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.

Set out below are the elements of the Code that the Foundation Trust is required to report against but do not form part of this Annual Report.

The disclosures set out in the NHS Foundation Trust Code of Governance		
NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
n/a	<p>If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.</p> <p>This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.</p> <p>* Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance).</p> <p>** As inserted by section 151 (6) of the Health and Social Care Act 2012)</p>	The Governors have not exercised this power during 2020/21.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
Provision B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Although Public Governors have not been regularly attending the Hospitals due to the pandemic, they have been attending virtual meetings and events hosted by the Trust and its partners. Staff Governors and Appointed Governors are able to use formal structures to canvass opinions. Through these mechanisms Governors have been able to canvass opinions and provide feedback at Council of Governors when operational plans are being discussed. Governors regularly meet with the Chair, Non-Executive Directors and attend the Board Assurance Committees. The Chair meets regularly with the Head Governor.
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	No such recommendation has been made in 2020/21.
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	No such arrangements exist.
A.1.6	The board should report on its approach to clinical governance.	This forms part of the Quality Account.
A.1.7	The chief executive as the accounting officer should follow the procedure set out by NHSI for advising the board and the council and for recording and submitting objections to decisions.	This forms part of the Constitution.
A.1.8	The board should establish the constitution and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life	The Constitution is formed on this basis.
A.1.9	The board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility.	The Trust's Behavioural Standards Framework reflects the values of the NHS Constitution.
A.1.10	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.	Insurance has been put in place.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
A.3.1	The chairperson should, on appointment by the council, meet the independence criteria set out in B.1.1. A chief executive should not go on to be the chairperson of the same NHS foundation trust.	The Chair meets the criteria. The Chief Executive is not the Chair of the Trust.
A.4.1	In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.	Bruce Jassi is the Senior Independent Director.
A.4.3	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.	The Constitution makes provision for this.
A.5.4	The roles and responsibilities of the council of governors should be set out in a written document.	These are set out in the Constitution.
A.5.5	The chairperson is responsible for leadership of both the board and the council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives, as appropriate.	The Chair of the Board is also the Chair of the Council of Governors.
A.5.6	The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.	The Constitution makes provision for this.
A.5.7	The council should ensure its interaction and relationship with the board of directors is appropriate and effective.	Within the cycle of meetings arrangements exist for joint Board of Directors' and Council of Governors' meetings.
A.5.8	The council should only exercise its power to remove the chairperson or any non-executive directors after exhausting all means of engagement with the board.	The Constitution makes provision for this.
A.5.9	The council should receive and consider other appropriate information required to enable it to discharge its duties.	The Trust is compliant with this requirement.
B.1.2	At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.	The Trust is compliant with this requirement.
B.1.3	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.	The Trust is compliant with this requirement.
B.2.4	The chairperson or an independent non-executive director should chair the nominations committee(s).	The Trust is compliant with this requirement.
B.2.5	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors.	The Trust is compliant with this requirement.
B.2.6	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors.	The Trust is compliant with this requirement.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
B.2.7	When considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position.	The Trust is compliant with this requirement.
B.2.9	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	The Trust is compliant with this requirement.
B.3.3	The board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.	The Trust is compliant with this requirement.
B.5.1	The board and the council governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	The Trust is compliant with this requirement.
B.5.2	The board and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	The Trust is compliant with this requirement.
B.5.3	The board should ensure that directors, especially non-executive directors, have access to the independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors.	The Trust is compliant with this requirement.
B.5.4	Committees should be provided with sufficient resources to undertake their duties.	The Trust is compliant with this requirement.
B.6.3	The senior independent director should lead the performance evaluation of the chairperson.	The Trust is compliant with this requirement.
B.6.6	There should be a clear policy and a fair process, agreed and adopted by the council, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	Provisions are contained in the Constitution.
B.8.1	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	The Trust is compliant with this requirement.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
C.3.3	The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.	The Trust is compliant with this requirement. An Audit Appointments Committee exists for this purpose.
C.3.7	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHSI informing it of the reasons behind the decision.	The Trust is compliant with this requirement.
C.3.8	The audit committee should review arrangements that allow staff of the NHS foundation trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.	The Trust is compliant with this requirement.
D.1.1	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.	The Trust is compliant with this requirement. This falls within the Terms of Reference of the Board's Remuneration Committee.
D.1.2	Levels of remuneration for the chairperson and other non-executive directors should reflect the time commitment and responsibilities of their roles.	The Trust is compliant with this requirement. This is reviewed by the Governors' Nominations Committee.
D.1.4	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.	The Trust is compliant with this requirement. This falls within the Terms of Reference of the Board's Remuneration Committee.
D.2.2	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.	The Trust is compliant with this requirement. This falls within the Terms of Reference of the Board's Remuneration Committee.
D.2.3	The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	The Trust is compliant with this requirement. This is reviewed by the Governors' Nominations Committee.
E.1.3	The chairperson should ensure that the views of governors and members are communicated to the board as a whole.	The Trust is compliant with this requirement. At the invitation of the Chair the Head Governor attends public and private meetings of the Board. The Board meets with the Council of Governors on a regular basis.
E.2.1	The board should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate.	The Trust is compliant with this requirement.

NHS Foundation Trust Code of Governance Requirement and Reference		Commentary
E.2.2	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	The Trust is compliant with this requirement.



## Annex J – Notice of the Trust's Annual Members' and Public Meeting 2021

Due to the impact of COVID-19, the format and content of the Annual Report and Accounts for 2020/21 has been prepared in line with the revisions published in the Foundation Trust Annual Reporting Manual 2020/21 in February 2021. One of the revisions related to the submission of the Annual Report and Accounts to the Parliamentary Office to be laid before Parliament. At the time of writing this report, it is anticipated that this Trust's Annual Reports and Accounts may be laid after the summer recess.

It has been proposed by the Council of Governors to hold an Annual Members' Meeting in the autumn of 2020/21 with a caveat that this meeting could be held digitally if required.

Further information can be obtained by writing to:

Paul Jones  
Company Secretary  
University Hospitals of Morecambe Bay NHS Foundation Trust  
Trust Headquarters  
Westmorland General Hospital  
Burton Road  
Kendal  
LA9 7RG

Alternatively further information can be obtained from our website [www.uhmb.nhs.uk](http://www.uhmb.nhs.uk)

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